

August 24, 2023

National Stock Exchange of India Limited Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051 BSE Limited Corporate Relationship Department, 2<sup>nd</sup> Floor, New Trading Wing, Rotunda Building, P.J. Towers, Dalal Street, Mumbai – 400 001

Symbol: NYKAA

Scrip Code: 543384

Dear Sirs,

# Sub: Notice of 11th Annual General Meeting and Annual Report for the Financial Year 2022-23

Kindly note that the 11<sup>th</sup> Annual General Meeting ("AGM") of the Company is scheduled to be held on Monday, September 18, 2023 at 10:30 AM (IST) through Video Conference ("VC") / Other Audio Visual Means ("OAVM"), in compliance with the applicable provisions of the Companies Act, 2013 and the Rules made thereunder and the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with General Circular Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 05, 2020 and subsequent circulars issued in this regard, the latest being 10/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs (MCA), Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023 issued by SEBI and other applicable circulars issued in this regard (collectively referred to as "Circulars").

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Notice convening the 11<sup>th</sup> AGM and the Annual Report of the Company, including the Business Responsibility and Sustainability Report, for the Financial Year (FY) 2022-23.

In accordance with the aforesaid circulars, the Notice convening the 11<sup>th</sup> AGM and the Annual Report of the Company for the FY 2022-23 is being sent to all the Members of the Company whose e-mail addresses are registered with the Company / Depository Participant(s).

The Notice convening the 11<sup>th</sup> AGM along with the Annual Report for the FY 2022-23 is also uploaded on the Company's website at <u>www.nykaa.com</u>, website of National Securities Depository Limited at <u>www.evoting.nsdl.com</u> and on the website of Registrar and Transfer Agent of the Company i.e. Link Intime India Private Limited at <u>www.linkintime.co.in</u>.

We request you to take the same on your record.

Thanking You.

Yours faithfully, For FSN E-Commerce Ventures Limited

Sujeet Jain Chief Legal and Regulatory Officer, Company Secretary & Compliance Officer Membership No.: F6144

Encl: a/a



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# ANNUAL REPORT 2022-23

# Winning with

At Nykaa, we are on an exciting journey of self-discovery where our individual strengths converge to become an unstoppable force. As India's preferred lifestyle retailer, we empower you to seize every opportunity on the path to success through Curation, Content, and Convenience.

Curation is our passion. We carefully select a wide range of authentic brands to cater to your diverse needs. Our collections are driven by style, aspiration, and comprehensive assortment, ensuring you find the perfect products for your beauty journey.

Content is much more than marketing for us. Through social media channels and influencers, we provide inspiring content to empower you with beauty trends, tips, and techniques, enabling the expression of your individuality

approach allows you to access Nykaa anytime, anywhere. With our user-friendly website, services are ready to provide personalised

# Highlights of the year

PAT<sup>2</sup>

₹ <b>97,433</b> Mn <sup>▲41%</sup>	₹51,438
GMV	Revenue
₹ <b>22,781</b> мл <sup>▲ 39%</sup>	44.3 %
Gross Profit	Gross Margin <sup>1</sup>
₹ <b>2,560</b> мл ▲ <sup>57%</sup>	<b>5.0</b> %
EBITDA	EBITDA Margi
₹ <b>210</b> Mn <sup>• 49%</sup>	0.4 %

At Nykaa, we pride ourselves on offering a diverse range of products across multiple categories to cater to our customers' needs. With over 6,250 brands available, we ensure a wide selection of options.

3,400+ \* 12%

Beauty and personal care brands<sup>3</sup>, including international, luxe, FMCG, and D2C brands

Fashion brands<sup>3</sup>, including global brands/ retailers, luxe labels, and sustainable brands

In-house brands

▲ 20%

13

Beauty and Personal Care

Fashion

<sup>1</sup> Margin% is on Revenue <sup>2</sup> PAT is after considering share of loss of associate <sup>3</sup> As on March 31, 2023 ▲ YoY growth



▼ 69 bps PAT Margin<sup>1</sup>



▲ 86%

# What's inside

# **Corporate Overview**

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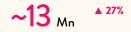
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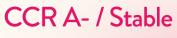
Annual Unique Transacting Customers

# 4th most valuable startup brand

Recognised by Kantar BrandZ India 2022 Rankings

# **CRISILA-/Stable**

Long-term Credit Rating



Corporate Credit Rating

# **BOARD OF DIRECTORS**

# Architects Of SUCCESS



FALGUNI NAYAR Executive Chairperson, Managing Director and Chief Executive Officer Age | 60



SANJAY NAYAR Non-Executive Director Age | 62



ADWAITA NAYAR Executive Director Age | 32



PRADEEP PARAMESWARAN Independent Director Age | 49



ANCHIT NAYAR Executive Director Age | 32



MILAN KHAKHAR Non-Executive Director Age | 62



MILIND SARWATE Independent Director Age | 63



ALPANA PARIDA Independent Director Age | 60



ANITA RAMACHANDRAN Independent Director Age | 68

# Board and its committees

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility & Environmental, Social, and Governance Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- Fundraise and Investment Committee

C Chairperson | M Member



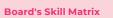
SESHASHAYEE SRIDHARA Independent Director Age | 57

50% Independent Directors 40% Female Directors

# Age and Tenure of Board Members (in years)

0			
	Minimum	Average	Maximum
Tenure of BOD members	3	4	5
Age of BOD	32	55	68

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Entrepreneurship

% <u>100</u>

Leadership/ Operational Experience

% <u>100</u>

Business Strategy

% <u>100</u>

Marketing – Digital, Consumer & E-commerce

<u>% 90</u>

Industry knowledge

<u>% 100</u>

Brand Building

% <u>80</u>

Governance and Regulatory oversight

% <u>100</u>

Financial literacy

% <u>100</u>

Human Capital Management

% <u>80</u>

M&A, Investment Management, Risk Management

% 80



Committees chaired by women

# **MD & CEO'S COMMENTARY**

# Being bold and being good

# Dear Shareholders,

Your Company delivered a strong and robust performance in FY 2023. With the pandemic slowly behind us, global economies witnessed a slowdown, and companies faced a challenging operating environment. In particular, inflationary pressures affected the discretionary consumption of consumer goods. Despite this outlook, Nykaa demonstrated the strength of its business model and saw steady and balanced growth in revenues and core profitability.

# Driving sustainable progress

Your Company has witnessed a consolidated Revenue from Operations of ₹5,143.8 crores, a growth of over 36% over the previous year. The Company achieved an EBITDA of ₹256.0 crores, a growth of 57% over the previous year, and an EBITDA margin of 5%. Nykaa continues to prioritise the balance between growth and profitability while continuing to invest for the future. Your Company's focus remains on creating a long-term sustainable value for all stakeholders.



# Building the lifestyle ecosystem

Over the last decade, Nykaa has played a pivotal role in building the internet economy in India and the lifestyle ecosystem within it. With a focus on creating long-term value, our passion for our chosen categories of beauty and fashion has come to life through agile ways of driving commerce in an omnichannel manner, built on core vertical commerce platforms, leveraging influencer and content commerce as well as using our social media following and reach to build a community of customers. This is supported by a curated assortment of 6,250+ brands across both BPC and Fashion platforms, as well as by our house of brands that are consumer-centric and offer great quality products at an affordable price.

# Fundamental shift in income and consumption

We remain committed to this growth story in India and believe that India is still at an early stage of lifestyle consumption and is excited for what the future holds. India's per capita GDP is expected to reach \$5,500 by 2030, which is bound to increase discretionary spending disproportionately. Research suggests this will be coupled with positive shifts in the income pyramid, with the proportion of households in upper-mid and high-income brackets reaching over 50%. By 2030, we expect BPC per capita consumption to reach \$50 from \$15 today and fashion per capita consumption to reach \$160 from \$54, based on evidence and trajectory observed from developed markets. The Nykaa consumer today spends \$80 on BPC and \$130 on Fashion on our platforms and we remain confident that we should be able to maintain this premium over per capita consumption based on our superior customer profile.

# Beauty & personal care - global beauty, local presence

Our BPC business has witnessed strong growth momentum for FY 2023 as we continue to shape the beauty omnichannel business in India. The BPC GMV grew 33% year over year (YoY) on the back of increasing category depth, continuous improvements in customer experience, and innovations in the art of retailing. In the year, we invested in a regional warehousing strategy, going closer to the consumer through 38 warehouses across the country. As we look forward, beauty categories of skincare, makeup and fragrances are bound to grow faster than personal care, with premium segments growing faster than mass segments. We are focused on bringing the best of the world to India and building access across categories, price segments, and geographies with a vision to delight every beauty customer in India.

# Expanding retail presence

Our BPC network of stores across formats of Nykaa Luxe, Nykaa On Trend, and Kiosks stood at a count of 145 as of FY 2023 exit and now contributes to over 8% of our BPC GMV.

Omnichannel retailing continues to remain an integral part of our BPC strategy, while we believe digital will continue to be the dominant part of our business. We are now taking our playbook international, expanding our BPC business to the GCC region in partnership with the Apparel Group. The current financial year will witness the first store opening in Dubai.

# VV

We remain committed to building an organisation that stays true to its values. 'Be Bold and Be Good' drives us and we combine strong ambition with our focus on doing the right things, in the right way.

# Nykaa Fashion – building scale, defining trends

While operating in a fragmented market, our fashion business has achieved significant scale within just 4 years of operations. Our conviction in the consumers and their preference for being fashion-forward has allowed us to create differentiated experiences through our offerings of the 'Global Store', 'Hidden Gems' as well as our partnership with Revolve. Our assortment depth has almost doubled in the last year in spite of being extremely curated and our sales mix strategy continues to prioritise new season collections, premium quality, and fashion-forward products. We are focused on delivering sustainable growth across our fashion business by optimising marketing costs as well as choosing the right brands and categories that support the right unit economic metrics. We are building strong discovery and personalisation journeys, enhancing supply chain capabilities and creating a seamless buying experience for the consumers.

# House of Brands portfolio

Our House of Brands portfolio in beauty and fashion continues to expand, allowing us to enter new categories, fill real market gaps, and fulfil consumer demand. During the year, we forayed into Ayurveda-inspired beauty through our owned brand 'Nyveda' and nutraceuticals through 'Nudge'. Fashion saw six new consumer brands, including 'Mixt' for Gen Z and 'Gloot' for men. Our existing brands have witnessed considerable scale – Nykaa Cosmetics, Kay Beauty, Nykd by Nykaa and Twenty Dresses – all have found acceptance with our consumers. Beauty owned brands now contribute 11.9% to the overall BPC GMV, and Fashion owned brands contribute 12.9% to the overall Fashion GMV.

# Empowering retailers through SuperStore by Nykaa

SuperStore by Nykaa, our eB2B business, saw its first year of significant operations, with a transacting retailer count nearly 1.1 lakh and orders growing over 15x over FY 2022. We have a well-defined path going forward, focusing on tier-2 cities specifically, with a clear strategy on the categories we want to operate in, all while keeping retailers in mind, solving roadblocks for them through technology and serving the underserved.

# **Diversifying success**

Our Total Addressable Market (TAM) across all our businesses stands at over \$100 billion. Our GMV composition in FY 2023 is more diversified than ever. BPC constitutes over 68.4%, Fashion now contributes over 26.4% of the overall business in GMV sales, while 5.2% comes from new initiatives, which include SuperStore by Nykaa.

# Digital transformation and technology

We continue to make strides in our excellence as a digitally-led platform – technology remains our backbone and powers the delight-led Nykaa discovery, shopping, and post-order experiences. Visit level conversions as a north star metric are a litmus test for our platform's strength, and this metric has improved by 40% and 57% on the beauty and fashion platforms, respectively, over the last two years. Personalisation, discovery engines, acquisition and retention journeys, our flagship loyalty programme Nykaa Prive, and marketing innovation witnessed developments in the year. We have also developed and launched our superior AdTech platform for our brand partners this year and improved our ability to execute multiple complicated supply-chain models.

# Sustainability in every action

Finally, we remain committed to building an organisation that stays true to its values. 'Be Bold and Be Good' drives us, and we combine strong ambition with our focus on doing the right things in the right way. We continue to make progress on our ESG goals across every aspect. More details on this front are in the Business Responsibility & Sustainability Report. We are passionate about empowering our consumers to make the right choices through 'Conscious At Nykaa' curations on Beauty and 'The Responsible Collection' on Fashion. Our 10x10 plastic reduction programme continues to drive us toward our goals through packaging innovation and recycling efforts and delivery optimisations. We built a laser focus on reducing our split shipment ratio, bringing down our packaging material use as well as our carbon footprint. Our regional warehousing strategy, requiring significant investments in the year, has also been the right step in this direction. Finally, even with a fast-scaling organisation, we have been able to build a diverse and inclusive workforce focused on diversity in every sense of the word. Our diverse board composition comprises 40% women. Our leadership and managerial team of over 200 Nykaaites brings individuals from varied backgrounds, of which one-third comprise women. We aspire to be an employer for all, deriving strength from diversity in an increasingly agile world. At the same time, all Nykaaites collectively speak, act, and hold true to the Nykaa values.

Our value 'Be Better Everyday' best describes the year gone by, with our core platform, all our brands and businesses, and every Nykaaite striving to reach new heights for our customers. We're excited about everything we are building in the new financial year and as we grow and evolve, remain confident of our ability to create lasting value.

# In conclusion

As we look forward to this next phase of the Nykaa journey, I want to thank you, our shareholders, our customers, our brand partners and all stakeholders for your confidence and trust in our long-term vision for Nykaa.

Warm regards, Falguni Nayar



# Management Discussion and Analysis

# A. Economic and industry overview

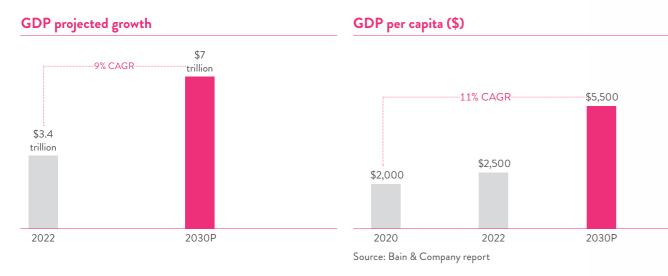
# A1. Indian economy

The Indian economy demonstrated resilience amid multiple macro pressures, despite some deceleration in demand and tightening of monetary policy. India became the fifth-largest economy globally, with a GDP of around \$3.4 trillion in 2022 as per Ministry of Statistics and Programme Implementation (MoSPI). The economic growth was bolstered by strong investment activity and improved private consumption, especially among high-income households.

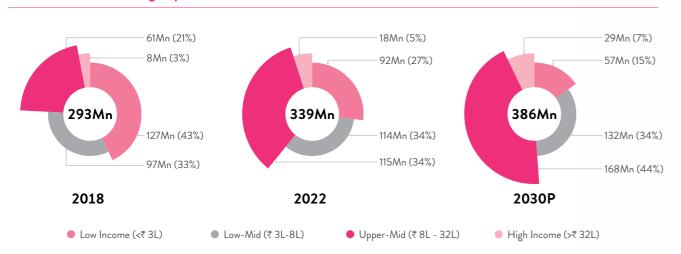
The Indian economy saw a strong GDP growth of ~7.0%, enabled by GST collections, which grew at a rate of 30%+ YoY to around \$225 billion for FY 2023, indicating a robust domestic economy despite global headwinds.

Due to early inflationary pressure, consumers in the middle and lower-income spectrum showed some cutback on their discretionary spending, as there has been a slowdown in purchasing power. However, the economic growth was supported by government investment, developing strong infrastructure with a focus on enhancing connectivity, improved trade facilitation, resilient private consumption and digital revolution with a massive growth in the internet penetration and formalisation of the unorganised market.

We believe that with improvements in global economic conditions in the medium term and a strong shift in the income and consumption structure in the coming years, growth in demand and consumption should remain robust, supported by strong demographics. India is expected to experience the benefit of high disposable income in the ensuing years, with the GDP per capita expected to double from ~\$2,500 in 2022 to almost \$5,500 in 2030, growing at a Compounding Average Growth Rate (CAGR) of ~10%, according to the Bain and Company report.



# India household income group



Note: Projections basis income per household real terms; Source: World Economic Forum / Bain Analysis

# HESKN Outlook

India's economic outlook shines brightly amidst the complex global landscape and it is set to double current annual GDP to \$7 trillion by 2030, as per Deutsche Bank report. This positive outlook is attributed to a favourable regulatory environment, the Production-Linked Incentive scheme, increased investment in major infrastructure projects, and the deleveraging of the private sector. These initiatives reinforce India's standing as a significant player in the global economy, fuelling optimism for continued economic expansion and positioning India as an attractive hub for business and investment.

# A1.1. Internet economy

The Indian economy experienced a significant boost with Outlook the acceptance of digitisation by intermediaries across The internet economy has experienced rapid growth in the value chain (consumers, suppliers, wholesalers / recent years, and this growth is expected to continue in the distributors), supported by better internet infrastructure coming years, reaching a size of almost \$1 trillion by 2030 and connectivity. There exists significant headroom for (accounting for almost two-thirds of the technology sector), growth in India's digital journey, which is bolstered by the according to the Bain and Company report. interest of large corporates to democratise data and serve stakeholders. The Government of India has also provided impetus to bring in digital inclusion at every level, on a large scale.

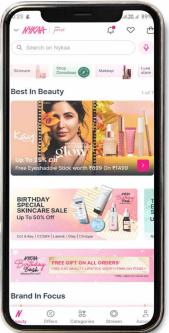
The strong growth in India's internet economy is supported by numerous favourable policies and initiatives focused on digitising the economy nationally.

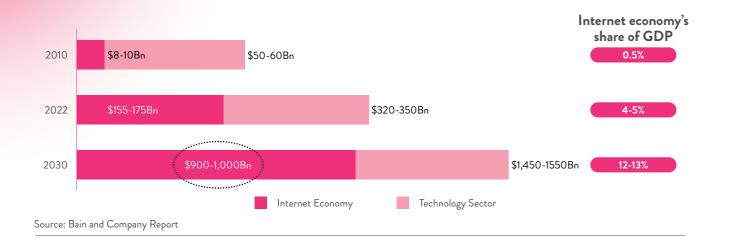
- 1. Strengthening digital penetration: A strong shift in focus has been observed in recent years to develop internet infrastructure as a core utility, facilitating the growth of internet users in India and ensuring strong penetration in rural areas. According to the Bain and Company report, nearly two-thirds of internet users (~400 Mn) are from rural India, and this number is expected to reach about 480 Mn by 2025. Additionally, 90% of rural India is already covered by 4G networks.
- 2. Government Initiatives: The Indian government has undertaken dedicated long-term efforts and initiatives to improve affordability, accessibility, and connectivity throughout the country, and these efforts are yielding

 $(\mathbf{R})$ 

positive results. Various digital infrastructure projects like Aadhaar, DigiLocker, e-KYC, UPI, RuPay have significantly accelerated digital adoption among the population. The government's BharatNet Phase III initiative aims to connect rural India to digitised infrastructure.

- 3. Launch of 4G/5G infrastructure: The introduction of reliable, high-speed infrastructure with affordable data has contributed to the growth of the digitised network across the nation. Currently, 60% of mobile users have access to 4G connectivity (doubling between 2017 - 2022), and there is a rapid roll-out of 5G infrastructure nationwide to connect India to a faster and reliable internet infrastructure. More and more users are adopting the usage of digital infrastructure due to improved affordability of data. As per Bain and Company, an average Indian spends around 6.5 hours per day on the internet, which is ahead of China's average of 5.5 hours per day. This indicates a strong engaged base, that is consuming content, digital shopping, social media at a higher level. As per the same report, India also saw a high adoption of digital payments at 65 transactions per capita per year which is above the global average of 25 transactions per capita per year.
- Digitisation of businesses: Businesses are rapidly adopting digital infrastructure to meet the evolving needs of consumers. With over a billion people residing in Tier 2+ cities, digital players have a significant opportunity to tap into a large base of potential customers.



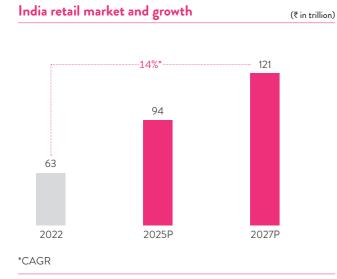


# A2. Indian retail industry

# India retail expected to be ₹121 trillion opportunity by 2027

According to the Press Bureau of India, Private Final Consumption Expenditure (PFCE) accounts for 61% of GDP, making India an enticing market for major international retail players to enter. The Indian retail market has positioned itself as one of the most dynamic and fast-paced markets, with the emergence of multiple new players creating strong consumption demand driven by socio-economic factors and an enabling environment. The India Retail report states that India's retail market was about ₹63 trillion in 2022, and it is expected to grow at a 5-year CAGR of ~14%, reaching a size of ~₹121 trillion by 2027. This growth will be enabled by the rising middle class, increasing income levels, resilient demand from Tier-1 and Tier-2 cities, and the shift from unorganised to organised retail.

With the entry of new Indian and global brands across product categories, Indian median-income customers aspire to consume better quality goods and services.





The Indian retail market comprises of online and offline. Although the online contribution to the overall retail market in India is currently low at ~10%, the e-commerce sector (both B2C and B2B) is poised to grow significantly and is projected to account for almost 24%-27% of the overall retail market space by 2030, according to reports from Bain and Company and India Retail.

# A2.1. India beauty and personal care market

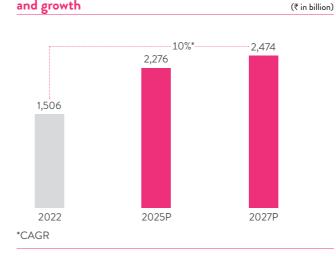
# India is projected to become a ₹2,474 billion beauty and personal care opportunity by 2027

According to RedSeer, the Beauty and Personal Care (BPC) Market in India was valued at ₹1,506 billion in 2022, growing at a CAGR of 9% over the past two years. This market is projected to grow at a CAGR of 10% and reach a size of ₹2,474 billion in the next five years.

The Beauty and Personal Care industry in India has undergone significant evolution post-COVID, with Indian customers adopting new beauty regimes that have led to the emergence of new categories and propositions. The market has experienced disruption and the entry of new-age digital-first brands, some of which have achieved scale and gained acceptance from customers. Additionally, many global brands see India as a new growth opportunity and have entered the market, appealing to the next generation. These global brands are becoming increasingly popular.

Consumers have a growing desire "to look good and feel good about themselves", providing a tailwind for growth in the BPC category. The development of digital infrastructure, personalised offerings, and the emergence of premium brands with new categories creates opportunities to explore and experiment within the BPC category.

# India beauty and personal care market and growth



Source: RedSeer Estimates

# A2.1.1. India online Beauty and Personal Care (BPC) market

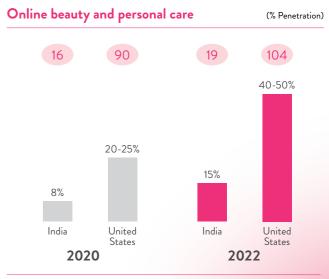
Online BPC in India grew at 48% CAGR between 2020 and 2022 to be ₹227 billion in size, contributing to ~15% of the India BPC Market as of 2022. According to RedSeer estimates, the online BPC market is expected to grow at 29% CAGR over the next 5 years to ₹799 billion in 2027.

Online BPC retail platforms are effectively resolving challenges faced by consumers and brands with the help of superior use of technology, efficient supply chain and ensuring quality control to create an access to a wider selection of products and brands including niche luxury brands; original content and advice from experts and door-step deliveries. Given the long tail inventory in the category, and dispersed consumption across the country, BPC e-commerce has evolved to be the retail channel of choice.

Online BPC demonstrated itself as a preferred medium to ensure brand discovery, visibility, and availability. Strong online shopping trends is enabling BPC brands to build a credible voice and compliment traditional retail channels.  $(\mathbf{R})$ 



Growing online shopping penetration in tier 2+ cities, sustained investments in growth of the sector, rising affinity for branded products available online with a wide assortment, emergence of new BPC categories, personalisation driven by robust technological advancement, increasing need for convenient shopping experience, rising adoption of e-commerce, and higher consumer trust on products bought online, have all emerged as key drivers of growth in the online BPC market. There is substantial headroom for greater penetration in India, as suggested by higher penetration in the developed markets such as the United States (40%-50%) in 2022.



Overall BPC Market Size in \$ Billion (2020 and 2022)

Source: Redseer Estimates, Euromonitor, and Ulta Beauty Annual Report



# A2.1.1.1. Opportunity

# Growth in BPC spend among GenZ and millennials

According to IMF data, the population of India was 1.42 billion in 2022, of which GenZ and Millennials population accounted for almost 50% of the total population. GenZ and Millennials are equipped to be technology savvy and have a live-in-the-moment mindset. The young generation focusses significantly on looking and feeling good, and therefore are the most active BPC consumers.

Buying behaviour of millennials in the age bracket of 25-35 years, comprises of sophisticated makeup and skin care regimes and tends to be influenced by latest trends and educative content by key influencers.

Contrarily, GenZ consumers between the ages of 18-24 years are more keen to experiment across new and upcoming BPC categories through social media engagement. With heightened awareness, they are interested in discovering newer categories, brands, and products.

As the young demographics of India's population continue to evolve, brands are adopting and finding new ways to connect and engage with this customer base. These customers tend to be highly informed and aware of their purchase decisions, always looking out for the latest trends in the category.

# Evolving consumer preferences in BPC categories

The growth of specialised categories within the BPC industry can be attributed to several factors, including increased disposable income, the rising popularity of both new age and global brands, and the influence of the latest beauty trends. This confluence of elements has led to a significant transformation in the composition of the BPC category mix.

Consumers today are increasingly open to exploring novel and emerging categories, a trend that is supported by the availability of educational content and enhanced awareness. This heightened willingness to embrace new experiences has given rise to the creation of multiple new BPC categories, such as Clean Beauty, Luxury Ayurveda, and inclusive skincare. These categories are gradually being incorporated into consumers' beauty routines and are becoming integral components of their BPC preference.

# Emergence of personalisation in BPC

Prior to 2010, the BPC market in India was relatively underdeveloped, with the market being dominated by personal care products. Over the last few years, the market has been disrupted by the emergence of numerous Direct-to-Consumer (D2C) brands and launch of global brands, enabling the consumer to choose from a wide range of products. The BPC journey of an Indian consumer generally starts with experimentation of this wide offering and slowly moves towards getting accustomed to sophisticated beauty and personal care regimes.

Personalisation is the key driver in the BPC market, and we believe this will gain greater impetus in the ensuing years. Consumers are increasingly getting more educated and aware about their personalised beauty needs. This aspect of personalisation is likely to get monetised via technology, being a key lever that brands and retailers can use to deliver on consumer delight.

# Rise in digital integration

The ever-evolving landscape of technology in the BPC industry has given rise to transformative digital tools such as Virtual Try on and Virtual Stores. These innovative solutions empower brands to recreate the distinctive in-store experience, transcending physical boundaries and connecting intimately with consumers in the digital realm. As the industry continues to evolve, digital and technological initiatives hold immense potential to become indispensable tools to engage with beauty enthusiasts. The convergence of cutting-edge advancements like skin analysers, digital assistants, and seamless offline-to-online digital integration is set to amplify the adoption and impact of the BPC regime, fostering immersive and personalised India fashion market and growth experiences for consumers.

# A2.1.1.2. Outlook

According to the Invest India Report, India's BPC market ranks as the 8th largest globally, largely dominated by personal care products. The BPC market has seen a significant transformation over the past 2-3 years with adoption of makeup, specialised skincare, and a variety of global & local fragrances. This evolution can be attributed to the disruptive influence of digital technologies, the availability of numerous educative contents on BPC, and the easy accessibility to national and international brands across multiple price points.

\*CAGR

Post Pandemic, the perception of BPC has significantly changed, and there's been a marked shift in consumer's preference to looking good & feeling good. Consumers are more conscious of the consequences of their purchase decisions, leading to the push in new categories like clean beauty, natural beauty, and cruelty-free beauty products.

Going forward, the BPC category is expected to experience more proliferation with heightened consumer awareness towards new beauty categories and trends. With affordable data plans and improved digital infrastructure nationwide, consumers have easy access to a large amount of information on BPC products through influencer-led and brand content. Consequently, the BPC consumer journey has shifted from casual purchases to more sophisticated decision-making, with a wide range of products and categories finding their way into consumers' shopping basket.

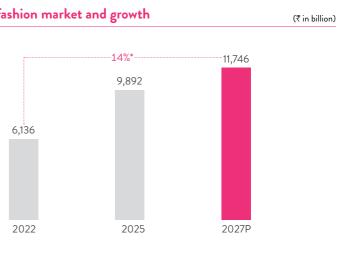
# A2.2. India fashion market

India is projected to become ₹11,746 billion fashion opportunity by 2027

The Fashion Market in India demonstrated significant growth, achieving a CAGR of 19% between 2020 and 2022, resulting in a market size of ₹6,136 billion as of 2022. We believe the Indian Fashion market is projected to continue expanding at a CAGR of 14%, to be ₹11,746 billion in size by 2027.

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According to the Meta and Bain and Company report, the online premium market already accounts for 10% to 15% of the online fashion market in 2022. With the emergence of new trends and global brands entering the market, coupled with rising premiumisation among customers, online premium market share is expected to grow at a fast pace in the coming years. The luxury segment is expected to outperform within the fashion industry globally. This trend is expected to reflect in the India Fashion market as the disposable income of the consumer improves.



Source: RedSeer Estimates



# A2.2.1. India online fashion market

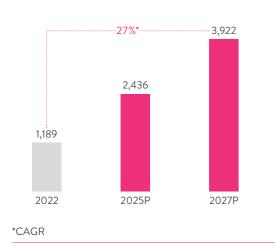
In 2022, the online fashion sector reached a size of ₹1,189 billion based on the gross merchandise value (GMV) generated from online checkouts. Over the last two years, this sector has experienced remarkable growth, with a CAGR of 63%. Consequently, the online penetration rate has increased from 12% in 2020 to 19% in 2022.

The accelerated expansion of the online fashion sector can be attributed to several factors. First, there has been a significant increase in the number of online shoppers in tier-2 and beyond cities. We believe the digital proficiency of Gen Z and millennial consumers has played a crucial role in driving growth. The emergence of new categories and the presence of digital-first brands have also contributed.

Consumers' willingness to invest in personalised experiences and the effect of social media influencers in product discovery have further fuelled the growth of online fashion retail. Moreover, premium and designer brands have recognised the potential of e-commerce and have embraced it to reach their target audience.

India online fashion market

(₹ in billion)



Source: RedSeer Estimates

# A2.2.1.1. Opportunity

# Industry transformation led by D2C disruption

The online fashion industry is experiencing an emergence of numerous D2C brands across categories like athleisure, sustainable fashion, ethnic wear, and western wear. Many social media fashion brands also saw significantly higher volumes led by influencer driven style statements and a plethora of content, created to educate consumers. D2C brands have become a significant driver in expanding the fashion industry in India by creating their unique niche.

# Rapid emergence of new categories

Categories like kids and men have witnessed higher interest in the fashion industry. Increasing disposable income of the parents, trend exposure through social media, and brand awareness among children are the key factors driving the kids fashion market.



The Indian menswear market has long been dominated by occasion wear and formal wear. With significant internet penetration and good content on latest fashion and styles, men's fashion is going through its evolution, largely driven by new and upcoming trends. Men's apparel market also observed the rise of contemporary Indian labels with a global appeal.

# Rapid growth of digital penetration

Digital advancement has been a key driver in evolving the fashion industry, and digital tools like virtual styling, size personalisation through app, are slowly becoming an integral part of enabling consumers to engage with the fashion brands. This has deepened consumer relationships with brands, fashion and trends. Technological advancements in utilisation of artificial intelligence to help customers create a look by pairing different clothing option and finding the right style and choice is slowly picking up pace. As the digital infrastructure becomes more robust, the online fashion industry will be able to create a more engaging customer journey.

# Personalised discovery and shopping experience

Fashion brands are prioritizing creating a more focussed personalised experience to drive consumer engagement and delight by enabling customers to navigate through the long tail of fashion offerings and make a fast purchase decision. Consumer choices are getting more sophisticated, thus a personalised offering in terms of size preferences and styling guides helps create a strong connect with the consumers.

# A2.2.1.2. Outlook

The Fashion market is characterised by its dynamic nature, driven by consumer's desire to remain updated with the latest trends and styles. To keep pace with evolving consumer demands, the market has undergone significant transformations, such as the establishment of robust omnichannel strategies, influencer led fashion categories,

# B. Business review

# **B1.** Overview

We are a digitally native, consumer technology platform, delivering a content-led, lifestyle retail experience to consumers. Since our incorporation in 2012, we have invested both capital and creative energy towards designing a differentiated journey of brand discovery for our consumers. We have a diverse portfolio of beauty, personal care and fashion products, including our own brand products manufactured by us. As a result, we have established ourselves not only as a lifestyle retail platform, but also as a House of Brands. We offer consumers an omnichannel experience with an endeavour to cater to diverse consumer preferences and conveniences.



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- influx of new technologies, and the rise in demand of new trend adoption. Propelling market growth is the implementation of efficient supply chain making it possible for brands to create the availability of latest trends to the Indian consumers rapidly. This has facilitated the availability of diverse fashion choices, catering to various preferences and price points, particularly in rapidly expanding categories like kids and men's fashion. With the entry of numerous Direct-to-Consumer (D2C) and domestic brands, the market has experienced a surge in options that blend contemporary trends with global appeal.
- Moreover, the entrance of global brands into the Indian market has played a crucial role in shaping and advancing the fashion landscape. These brands are expected to revolutionise Indian fashion by introducing a wide range of styles and trends from around the world, appealing to the Indian consumers' evolving tastes.
- The growth in the apparel sector will be driven by increasing tech savviness among consumers. The rising demand for content on various topics and the consumption of the content reflect the consumer's awareness to latest trends and style, which will shift consumer preference towards more personalised and curated assortments.

**Online:** Our online channels include mobile applications, websites and mobile sites. As of March 31, 2023, we had cumulative downloads of 103 Mn across mobile applications, an increase of 43% as compared to March 31, 2022 and during FY 2023, 92.31% of our BPC online GMV came through our mobile applications.

**Offline:** Our offline channel comprises of 145 BPC stores and 9 Fashion stores across 60 cities in India as of March 31, 2023. Our physical stores offer a select offering of products as well as a seamless experience across the physical and digital worlds. We also serve the unorganised BPC space through our Superstore app delivering to 1.1 lakhs transacting retailers in 700 cities as of March 31, 2023.

Our lifestyle portfolio spans beauty, personal care and fashion products. We believe that consumers have different journeys for different lifestyle needs, and this has led us to build vertical-specific mobile applications, websites and physical stores. These independent channels allow us to tailor our content and curation optimally for the convenience of consumers and to cater to the different consumer journeys that exist in these business verticals.

Nykaa Beauty: Beauty and personal care

# Nykaa Fashion: Apparel and accessories

Others: Seeding new growth verticals.

In addition to leveraging our strengths in comprehensive merchandising, brand relationships and delivery experience, we focus on educating consumers via digital content, digital communities and tech-product innovations, which is an integral component of our business model.

# B2. Beauty and personal care

Our beauty and personal care offerings are extensive with ~0.4 Mn stock keeping units (SKUs) from 3,400+ brands primarily across make-up, skincare, haircare, bath and body,

# fragrance, grooming appliances, personal care, and health and wellness categories as of March 31, 2023.

We manufacture our owned brand beauty and personal care products through third-party manufacturers contracted by us. Our owned brands are available on our online and offline channels, as well as for certain brands with thirdparty retailers.

Investing in distribution, marketing, technology and logistics enabled us to provide a wide range of offerings to our brand relationships, thereby enabling long-term and mutually beneficial relationships. For online-first brands, we provide them with the ability to rapidly scale by leveraging our online platform; for prestige brands, we help them grow through our omnichannel distribution; and for traditional brands, we provide them with the ability to acquire millennial and Gen-Z consumers by leveraging our role as an influencer. We also help new age brands and import brands to penetrate further into the country through our eB2B channel. As a result, several renowned international and domestic prestige brands chose us for their launches into the Indian market.

Despite being a consumer technology platform, we recognise the importance of physical retail for Beauty and Personal Care products early on. We opened our first physical store in 2014, and have 145 physical stores across 60 cities as of March 31, 2023. Our physical stores exist in three formats, Nykaa Luxe, Nykaa On Trend and Nykaa Kiosks and are developed to cater to a specific consumer demographic and need of the local market.

We manage our BPC business predominantly through an inventory-led model. This approach allows us to source directly from brands or their authorised distributors in the country. This allows us to guarantee authenticity of products sold to consumers, an important consideration for such consumers. Having an inventory-led model allows us to ensure availability and timely delivery.

# B2.1. Achievements of FY 2023 - BPC offering

# Business performance

Particulars	FY 2023	FY 2022	% increase
Monthly Average Unique Visitors (in million)	22.7	18.8	21%
Annual Unique Transacting Customers (in million)	10.0	8.0	24%
Orders (in million)	34.8	26.5	31%
Average Order Value (AOV) (₹)	1,857	1,857	0%
Gross Merchandise Value (GMV) (in ₹ million)	66,491	50,089	33%



# **B3.** Fashion

In 2018, we launched Nykaa Fashion with the aim of providing consumers with a curated platform that inspires their fashion and lifestyle choices. Our platform offers a wide range of products catering to women, men, and children, encompassing diverse demographics and price points. As of March 31, 2023, Nykaa Fashion has established partnerships with numerous brands, resulting in an extensive collection of fashion products. This includes 2,850+ brands and over 7.0 Mn SKUs across four consumer divisions: women, men, kids, and home. Our merchandise spans various categories such as western wear, Indian wear, lingerie, footwear, bags, jewellery, accessories, athleisure, home decor, and kitchen products, ensuring that we cater to the diverse needs and preferences of our consumers.

While offering a wide array of products, we place great importance on curation. We carefully select fashion-forward brands, evaluating their



style and quality, and curate specific styles within these brands to present to our customers. We also prioritise the sale of full-price products, reducing reliance on discounts and focusing on selling the latest designs of each season. Additionally, we leverage digital content, personalised mobile application experiences, and proprietary recommendation algorithms to create unique and differentiated experiences for our customers. These efforts are aimed at building a discoveryled platform that is driven by style and tailored to individual preferences.  $(\mathbf{R})$ 

As a consumer-centric platform, we have developed three distinct propositions within Nykaa Fashion to offer enhanced curated choices to our customers.

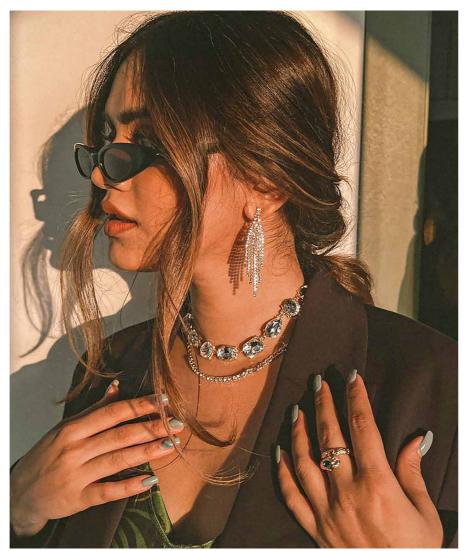
**Global Store:** We have partnered with multiple international brands to bring into the country the latest global styles and trends to create a unique fashion shopping experience by enabling customers with access to a differentiated assortment. Global Store contributes to almost 25% of the western wear GMV in the FY 2023.

Nykaa Fashion has formed a strategic partnership with the globally recognised e-tailer, "Revolve," to grant Indian customers exclusive access to over 400+ esteemed international brands and brings 26,000+ curations. Revolve is renowned for retailing numerous fashion-forward and trend-setting women's brands. As part of this collaboration, we have innovatively developed a B2B2C technology that enables Indian consumers to seamlessly browse through Revolve's extensive catalogue via Nykaa Fashion's platform. This user-friendly integration allows customers to make hassle-free purchases directly from Revolve's vast selection of offerings.

Hidden gems: With our Hidden Gems, we offer customers a curated collection from niche, homegrown labels, across India, to help the customer, discover unique styles. Hidden gems contributed to almost ~6% of the overall Nykaa Fashion GMV in Q4 FY 2023. This unique proposition is expected to garner good traction, considering the evolving consumer preference to indulge in niche and curated offerings from across the countries.

First in fashion: We focus on offering the latest season styles and collections from our brand partners. By leveraging our on-site and social properties, we can promote the new season collection and see enthusiastic partnerships with brands as a preferred partner for their new launches. Enabling the customer to discover the latest trend and collection our platform has helped scaling this unique proposition and in the Q4 FY 2023, first in fashion contributed almost 23% of the Nykaa Fashion GMV.





Nykaa Fashion has 13 owned brands as on March 31, 2023 which are available on our online channel and at 9 physical stores, 900+ GT/MT stores, 118 third party Multi Brand Outlets (MBOs), and other online marketplaces for many brands.

Nykaa Fashion operates predominantly as a marketplace platform and has custom-built scalable technology to support this operating model. Such model lends capital efficiency for the fashion business where trends change quickly or frequently.

# B3.1. Achievements of FY 2023 - Fashion

# **Business performance**

Particulars	FY 2023	FY 2022	% increase
Monthly Average Unique Visitors (in million)	17.3	15.3	13%
Annual Unique Transacting Customers (in million)	2.5	1.8	39%
Orders (in million)	6.0	5.0	21%
Average Order Value (AOV) (₹)	3,973	3,400	17%
Gross Merchandise Value (GMV) (in ₹ million)	25,696	17,516	47%

# **B4.** Others

Others includes new businesses like NykaaMan, eB2B platform 'Superstore by Nykaa', International, LBB and Nudge. Of the total GMV of ₹97,433 Mn in FY 2023

In the FY 2023, our company partnered with the Others contributed 5.2% i.e., ₹5,245 Mn, which grew Apparel Group (forming a strategic alliance between 204% from FY 2022 where GMV contribution was FSN International and the Apparel Group, where FSN ₹1,727 Mn. International owns 55% stake). With the help of this strategic partnership, we aim to undertake an omni-channel, multi NykaaMan: We launched the NykaaMan mobile branded beauty retail operation in the Gulf Cooperation application and website, thereby customising our model and Council (GCC) region through an incorporated entity experience for men, along with increasing education and 'Nessa International Holdings Limited'. GCC region offers awareness among men on the use of grooming and personal a better possibility for the BPC category to penetrate care products. effectively and grow significantly because of its younger eB2B: In October 2021, we launched our Superstore App, demographic comprising 35% - 40% of the population an online channel with a separate mobile application for below the age of 25 years and with a higher spending power.

standalone local retailers in India to offer them select BPC products to redistribute to consumers.

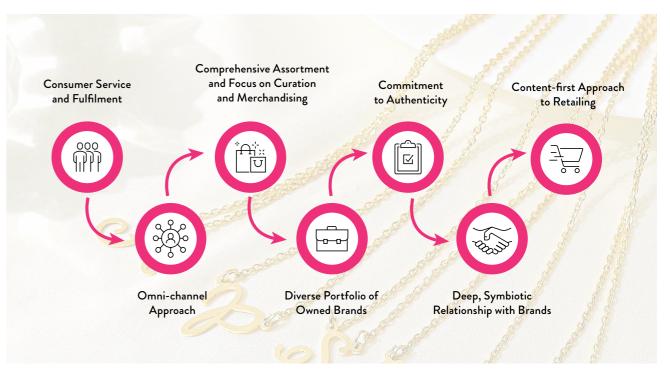
# B4.1. Achievements of FY 2023 - Others

# **Business performance**

Particulars	FY 2023	FY 2022	% increase
Monthly Average Unique Visitors (in million)	2.7	2.0	35%
Annual Unique Transacting Customers (in million)	0.5	0.4	30%
Orders (in million)	1.4	0.6	116%
Average Order Value (AOV) (₹)	3,420	2,726	25%
Gross Merchandise Value (GMV) (in ₹ million)	5,245	1,727	204%

# **B5.** Value proposition

Our business was built iteratively while innovating for consumer satisfaction as well as optimising for purchase behaviour. We believe that the consumer journey for product selection often involves a significant amount of time spent exploring. We endeavour to understand the process of decision-making and provide for the critical moments across different stages of a consumer's journey on our platform. Through integrations across touchpoints, we target consumers and design personalised browsing and purchase experiences to meet the diverse needs of our consumers.



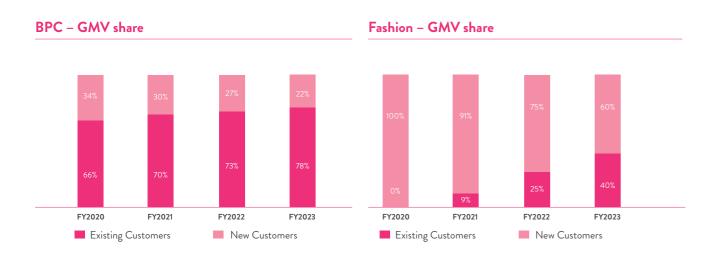
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International: In the FY 2023, we expanded our owned brands presence across major markets like USA, UAE, and Mauritius via both online and offline channels.

GCC region BPC market is 2x of that of India's with only 3% population size compared to India.

We evaluate the effectiveness of our value proposition by tracking, among others, GMV from existing consumers. We have observed a high level of loyalty for our platform among consumers.

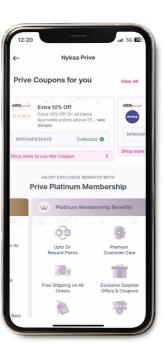
The chart below depicts the contribution to GMV from new and existing consumers by financial years, on our website and mobile application for beauty and personal care as well as the fashion verticals. Our new consumers, identified by their email-id or mobile number, are those who placed their first order on our websites or mobile applications during the year under review. Our existing consumers are those who placed at least one order in any prior financial year on our websites or mobile applications.



We have revamped our customer loyalty Programme "Prive 2.0" incorporating multi-tiers (member, gold, and platinum).



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Through Nykaa Prive, our consumer loyalty programme for the BPC vertical, members enjoy exclusive offers and discounts, complimentary gifts, free shipping and access to exclusive members-only content. Prive members also enjoy priority access to our consumer service team. As of March 31, 2023, there were 4.5 Mn Nykaa Prive members. Our consumers can earn Nykaa reward points by signing up, shopping, writing reviews and answers and referring new consumers to our platform. These reward points can be redeemed to make purchases on our platform. We are currently redefining Nykaa Prive to make it more comprehensive and rewarding for our consumers.

# Commitment to authenticity

We have developed systems and processes to ensure that the products sold on our platform are authentic and build trust among our consumers and brands. For our beauty and personal care offering, our business is predominantly inventory led. This approach ensures sourcing directly from brands or their authorised distributors in India. It allows us to guarantee authenticity of products, an important consideration for consumers of such products. We also conduct quality checks at our warehouses periodically on our beauty and personal care products. For our fashion offering, we operate a curated platform and ensure that the sellers we onboard are authorised resellers only. We developed systems to monitor and address consumer complaints in a bid to strengthen our ongoing commitment to authenticity.





# Content-first approach to retailing

Nykaa is India's premier beauty and lifestyle retailer. Through our thorough investment in content, both on and off our platform, we've also built India's largest premium content destination for India's aspirational lifestyle consumers.

From social media platforms like Instagram, YouTube, Facebook & Pinterest, to our curated on-app content offerings of Live Shopping & engaging Video Content, Nykaa's content initiatives span immersive, educative & informational storytelling.

Our content philosophy is to be our customers' beauty guide, helping them in every step of their way and bringing them closer to their beauty goals.



# Nykaa's content stack includes:

- a. On-platform offerings: This includes Stream, our features for Shoppable Videos, informative listicles, and Lives; and Nykaa Affiliate Programme, built especially for our creator partners to earn through their recommendations.
- b. Off-platform offerings: This includes our presence across Instagram, Facebook, YouTube, Pinterest, Creators and Influencers, and our search-focussed content.

Stream, launched in 2020, is our in-app content aggregation hub. It is a 'watch and buy' feature that enables a consumer to watch content and shop for the products featured in that content in real time. Such content is uploaded to the mobile application on Explore by our influencers and from social media channels. Its discovery algorithms are responsive to consumer preferences based on their search and engagement behaviour on our platform. This allows us



to tailor our vast content library to appeal to our specific consumers. The content is predominately multi-brand and education focused, including tutorials, reviews, and product trials. In FY 2023, we added 6000+ unique shoppable videos and conducted 1200+ lives; to inform, educate and guide our customers to discover products and brands best suited to their needs. During the year ended March 31, 2023, Stream received over 10 Mn visits, and our lives garnered over 1.4 Mn visits.

We leverage influencers through our customised creator-focussed product and programme called Nykaa Affiliate Program, which enables external content creators to publish content on our behalf, across several digital platforms. As of March 31, 2023, we had a network of 6,900+ influencers, creators and key opinion leaders across lifestyle categories. This community has been a powerful lever in driving organic traffic and growth to our platforms; in most cases, they receive a commission for the sales they drive on our platform. As a result of our brand equity and our track record of building digital communities, we can attract influencers.

Our off-platform presence spans across all large content platforms such as YouTube, Instagram, Facebook. As of March 31, 2023, Nykaa TV, our YouTube based content platform, had over 1.4 Mn subscribers, with average monthly views of over 18 Mn. In FY 2023, we received over 124 Mn views and a watch time of over 5.4 Mn hours.

On Instagram (including videos, reels, posts and stories), we shared 400+ posts every month with our community of 3.6 Mn followers (across Beauty and Fashion), amassing over 1.3 billion impressions and 997 Mn reach.

# Deep, symbiotic relationship with brands

We value our brand relationships, thus we have a team of brand managers who work closely with brands to strategise and execute growth and brand-building strategies. We have partnered with beauty and personal care brands from across the globe to provide a wide and differentiated Offering to



our customers, inclusive of luxury and prestige brands such as Anomaly, leverage our marketing channels to educate and Aveda, Charlotte Tilbury, Clinique, Estee Lauder, Huda Beauty, influence our consumers. With the help of social Lancome, M.A.C, Pixi, Sol de Janeiro, The Ordinary, and other media influencers, we have been able to drive renowned domestic and international brands such as Forest Essentials, effective marketing of brands on our platform. Innisfree, Laneige, L'Oreal Paris, L'Oreal Professional, Mamaearth, **BPC:** 3,400+ brand partners which includes Maybelline New York, MCaffeine, Minimalist, and Neutrogena. Our international brands, FMCG brands, D2C Fashion portfolio includes Enamor, Fablestreet, Forever New, Kazo, brands, Luxe brands and Global brands. Lavanya, Puma, Skechers and Triumph among others.

Our experience and in-depth understanding of the assortment of products, supported by consumer insights allows us to forecast trends, and tailor brand specific marketing and commercial strategies. We

# Diverse portfolio of owned brands

Having identified white spaces in the market's offering, we have crafted a portfolio of 25 owned brands which increase the assortment of products for our consumers. Our brands have received consumer love and have a high recall, often functioning as independent brands. These are manufactured by third-party vendors. In addition to our existing portfolio of owned brands such as Nykaa Cosmetics, Nykaa Naturals, Kay Beauty, Twenty Dresses, RSVP, among others, we introduced 8 additional owned brands in FY 2023.

# Major launches:

# 1. Gentlemen's Crew:

Introduced in February, 2023, as a brand focused on creating an inclusive, diverse, fun & enthusiastic community, Gentlemen's crew offers a range of high quality grooming products for men that delivers performance, strength and longevity.



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Fashion: 2,850+ brand partners and multiple curated style offerings like Hidden Gems for niche market modern Indian design and First in Fashion to offer latest season styles to the customers.



# 2. Nyveda:

Introduced in February 2023, Nyveda is the latest inclusion in our house of brands collection, providing a premium range of natural Ayurvedic products in the beauty and personal care category. Nyveda exemplifies our commitment to offering high-quality Ayurvedic formulations. With a focus on harnessing the power of nature, Nyveda enhances our portfolio of house of brands, allowing us to meet the growing demand for authentic Ayurvedic beauty and personal care products.

# 3. MIXT:

MIXT, introduced in January 2023, is a fashion-forward brand specifically targeting the younger generation. With a distinctive range of offerings spanning westernwear, footwear, bags, jewellery, and accessories, MIXT captures the attention of fashion-conscious individuals. By catering to the preferences of the younger demographic, MIXT aims to provide trendy and contemporary options that resonate with their unique style sensibilities.





# 4. Gloot:

We launched Gloot in July 2022, to expand our offering in the men's innerwear and activewear segment. Gloot aims to re-define an often ignored space when it comes to men's requirements by combining comfort and technology in a way that is kind to the planet.

# 5. Nyri:

In September 2022, Nykaa introduced "Nyri," a curated saree collection designed to broaden its range of offerings in the Indian wear category. Nyri showcases a meticulously curated selection of sarees that embody the latest trends, ensuring that customers have access to fashionable and ontrend choices. This expansion allows Nykaa to further cater to the diverse preferences and desires of consumers seeking contemporary and stylish options in the saree segment.



# Comprehensive assortment and focus on curation and merchandising

We seek to strike a balance between the breadth and relevance of the assortment of offerings on our platform. require a 'touch and feel' experience to arrive at a purchase decision, especially certain higher value and/or complex We believe in the power of choice and work towards building product offerings that cater to our consumer's specific categories, such as fragrances and make-up products. Our needs and evolving tastes. Our lifestyle product portfolio physical stores cater to the modern-day Indian consumer, spanned over 6,250+ brands and ~7.5 Mn SKUs as of by integrating the offline-online experience seamlessly. March 31, 2023, developed to cater to the varying needs We also have one of the largest physical retail footprints of our diverse consumer base. As part of our merchandising among the multi-brand Specialty Beauty and Personal and curation strategy, we focus on market fit for products Care platforms operating across value, prestige and luxury offered, ongoing demand and consumer trends. We strive to categories, with a dominant share in the luxury segment in bring in the product collections that fit our demand profile India, as of March 31, 2023. and at the same time churn out products that are losing relevance. We have a team of curators who work closely Nykaa Fashion was launched as a digital-first platform with our brand partners to offer our consumers latest with the goal to revolutionise the way that young Indian lifestyle trends.

Our platform was designed to drive discovery and inspiration global, and niche brand offerings on NykaaFashion.com. In for consumers. Leveraging information across multiple order to establish an offline presence for our owned brands parameters and consumer activity on our platform along as well as a variety of domestic and international brands, with details of attributes against every product, we can show Nykaa Fashion opened its first physical store in Delhi in consumers personalised content and products across their December 2020. As of March 31, 2023, Nykaa Fashion shopping journey. Leveraging data science, we developed has launched 9 physical stores. robust personalisation engines and customised product features, such as landing pages, homepages, search and Nykaa Luxe store format offers a luxury beauty experience, which showcases prestige and luxury international and sort algorithms and recommendation engines to power the discovery experience. We also strive to continuously domestic brands. enhance our user interface to enable a quality experience Nykaa On-Trend stores offer a differentiated experience for each consumer.

We also invested in Nykaa Pro, a membership-based programme for beauty professionals and makeup artists, providing them access to products, offers and classes, including, educational content.



# **Omnichannel approach**

**BPC** consumers prefer to shop across online channels and physical stores. Many of the products we sell often

consumers purchase fashion and lifestyle products. We do this by emphasising the newest season's curated, distinctive,

for our consumers with the current best-selling products chosen across beauty and personal care brands.

Nykaa Kiosks are free-standing units usually in the atriums of shopping malls where we predominantly sell our owned brands.



With a focus to create a unique identity for our House of Brands and to strengthen the distribution network, we retailed some of our owned brands at third party offline stores. As on March 31, 2023, our BPC owned brands retail through 2,580 selective doors and 169 modern trade stores. Though our B2B distribution channel, SuperStore by Nykaa, our BPC owned brands retail in more than 5,400 unique retailers in India.

Nykaa Fashion - owned brands Nykd, Twenty Dresses, RSVP, Gajra Gang, and Likha are sold through a variety of third-party offline channels, to expand the distribution network and to establish a connection with customers. As on March 31, 2023, Twenty dresses and RSVP were available in 112 third party multi brand outlets, while Gajra Gang and Likha were available across 6 multi-brand outlets. Nykd by Nykaa also retails through more than 900 general trade outlets.

We conducted multiple interactive offline events to get closer to the consumers, creating strong engagement. Embracing the LGBTQ community, we proudly collaborated with influencers from this community. Our offline events received love and appreciation from both our customers and brand partners.

In the FY 2023, we conducted a Beauty Bar event in Lucknow which gathered 4 Mn social media reach and saw registration from 1,300+ beauty enthusiast from the city. We plan to conduct more Beauty Bar events in multiple cities across India in the coming year.

Nykaa Fashion conducted multiple offline events like Global Fiesta (December 2022) to celebrate the launch of Global Store, bringing the hottest styles and trends to India from across the globe. The event saw participation from brands such as Revolve, NA-KD, Pomelo, OXXO and more global brands.



Nykaa Fashion also conducted its Fashion and Lifestyle event in December 2022, providing brands with an exclusive platform to showcase their collections and drive festive sales.

Nykaa Fashion conducted offline launch event of two of the trendiest fashion brands, Alo and Never Fully Dressed to help the brands directly interact with the customers. The events also achieved a social reach of almost 51 Mn.

In October 2021, we launched our Superstore App, an online channel with a separate mobile application for standalone local retailers in India to offer them select BPC products to offer to their consumers. The investment in Superstore, allowed us to connect with retailers across India, and will enable us to create multiple touch points. As of Mar 31, 2023, we had connected with 1.1 lakhs transacting retailers across 700 cities in India. Through our Superstore app, 0.7 Mn orders were placed in the FY 2023. Superstore is a democratised distribution channel powered by advisory & advocacy with the following objectives:

- a) Your All-in-One Store: Top Brands, International bestsellers, and new online products are all in one place for local retailers.
- b) Super Service: Enabling 24 hours doorstep delivery, safe credit facility, and quick returns.
- c) Super Flexibility: Retailers choose what to buy, how much to buy, and when to buy.
- products in locality, enabling productivity.

We manage four models - inventory, sale or return (SOR), curated platform (marketplace) and just-in-time inventory models. We have made investments in technology, people d) Super Earnings: Retailers have access to popular and processes to support and scale these models. Our flexibility to operate each model is a core strength as we believe that brands and products require a customised Consumer service approach to selling. For our inventory and SOR models, our investment in technology is geared to enable fungible We understand the importance of assisted buying to drive awareness and make sales. As of March 31, 2023, we have inventory across online and offline channels, allowing for efficient inventory management. 522 beauty advisors across our 145 physical stores.

We have also built B2B2C capabilities for Nykaa Fashion Our consumer service team also addresses post-order enabling consumers to leverage the benefit of both global related consumer service queries. We leverage technology brands and our platform. to optimise and automate the interactions where relevant. Of our chat queries, 60.7% are being answered by chatbots Our luxury orders are packed and tracked separately with as of March 31, 2023, thereby reducing load on our consistent communication with the brands and sellers consumer service team, and allowing them to focus on more to deliver shipments to consumers in an efficient and complex queries. seamless manner.



Superstore by Nykaa



# **Fulfillment capabilities**

As of March 31, 2023, we served 27,801 pin codes, covering 98% of the serviceable pin codes across the country. We have 44 warehouses, with a storage space of 14.6 lakhs sq. ft. Orders are monitored and tracked closely to ensure timely dispatch. We have an allocation engine, which helps fulfill orders by utilising inventory efficiently across our warehouses. We drive optimisation on localised fulfilment to ensure delivery from the nearest fulfilment centre, which optimises shipment costs and inventory management. For fashion products sold through the curated platform, we integrated our supply chain with the warehouses of several sellers.

Of our orders, 91% of BPC orders and 79% of Fashion orders were delivered within five days for the year ended March 31, 2023. Such capabilities come together to deliver better fulfilment metrics across the country.



# C. Financial review

# C.1. Key financial highlights

The business verticals primarily comprise of Beauty and Personal care (BPC), Fashion and Lifestyle businesses and Others primarily representing eB2B business and Men's Beauty and Fashion. The vertical wise breakup of the Gross Merchandise Value (GMV) is as below:

(₹in m					
Particulars	FY 2022-23	FY 2021-22	Y-o-Y % change	% in FY 2022-23	% in FY 2021-22
Beauty and Personal Care	66,491	50,089	33%	68.4%	72.2%
Fashion	25,696	17,516	47%	26.4%	25.3%
Others	5,245	1,727	204%	5.2%	2.5%
Total	97,433	69,332	41%	100%	100%

The contribution of BPC vertical to consolidated GMV in FY 2023 is 68%, a 33% increase Y-o-Y. Fashion, although still an early-stage business in the Nykaa ecosystem, contributes nearly 26% of the consolidated GMV and is showing a 47% increase Y-o-Y. The contribution of GMV from existing customers is 78% for the BPC vertical vis-à-vis 40% in Fashion vertical.

Other categories (including new businesses such as NykaaMan, the eB2B platform "Superstore by Nykaa", International and acquisitions viz. LBB and Nudge) contributes to 5% of the consolidated GMV in FY 2023 and is showing a significant increase of 204% on a Y-o-Y basis.

Consolidated revenue for FY 2023 is ₹51,438 Mn and the vertical wise split of the same is as below:

					(₹ in million)
Particulars	FY 2022-23	FY 2021-22	Y-o-Y % change	% in FY 2022-23	% in FY 2021-22
Beauty and Personal Care*	44,820	33,997	32%	87.1%	90.1%
Fashion	4,347	3,254	34%	8.5%	8.6%
Others	2,271	488	366%	4.4%	1.3%
Total	51,438	37,739	36%	100%	100%

\*After eliminating inter-vertical revenue, which is below 1% of the total revenue

**Beauty and Personal Care** remains the most significant vertical, accounting for approximately 87% and 90% of the total revenues for FY 2023 and FY 2022, respectively. It continues to be a dominant contributor to the Group's overall revenue.

On the other hand, Fashion and Others are emerging fast-growing verticals that have shown growth during FY 2023 and are expected to experience significant expansion in the near future. These verticals have the potential to become major revenue generators for the Group.

The "**Others**" category, represented by new businesses launched by the Group and new acquisitions, has experienced substantial growth, primarily driven by the commencement of operations in Superstore, the eB2B business.

# Summary of consolidated financial performance for the year ended March 31, 2023

Consolidated profit and loss account

Particulars	FY 2022-23	FY 2021-22	Y-o-Y % change
Revenue from operations	51,438	37,739	36%
Cost of goods sold	(28,657)	(21,300)	35%
Gross profit	22,781	16,439	39%
Employee benefit expense	(4,917)	(3,265)	51%
Other expenses	(15,304)	(11,542)	33%
Operating expenses	(20,221)	(14,807)	37%
EBITDA	2,560	1,633	57%
Depreciation and amortisation	(1,733)	(964)	80%
Finance cost	(746)	(465)	60%

			(₹ in million)
Particulars	FY 2022-23	FY 2021-22	Y-o-Y % change
Other income	302	270	12%
Profit before tax	384	473	(19%)
Tax expense	(136)	(60)	126%
Profit after tax	248	413	(40%)
Share in loss of associate	(39)	-	-
Profit for the period	210	413	(49%)

# **Revenue from operations**

			(< in million)
Particulars	FY 2022-23	FY 2021-22	Y-o-Y % change
Sale of Products	43,860	32,186	36%
Sale of Services	7,301	5,333	37%
Other Operating Revenue	277	220	26%
Total	51,438	37,739	36%

Revenue from operations comprises of the sale of products and services, primarily marketing support services, marketplace services and other operating revenue.

Our revenue from operations increased by 36% to ₹51,438 Mn for the year ended March 31, 2023 from ₹37,739 Mn for the year ended March 31, 2022. This growth was primarily driven by an increase in the sale of products and sale of services. The increase can be attributed to the increase in Annual Unique Transacting customers, number of orders along with sustained / increased AOV across verticals.

# Beauty and personal care:

- i) Increase in the number of Annual Unique Transacting Consumers from 8.0 Mn in FY 2022 to 10.0 Mn in FY 2023;
- ii) Increase in the number of orders placed on the platform from 26.5 Mn in FY 2022 to 34.8 Mn in FY 2023;

iii) Sustained AOV at ~ ₹1,857.

# Fashion:

 i) Increase in the number of Annual Unique Transacting Consumers from 1.8 Mn in FY 2022 to 2.5 Mn in FY 2023;

# Cost of goods sold

			(₹ in million)
Particulars	FY 2022-23	FY 2021-22	Y-o-Y % change
Cost of material consumed	1,594	843	89%
Purchase of traded goods	28,480	24,078	18%
Change in finished goods and stock-in-trade	(1,417)	(3,621)	(61%)
Total	28,657	21,300	35%

- ii) Increase in the number of orders placed on the platform from 5.0 Mn in FY 2022 to 6.0 Mn in FY 2023;
- iii) Increase in AOV from ~₹3,400 in FY 2022 to ~₹3,973 in FY 2023.

# Others:

- i) Increase in the number of Annual Unique Transacting Consumers from 0.4 Mn in FY 2022 to 0.5 Mn in FY 2023;
- ii) Increase in the number of orders placed on the platform from 0.6 Mn in FY 2022 to 1.4 Mn in FY 2023;
- iii) Increase in AOV from ₹2,726 in FY 2022 to ₹3,420 in FY 2023.

Revenue from the sale of services increased by 37% to ₹7,301 Mn in FY 2023 as compared to ₹5,333 Mn in FY 2022. This growth was driven by a 36% increase in revenue from marketing support services to the tune of ₹5,092 Mn, and a 39% increase in income from marketplace services amounting to ₹2,209 Mn.

Other operating revenue increased to ₹277 Mn in FY 2023 compared to ₹220 Mn in FY 2022 primarily due to growth in logistics service income by 39% amounting to ₹263 Mn.



(₹ in million)

The cost of goods sold increased by 35% to ₹28,657 Mn in FY 2023 from ₹21,300 Mn in FY 2022. This increase is primarily due to the higher sales of products, which we purchase from brands or their authorised distributors and manufacture under our own brands. These products are sold directly to our consumers in line with the growth in the number of orders on our platform, driven by an increase in the number of Annual Unique Transacting Consumers.

Consequently, the Gross Profit for FY 2023 stands at ₹22,781 Mn, a margin improvement of 73 basis points (bps) led by increase in own brands share, 44.3% in FY 2023 vis-à-vis 43.6% in FY 2022.

# Employee benefits expense

Employee benefits expenses increased by 51% to ₹4,917 Mn for FY 2023 from ₹3,265 Mn for FY 2022, primarily due to investment into new initiatives mainly technology function, eB2B and store expansion resulting in an increase in salaries, wages and bonus amounting to ₹4,601 Mn for FY 2023 from ₹2,972 Mn for FY 2022. The employee headcount has increased to 3,177 as of March 31, 2023 from 2,764 as of March 31, 2022 v) (excluding for newly acquired subsidiaries).

# Other expenses

Other expenses have increased by 33% to ₹15,304 Mn for FY 2023 from ₹11,542 Mn for FY 2022, primarily due to:

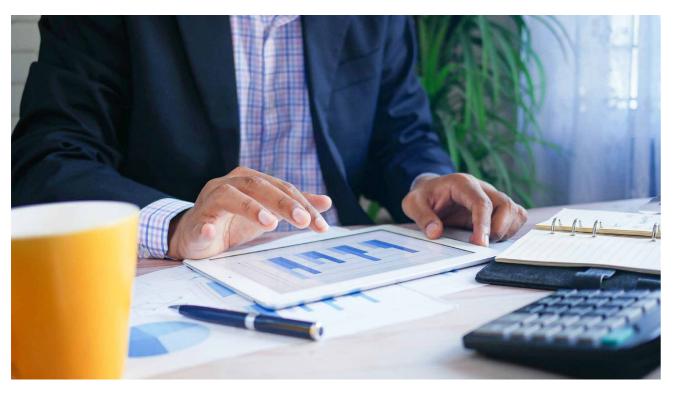
(i) The marketing and advertising cost for the year is 11% of revenue, an improvement of 129 bps over FY 2022. Increase in marketing and advertisement expenses, which amounted to ₹5,906 Mn for FY 2023 compared to ₹4,820 Mn for FY 2022. This increase was driven by initiatives to acquire new consumers and advertising campaigns in order to build marketing efficiency by

targeting quality customers which helped to achieve better order to visit conversion;

- The freight cost for the year is 6% of revenue, an improvement of 112 bps over FY 2022. Freight expenses increased, amounting to ₹3,318 Mn for FY 2023 vis-à-vis ₹2,856 Mn for FY 2022. This increase was a result of the higher volume of orders processed through our platform and improvement in order to delivery (O2D) turnaround time driven by regionalisation strategy;
- iii) Increase in the outsourced warehouse manpower cost and selling expenses due to the employment of more outsourced personnel primarily on account of increased fulfilment centres, growth in business volumes, expansion of eB2B business and offline distribution of owned brands;
- iv) Increase in the consumption of packing materials, which amounted to ₹960 Mn for FY 2023 compared to ₹869 Mn for FY 2022. This increase was in line with the growth in order volumes and shipments;
- Increase in web and technology expenses and infrastructure facilities required for expansion and targeted growth over the years.

Consequently, the EBITDA for FY 2023 stands at ₹2,560 Mn, an increase of 57% over FY 2022 and a margin improvement of 65 basis points (bps) primarily led by increase in operating efficiency and increase in business volumes. The EBITDA margin for FY 2023 is 5% vis-à-vis 4.3% in FY 2022.

**Depreciation and amortisation:** Our depreciation and amortisation expense increased by 80% to ₹1,733 Mn for FY 2023 from ₹964 Mn for FY 2022, primarily due to expansion of retail stores and fulfilment centres, acquisition



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of intangibles on account of investments in subsidiaries and capitalisation of technology projects.

Finance cost: Our finance costs comprise of interest on borrowings, lease liabilities, and other finance charges. The cost has increased by 60% to ₹746 Mn for FY 2023 from ₹465 Mn for FY 2022. This increase was primarily due to the working capital loan obtained from banks and an increase in lease liability driven by expansion of stores and warehouses.

# Consolidated balance sheet

Particulars	
Assets	
Property, plant and Equipment, right of use assets, other intangible assets, intangible assets under development, capital work-in-progress and goodwill	
nvestments	
Deferred tax assets (net)	
Non current tax assets (net)	
nventories	
Cash and bank balance	
Other financial assets	
Other assets	
Total Assets	
Equity and liabilities	
Equity Share Capital	
Other Equity	
Equity attributable to equity holders of the parent	
Non-controlling interest	
Total equity	
Liabilities	
Borrowings	
Lease liabilities	
Trade payables	
Other financial liabilities	
Provisions	
Contract Liabilities	
Current tax liabilities	
Other current liabilities	
Total Liabilities	
Total equity and liabilities	

# Assets

Total assets increased by 11% to ₹29,500 Mn for FY 2023 from ₹26,460 Mn for FY 2022. The increase is primarily attributed to following:

 i) Increase in investment in infrastructure and technology capabilities mainly on account of new warehouses, offices, and stores and capitalisation of technology projects.

Other income: Other income comprises of interest income on security deposit, bank deposit and forex gain. Our other income saw an increase of 12% amounting to ₹302 Mn for FY 2023 from ₹270 Mn for FY 2022, majorly due to an increase in interest on security deposits, forex gain and gain on lease cancellations.

**Profit Before Tax (PBT) and Profit After Tax (PAT):** The consolidated profit before tax (PBT) stood at ₹384 Mn. Tax expense for FY 2023 is ₹136 Mn. Consequently, consolidated PAT for FY 2023 is ₹248 Mn.

		(₹ in million)
FY 2022-23	FY 2021-22	Y-o-Y % change
7,297	5,077	44%
381	-	100%
1,878	1,152	63%
212	139	53%
10,051	8,756	15%
1,487	2,670	(44%)
4,715	6,544	(28%)
3,479	2,122	64%
29,500	26,460	11%
2,852	474	502%
10,928	12,925	(15%)
13,780	13,399	3%
141	56	152%
13,922	13,455	3%
4,604	3,330	38%
3,380	2,596	30%
2,654	3,621	(27%)
4,077	2,889	41%
207	167	24%
235	160	46%
-	22	(100%)
421	220	91%
15,578	13,005	20%
29,500	26,460	11%

- ii) Increase in goodwill due to the acquisition of 'Iluminar Media Private Limited', known as LBB, a subsidiary company.
- iii) Investment represents an 18.51% stake in "Earth Rhythm Private Limited", an associate company, acquired during the year.
- iv) Increase in inventories is primarily in line with increase in business volumes of new stores and channels.



- v) Increase in other assets is primarily due to GST input credit and capital advances.
- vi) Decrease in Cash and Bank balances and Other Financial Assets is primarily on account of reduced Fixed Deposits on utilisation of IPO proceeds.

# Equity

The equity share capital has increased due to the issuance of bonus shares, however there was a reduction in other equity majorly on account of utilisation of securities premium on issue of bonus shares which is partially offset by an increase iii) Increase in put option liability on account of Dot & Key on account of exercise of ESOPs. This coupled with the profit for the year has resulted in an increase in Total Equity by ₹467 Mn. Non-controlling interest increased to ₹141 Mn in FY 2023 from ₹56 Mn in FY 2022, mainly due to an increase in the share of NCI holders following the acquisition of Nudge Wellness Private Limited and Nessa International Holdings Limited.

# Cash generation

The following table sets forth our cash flows for the years indicated:

			(₹ in million)
Particulars	FY 2022-23	FY 2021-22	Y-o-Y % change
Net cash flows (used in) operating activities	(1,402)	(3,540)	60%
Net cash flows from/(used) in investing activities	1,396	(6,028)	123%
Net cash flows from financing activities	49	9,270	(99%)
Net increase/(decrease) in cash and cash equivalents	42	(297)	114%

The Group has generated operating profit of ₹2,839 Mn during FY 2023. The increase in working capital during FY 2023 is ₹3,290 Mn in line with the increased business volumes. The payment of taxes for FY 2023 amounts to ₹951 Mn. Consequently, the cash used in operations during FY 2023 is ₹1,402 Mn.

The above is largely funded by cash flow from investing and financing activities. Cash flow from investing activities is the result of redemption of fixed deposits partially offset by investment in infrastructure, associate and subsidiary company. The cash flow from financing activities comprises of issue of shares under ESOP, working capital loan partially offset by payment towards lease liabilities and interest.

Consequently, the closing cash and cash equivalents as at March 31, 2023 is ₹414 Mn vis-a-via opening balance of ₹372 Mn, showing a net increase of ₹42 Mn.

# C.2.Key financial ratios

The following table shows a summary of key financial ratios:

Key financial ratios	Units	FY 2022-23	FY 2021-22	Y-o-Y change (%/bps)
Return on net worth	%	1.8	4.5	(269) bps
Return on capital employed	%	7.2	6.2	101 bps
Basic EPS	₹	0.07	0.15	(50%)
Gross profit margin	%	44.3	43.6	73 bps
EBITDA margin	%	5.0	4.3	65 bps
Net profit margin	%	0.4	1.1	(69) bps
Current ratio	Times	1.6	2.0	(20%)
Interest coverage ratio	Times	3.4	3.5	(2%)
Inventory turnover ratio	Times	3.0	3.1	(2%)
Trade receivables turnover ratio	Times	39.9	44.1	(10%)
Trade payables turnover ratio	Times	9.4	7.4	27%

Total liabilities increased by 20% to ₹15,578 Mn in FY 2023 from ₹13,005 Mn in FY 2022. The major contributors to this increase are:

- i) Increase in working capital loans (current borrowings) in line with the increase in business volumes.
- Increase in lease liabilities on account of new leases ii) taken during the year for expansion of stores and warehouses.
- acquisition (other financial liabilities).
- Increase in trade payables and accrued expenses (other current financial liabilities) in line with increase in business volumes.



Return on Net Worth (RONW): Return on Net Worth It increased by 65 bps to 5.0% in FY 2023 from 4.3% in (RONW) is a measure of a company's profitability expressed FY 2022. This increase was due to higher revenues coupled as a percentage. It is calculated by dividing the net income of with operational efficiencies across major cost line items and the company by the average shareholders' equity. RONW increased business volumes as explained above. decreased to 1.8% in FY 2023 from 4.5% in FY 2022. This Net profit margin: The net profit margin, or net margin, decrease was primarily due to an increase in shareholder's measures the net income or profit generated as a percentage equity and a decrease in net income.

Return on capital employed: Return on capital employed (ROCE) is a financial ratio that assesses a company's profitability and capital efficiency. It indicates how well a company generates profits from the capital employed. ROCE increased to 7.2% in FY 2023 from 6.2% in FY 2022. This increase was a result of an increase in equity and investments in new businesses / verticals, brand expansion and customer acquisition, which are expected to generate better returns as they mature over time.

Basic EPS: Earnings per share (EPS) is calculated as a accrued expenses in line with increase in business volumes. company's net profit attributable to equity holders divided Interest coverage ratio: The interest coverage ratio is used to by the weighted average outstanding number of equity assess a company's ability to meet its interest payments on shares. Basic EPS decreased to ₹0.07 in FY 2023 from outstanding debt. It is calculated by dividing the company's ₹0.15 in FY 2022. This decrease was due to a decrease in operating earnings before interest, depreciation and tax by the numerator resulting from a reduction in profit and an the finance cost. The decrease in the interest coverage ratio increase in the denominator due to the issuance of shares is primarily due to an increase in EBITDA compared to the under employee stock options scheme and bonus issue increase in finance cost. of shares.

Inventory turnover ratio: The inventory turnover ratio Gross profit margin: Gross profit margin is calculated as measures how many times a company has sold its inventory the amount of money left over from product sales after during a specific period. It is calculated by dividing the cost subtracting the cost of goods sold (COGS), expressed as of goods sold by the average inventory for the same period. a percentage of operating revenue. The gross profit margin The decrease in the inventory turnover ratio is attributed increased by 73 basis points(bps) to 44.3% in FY 2023 to an increase in the cost of goods sold compared to the from 43.6% in FY 2022. This increase was a result of increase in average inventory during the year. increase in own brands share.

Trade receivable turnover ratio: The trade receivable EBITDA margin: EBITDA margin is a measure of a turnover ratio quantifies a company's efficiency in collecting company's operating profit as a percentage of its revenue. its trade receivables. It measures how many times a

R

of revenue. It decreased by 69 bps to 0.4% in FY 2023 from 1.1% in FY 2022. This decrease was primarily due to an increase in depreciation and amortisation expenses on assets including RoU assets towards leases and intangibles, an increase in finance costs, and a share of loss of an associate.

Current ratio: The current ratio is used to evaluate a company's liquidity position and is calculated by dividing its total current assets by current liabilities including current debt. The decrease in the current ratio is primarily due to an increase in liabilities, particularly working capital loan and

company's receivables are converted into cash during a specific period.

Trade payable turnover ratio: The trade payable turnover ratio quantifies a company's efficiency in paying its trade payables. It measures how many times a company is paying off its creditors or suppliers during a specific period. The increase in the trade payable turnover ratio is due to an increase in purchases compared to the decrease in average payables during the year.

# D. People & culture

Nykaa continues its pursuit of excellence, with a strong focus on business growth, expansion and achieving significant milestones. We adhere to our guiding principles and maintain a solid foundation. Despite challenging macroeconomic factors at both national and international levels, we have placed renewed emphasis on optimising employee costs and improving productivity. As of March 31, 2023 and 2022, we employed 3,177 and 2,764 permanent employees, respectively.

At Nykaa, we take pride in attracting and embracing top-notch talent, as it is an integral part of our business and talent strategy. A key aspect of our business strategy is to strengthen mid and senior leadership across the organisation, enabling us to manage high growth, diversification and future readiness. In today's highly competitive talent market, we have successfully attracted and retained exceptional talent across various domains, adapting to the complexities and evolving landscape of the industry. We are particularly proud of our industry-leading gender diversity, with women comprising an impressive 45% of our workforce. Despite the volatile talent market, we have been able to retain our critical, specialised and highly sought-after talent through rich learning opportunities, effective engagement, and reward programs.

Building on the insights gained during the pandemic, we have transitioned from NykaaCares to a more comprehensive approach focused on health, safety, and well-being. Throughout the year, we have actively pursued partnerships and initiatives to raise awareness about physical and mental well-being. Our People and Culture team is dedicated to making Nykaa an employer of choice, striving for high performance in key areas such as Employee Experience, Organisation Design Effectiveness, Culture of High Performance, Talent and Capability Building, and Culture of Belonging.

We are committed to taking action based on the results of our first Gallup employee engagement survey. This has led us to drive various initiatives aimed at upgrading infrastructure, fostering social connections through working from offices, and cultivating a culture of appreciation and recognition.

As we continue our journey, we leverage our experiences to adapt and grow. Our goal is to create a thriving work environment where health, safety, and well-being are prioritised. The People and Culture team plays a pivotal role in shaping Nykaa's identity as a high-performing organisation and an employer of choice. Our strategy revolves around Employee Experience, effective Organisation Design, fostering a Culture of High Performance, nurturing Talent and Capability, and fostering a Culture of Belonging.

# 1. Excellence in employee experience

The core of all our strategic initiatives remains the achievement of gold standards in employee experience and brilliant basics, which cut across all our interventions and initiatives. We are focused on bringing operational efficiency to all our processes and making them SLA-based. With Employee Experience Excellence as a top priority, we are in the processes of building processes and systems, that will always be compliant, future-ready and scalable. Throughout the year, we have undertaken various initiatives to automate numerous modules across the employee lifecycle. This has resulted in more robust and efficient employee-related processes, improving overall turnaround times (TATs) and enhancing the employee experience. Additionally, we have upgraded and scaled-up our office infrastructure to improve workplace collaboration, thereby enhancing the Nykaa Coordinated dance.

# 2. Organisation design effectiveness

Given the evolving growth and complexity of Nykaa, there is a constant need to review our operating model, operating processes, and ways of working to ensure agile decision-making and establish enhanced governance & control structures. We have initiated the application of organisation design principles to review the end-toend value chain from strategy to execution, aiming to improve productivity while keeping our end customers at the forefront of this change. We believe that this focus will further assist us in achieving productivity goals and preparing Nykaa for future success.



# 3. Cultivating a culture of high performance

Our endeavor is to build a high-performance culture through clarity of goals, performance metrics, ongoing feedback, and performance conversations. Our performance management system and rewards framework effectively differentiates and rewards high performers, continually raising the bar. The company has enhanced performance differentiation through rich calibrations at leadership levels. In addition to driving high performance, our recognition framework focuses on Nykaa Values and is implemented during quarterly business town halls. We have established a foundation for recognising employees at a OneNykaa level through a new initiative called the "Chairperson's Annual Awards" which acknowledge employees who demonstrate Nykaa values while striving for excellence in performance.

# 4. Driving our talent and capability agenda

Our talent and capability agenda focuses on attracting top talent, providing learning and development opportunities, improving team effectiveness, and enabling career progression. To drive our future-ready strategy, Nykaa has welcomed senior leaders across various functions to support our next phase of growth. Alongside our existing leadership pipeline, these leaders will play a crucial role in advancing our growth agenda. We also prioritise building managerial effectiveness, particularly for our diverse mix of leaders, including first-time people managers. Through programs like the 'Nykaa Manager Program' and 'Nykaa Leader Program', over 400 people managers undergo interventions to effectively manage themselves, their teams, and the organisational culture. We have conducted team effectiveness workshops and targeted functional interventions to enhance competence, collaboration, and capabilities within our teams.

# 5. Build a highly engaged and inclusive culture

With Nykaa's rapid growth, it is crucial to maintain our culture established standards. of agility, entrepreneurship, and collaboration. To foster a sense of belonging, we organised various Team Effectiveness Moving forward, we aim to further enhance the HSE sessions to seamlessly integrate employees into the Nykaa function, making it an integral part of our broader fabric. Throughout the year, we implemented dedicated sustainability initiatives, as we remain committed to the interventions to enhance overall engagement and employee SDGs (Sustainable Development Goals). experience. One highly effective initiative was the use of 'Thank You' cards to encourage peer-level recognition and F. Technology gratitude, creating a workplace abundant with appreciation. We are a digitally-native consumer technology platform, We also prioritised employee well-being by organising diverse sessions focusing on mental and physical health, while providing valuable resources to support their wellbeing. A cross functional cohort of engagement champions operate a proprietary, custom-built and component-based continues to drive a variety of initiatives aimed at enhancing technology platform that connects our consumers, brand engagement and culture, strengthening our commitment to building an engaged & inclusive workplace.

delivering a content-led, lifestyle retail experience to consumers. We consider our technology platform to be a key enabler and pillar of our business strategy. We partners, influencers and internal teams, catering to the needs of our different lifestyle businesses, and delivering a comprehensive omnichannel e-commerce experience. E. Environment, health and safety We have a technology team that focuses on enhancing the We are committed to ensuring the highest standards of platform capabilities and the consumer shopping experience. health, safety and environmental practices at Nykaa. We built our platform in a simple, fault-tolerant, scalable, maintainable and secure manner, which helps us efficiently In FY 2023, our focus was on developing an HSE framework launch new businesses or provide richer experiences to our users within existing businesses.

aligned with the policy released in the previous financial

year. As part of this framework, we have allocated dedicated resources, incorporated HSE in the induction process for new employees, and emphasised environmental and social factors as part of our ESG ( Environment, Social and Governance) initiatives.

During the current fiscal year, our key accomplishments in the HSE function include:

- Commencing HSE induction for all new employees.
- Issuing HSE guidelines and requirements regarding fire safety standards for new and upcoming projects.
- Developing an HSE-MIS (Management Information System) to monitor performance and enhance visibility at the operational level, enabling strategic initiatives.
- Meeting the Extended Producer Responsibility (EPR) target for FY 2023, as per CPCB (Central Pollution Control Board) guidelines, through collaboration with an authorised recycler, RECYKAL, which collects plastic waste from various locations across India.
- Establishing the HSE audit process through external agencies. Audits for offices have been completed, and a phased approach is planned for conducting audits in warehouses and retail stores in FY 2024.
- Utilising water exclusively for non-production purposes at our workplace in FY 2023. In FY 2024, we plan to install water meters to monitor consumption and optimise water usage.
- Incorporating energy-efficient equipment like VRF (Variable Refrigerant Flow) in HVAC (Heating, Ventilation, and Air Conditioning) systems in all new offices and implementing energy consumption monitoring through MIS.
- Ensuring proper disposal of generated E-Waste to authorised recyclers in compliance with

# G. Supply chain

# G.1. Overview

As of March 31, 2023, we had an integrated supply chain comprising 38 BPC warehouses and 6 Fashion warehouses (of which 6 are outsourced) across India, with a total capacity of 14.6 lakhs sq. ft., (13 lakhs sq. ft. in BPC warehouses and 1.6 lakhs sq. ft. in Fashion warehouses) supported by 154 physical stores (145 in BPC and 9 in Fashion) (49 new stores added across India in FY 2023).

# G.1.1. Achievements of FY 2023

FY 2023 was a year of growth and expansion for the supply chain network of Nykaa. We expanded and added 13 new warehouses in different cities for our Beauty and Personal Care vertical and 6 warehouses in Fashion vertical, with a focus on faster order-to-delivery, regional utilisation, and control on split shipments.

We focused on regional fulfilment to ensure that the right stock is available at the right location and at the right time. The shift from a national fulfilment model to a regional fulfilment model, by adding new warehouses in areas beyond metros, helped us reach closer to customers. As a result of these initiatives, our order-to-delivery (O2D) timelines reduced by 0.5-1.0 day, and there was a reduction in air shipments as well as split shipments, resulting in lower cost per shipment by Q4 of FY 2023.

As of March 31, 2023, we served 27,801 pin codes, covering almost 98% of the serviceable pin codes across the country. Orders are monitored and tracked to ensure timely dispatch. We are optimising our supply chain network to ensure delivery from the nearest fulfilment centre, which optimises shipment costs and inventory utilisation, and also helps improve customer experience. To maximise efficiency in our supply chain, we have an allocation engine, that minimises split shipments, delivery lead times, and inventory liquidation.

91% of our BPC orders and 79% of our fashion orders were delivered within five days for the year ended March 31, 2023.

We have developed capabilities to manage four models – inventory, sale or return (SOR), marketplace and just-in-time inventory models. We have invested in technology, people and processes to support and scale these models. Our flexibility to operate each model is a core strength as we believe that brands and products require a customised approach to selling. For our inventory and SOR models, our investment in technology is geared to enable fungible inventory across online and offline channels, allowing for efficient inventory management.

For fashion products sold through the decentralised sourcing model, we have integrated our supply chain logistics partners with the warehouses of several sellers.

Our fashion vertical is based primarily on curation, where we provide a platform to market third-party vendor products and facilitate their sale and delivery. Here, we also employ a just-in-time delivery model that does not entail inventory risk, which enables our supply chain to be nimble and adaptive to our product catalogue, addressing current trends and consumers' needs without taking on the risk of obsolescence and making objective determinations on new categories, minimising inventory risk.

We work with delivery companies such as Blue Dart Express Limited, Delhivery Private Limited, Ecom Express Private Limited, Xpressbees Private Limited, and we added Shadowfax & Altruist India Private Limited (Dependo) this year to execute our deliveries and ensure smooth and efficient courier delivery of products to our consumers.

# Focus on sustainability

This year we focussed on usage of sustainable eco-friendly packaging on majority of our orders, for Beauty and personal care we were using paper fillers and Hexcush, for fashion products paper flyers were used.

Also, with the help of development by product team in our warehouses we have adapted paperless/device picking and it has resulted in elimination of almost 90% paper consumption across all our warehouses.

# Inventory management

Our inventory management is guided by supply chain forecasts, considering factors such as historical sales trends, lead time, safety stock, minimum order quantity, and replenishment frequency. We have negotiated stock correction and return-to-vendor clauses to mitigate excess inventory and close-to-expiry products.



To optimise the supply chain, we have implemented initiatives like Electronic Data Exchange (EDI) with blockchain technology. This streamlines brand partner transactions and provides data visibility for seamless alignment.

We manage ~7.5 Mn SKUs across categories and warehouses. Our concurrent inventory audit mechanism ensures accuracy, with in-house teams conducting regular audits of material, allocation, and cycle counts.

# H. Internal control systems and their adequacy

Our internal controls are founded on the principles of sustainable growth and proactive risk management. A robust framework of internal controls is implemented across business processes to facilitate efficient conduct of business operations in accordance with our policies. The management has formulated an internal control framework based on bottom-up risk assessment and has tested the design, implementation and operating effectiveness of internal financial controls.

The management has identified mitigating controls for operating deficiencies identified and design gaps unremedied, as on March 31, 2023, with no significant deficiencies reported. Our Internal Auditors execute risk based Internal audits in line with the approved risk based Internal Audit plan. The Internal Audit function reviews compliance with established design of the Internal control, while ensuring the efficiency and effectiveness of operations including an evaluation of the design of internal controls within the ERP and other IT systems used for transaction processing. The audit process includes validation of transactions on sample basis to check if our operations are conducted in compliance with internal policies and ethical standards defined by us. The audit report is reviewed by the management for corrective action and the same is also presented to and reviewed by the Audit Committee of the Board.

The key constituents of the internal control system are:

- Establishment and periodic review of business plans
- Identification of key risks and opportunities and regular reviews by Senior management and Board of Directors
- Policies on operational and strategic risk management
- Clear and well-defined organisation structure and limits of financial authority
- Continuous identification of areas requiring strengthening of internal controls
- Standard operating procedures to ensure effectiveness of business processes
- Systems of monitoring compliance with statutory regulations
- Well-defined principles and procedures to evaluate new business proposals/capital expenditure
- Robust management information system

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- Comprehensive information security policies and guidelines
- Comprehensive internal audit and review system
- Well-defined internal financials controls framework
- An effective whistle-blowing mechanism
- Training/awareness sessions on policies and code of conduct compliance

As per section 134 (5) (e) of Companies Act 2013, IFC means the policies and procedures adopted by company for ensuring:

- Accuracy and completeness of accounting records
- Orderly and efficient conduct of business, including adherence to policies
- Safeguarding of its assets
- Prevention and detection of frauds

The Internal Financial Controls have been documented and embedded in the business processes. Design and operating effectiveness of controls are tested by the management annually with the support of external consultants and later audited by statutory auditors. Statutory auditors have issued an unqualified report after checking the effectiveness of these controls. The management believes that strengthening IFC is a continuous process and therefore it will continue its efforts to make the controls smarter with focus on preventive and automated controls as opposed to mitigating manual controls. The Company continues to constantly leverage technology in enhancing internal controls.

# I. Enterprise risk management

In a dynamic business environment with changing customer preferences and regulatory complexities, risks are constantly evolving. At Nykaa, we actively scan the business horizon to identify and mitigate potential risks that may impact our strategic objectives. Our enterprise-wide risk management framework enables us to proactively prioritise and develop strategies to mitigate these risks.

# Nykaa's Enterprise Risk Management framework:

Nykaa's Enterprise Risk Management framework is comprehensive and aligned with industry standards such as the COSO ERM framework and ISO 31,000 Risk management processes. It effectively balances growth and associated risks to achieve our strategic and operational objectives.

Our risk management process encompasses the entire value chain, analyzing significant risks that may disrupt business operations in the short and long term, including emerging risk areas. Risks are evaluated based on their nature, likelihood, and potential impact. We develop action plans to mitigate material risks and continuously monitor the effectiveness of our risk management strategies throughout the value chain.



# Our risk management governance framework:

Nykaa adopts an integrated approach to risk management throughout the organisation, involving cross-functional business teams, senior leadership, and an internal Risk Steering Committee. Oversight of the Enterprise Risk Management (ERM) framework is provided by the Board, specifically through the dedicated Risk Management Committee (RMC). The RMC ensures the effectiveness of risk identification, evaluation, and management processes, including the handling of material and emerging risks. Additionally, the Board regularly reviews the implementation of risk treatment and mitigation actions, aiming to align the residual risk within the enterprise's risk appetite. The Chief Risk Officer plays a key role in supporting the Board and Audit Committee in risk management matters.

# Key risks & mitigating actions:

Given below are the risks that we have identified as most relevant and material to our business and its performance. We recognise that this is not an exhaustive overview of all risks applicable to the company. Newer risks may emerge, and current and existing risks may evolve as well. It is our endeavour to ensure that key risks are identified, and appropriate risk mitigation measures are implemented in a timely manner.

The key risks identified, and the risk management measures instituted are given below:

# I. Strategic risk (macro economic/geopolitic/ competition)

# Macroeconomic factors

Brief risk description: Global and local macroeconomic fluctuations, including interest rates, inflation, and economic growth can impact consumer confidence as well as availability of disposable incomes. As a retailer, this may impact our revenue and growth.

Risk mitigation: Nykaa retails a diverse portfolio of products across price segments, accounting for different customer segments along with differing spending power. We retail discretionary as well as essential items and can quickly enable discovery of products that suit the customers' evolving needs during economically volatile periods. We also build detailed long term and short-term business forecasts, which are re-evaluated periodically leading to efficient resource re-allocation and deployment.

# Competitive landscape

Brief risk description: The retail industry, and in specific the ecommerce industry, is extremely competitive in nature. Our potential and existing consumers are presented with multiple options including online retailers, offline retailers as well as direct-to-consumer distribution models to choose from. There may be new retail entrants in the lifestyle categories we operate in.

Risk mitigation: We have made significant investments in various models of selling - digital as well as through a wide off-line retail store network across the country

along with differentiated offerings for beauty and fashion. We also retail a diverse range of brands, including being the distribution partners for many brands we directly import into the country. We also invest in long term brand building through responsible customer-centric marketing and educational practices to build long term customer value.

# II. Operational risks

# • Changing customer preferences:

Brief risk description: Customer tastes, preferences and purchasing behaviour is evolving at a pace faster than ever before. Customers' interest in categories, brands and product types can change along with their preferred medium of purchase across digital and physical formats.

Risk mitigation: We continuously expand our lifestyle portfolio to enter new categories and increase the width of our brand and product offering. This reduces our dependency on any individual product type, category or brand, reducing risk concentration on any specific customer preference. At the same time, our digital offering spans across multiple mobile applications, desktop and web formats, and we evaluate and implement new formats of selling. Our offline retail footprint, along with our investments in a technology enabled distribution model, further reduces our dependence on a specific business format.

# • Customer acquisition, retention and experience:

Brief risk description: Evolving marketing mediums, dependence on third parties and changing customer expectations in terms of features, assortment, digital and offline shopping environments can adversely impact our user acquisition and customer retention.

**Risk mitigation:** We make significant efforts towards building the right customer acquisition through a 360-degree marketing strategy spanning digital marketing, mass media, multiple content channels and offline marketing. Hence, we do not have any over-dependence on a single channel of marketing. Customer loyalty is delivered through differentiated experiences, rewards and loyalty program and targeted reactivation strategies. We continuously monitor retention metrics across segments of customers to proactively take measures to ensure we deliver the right experience for all, while also continuously innovating and investing in technology to deliver a superior customer experience.

# III. Compliance and governance

# • Compliance and regulatory risks

Brief risk description: Changing regulations in India as well as globally, for the retail industry, digital industries, ecommerce, as well as consumer products, carry potential risk with regards to operating structures. The regulatory environment across these industries continue to evolve.

**Risk mitigation:** Nykaa ensures statutory compliances are met and complies with the regulations of the land. We have invested in an IT enabled compliance management system and implemented processes to scan the horizon for any



E-commerce is growing exponentially across Asian emerging markets. Even in rich, mature markets where category growth is almost zero, e-commerce is showing growth in double digits. As part of India's internet economy, the e-commerce sector is growing rapidly and expected to changes in the compliance landscape and also undertake account for almost 50% of the internet economy by 2030, continuous education of business systems on compliances. per a Bain and Company report, where B2C e-commerce We routinely engage with the government as well as industry is expected to grow by almost 5x-6x of its current size by bodies to keep track of developments in this area. 2030 and B2B e-commerce is expected to grow by almost 13x-14x of its current size by 2030.

# IV. Tech & Cyber

The Indian BPC and Fashion segments are at their early stage • Cyber and data security of evolution with an opportunity to turn into a ₹14,200 billion Brief risk description: Technology and data infrastructures market by 2027, of which online BPC and online fashion are are susceptible to security breaches and cyber-attacks that estimated to become ~32% and ~33% of their respective may pose reputational and operational risks. We interact overall markets in India. BPC online and Fashion online has with suppliers and customers through digital infrastructures significant scope to grow when compared with matured and also rely on third party integrations. stage online categories like consumer electronics. With the increase in disposable income, and online content-led **Risk mitigation:** Nykaa invests significant resources towards cybersecurity and data protection measures. We significant growth in the coming years.

discovery, the BPC and Fashion segments will observe perform independent third-party assessments of critical IT systems holding any sensitive data and perform continuous With a focus on serving and creating a better consumer improvements in the tech infrastructures holding such experience, we endeavour to create an omnichannel data. Information security controls have been designed to lifestyle platform providing a wide and curated assortment prevent, timely detect, and remediate threats; while also of domestic and international brands. We will continue to running a program to continuously monitor the effectiveness leverage strong demand across categories and geographies to of the controls implemented across our IT infrastructure to achieve industry-leading, sustainable growth. Our strategic effectively sustain and enhance the information security investments in people, technology, brand partnerships and controls, including frequent employee training sessions for new businesses are enabling us to accelerate growth and all employees. serve our stakeholders better.

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# • Skill development and talent retention

Brief risk description: Our business innovation and excellence depends on the skill development of our workforce along with Nykaa's agile ways of working. Our ability to attract and retain talent is critical to the success of our operations. Employees not possessing the right skills in an evolving landscape could further affect our ability to innovate. The competitive labour market for key skillsets and possible attrition of key staff and managerial personnel could affect our growth.

Risk mitigation: We make future looking investments in people and attract top talent from diverse backgrounds and identities. We have been able to quickly scale up our employee base with growing business and functional needs, while maintaining our agile ways of working. While championing diversity and inclusion, we adopt a highperformance culture, while ensuring we equip people with the right tools for upskilling and reskilling.

# J. Outlook

# **Corporate Information**

# **BOARD OF DIRECTORS**

Ms. Falguni Nayar Executive Chairperson, Managing Director and CEO

Mr. Sanjay Nayar Non-Executive Director

Mr. Anchit Nayar **Executive Director** 

Ms. Adwaita Nayar **Executive Director** 

Ms. Anita Ramachandran Independent Director

Mr. Milind Sarwate Independent Director

Ms. Alpana Parida Independent Director

Mr. Pradeep Parameswaran Independent Director

Mr. Seshashayee Sridhara Independent Director

Mr. Milan Khakhar Non-Executive Director

# **CHIEF FINANCIAL OFFICER**

Mr. P. Ganesh

# CHIEF LEGAL AND REGULATORY OFFICER. COMPANY SECRETARY AND COMPLIANCE **OFFICER**

Mr. Sujeet Jain

# **STATUTORY AUDITORS**

M/s. S. R. Batliboi & Associates LLP, Chartered Accountants

# SECRETARIAL AUDITORS

M/s. S. N. Ananthasubramanian & Co., Company Secretaries

# **BANKERS**

Axis Bank Ltd. IDFC First Bank Ltd. Kotak Mahindra Bank Ltd. HDFC Bank Ltd. ICICI Bank Ltd. Citibank N.A. JP Morgan

# **REGISTERED OFFICE**

104, Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel, Mumbai - 400 013. Tel No.: 022-6614 9696

# **CORPORATE OFFICE**

A2, 4th Floor, Cnergy IT Park, Appasaheb Marathe Marg, Opposite Tata Motors, Prabhadevi, Mumbai - 400 025. Tel No.: 022-3095 8700

# **REGISTRAR AND TRANSFER AGENT**

Link Intime India Private Limited C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai - 400 083 Email: linkcs@linkintime.co.in Website: linkintime.co.in

# **11<sup>TH</sup> ANNUAL GENERAL MEETING**

Monday, September 18, 2023 at 10.30 A.M. through Video Conference/Other Audio Visual Means

# **CORPORATE IDENTITY NUMBER**

L52600MH2012PLC230136

# WEBSITE

https://www.nykaa.com/

# **Directors' Report**

Dear Members.

Your Board of Directors ("Board") present the Eleventh (11<sup>th</sup>) Annual Report of FSN E-Commerce Ventures Limited ("your Company" or "the Company" or "Nykaa") together with the Audited Financial Statements of the Company, for the financial year ended March 31, 2023 ("the year under review" or "the year" or "FY 2022-23").

# **FINANCIAL PERFORMANCE – AN OVERVIEW**

			(₹ in Millions)	
Standa	alone	Consolidated		
2022-23	2021-22	2022-23	2021-22	
2,177.99	1,876.99	51,438.00	37,739.35	
1,286.86	1,157.07	302.13	269.72	
3,464.85	3,034.06	51,740.13	38,009.07	
2,658.58	1,817.14	51,356.18	37,536.01	
806.27	1,216.92	383.95	473.06	
157.90	64.46	861.11	446.39	
35.28	117.33	(725.37)	(386.21)	
613.09	1,035.13	248.21	412.88	
-	-	(38.60)	-	
613.09	1,035.13	209.61	412.88	
(2.20)	(19.06)	1.57	5.56	
610.89	1,016.07	211.18	418.44	
1,364.38	751.29	(388.88)	(581.50)	
	2022-23 2,177.99 1,286.86 3,464.85 2,658.58 806.27 157.90 35.28 613.09 - 613.09 (2.20) 610.89	2,177.99       1,876.99         1,286.86       1,157.07         3,464.85       3,034.06         2,658.58       1,817.14         806.27       1,216.92         157.90       64.46         35.28       117.33         613.09       1,035.13         (2.20)       (19.06)         610.89       1,016.07	2022-23         2021-22         2022-23           2,177.99         1,876.99         51,438.00           1,286.86         1,157.07         302.13           3,464.85         3,034.06         51,740.13           2,658.58         1,817.14         51,356.18           806.27         1,216.92         383.95           157.90         64.46         861.11           35.28         117.33         (725.37)           613.09         1,035.13         248.21           613.09         1,035.13         209.61           (2.20)         (19.06)         1.57           610.89         1,016.07         211.18	

# **REVIEW OF OPERATIONS**

During the year under review, the Standalone income of There is no amount proposed to be transferred to the your Company increased to ₹ 3,464.85 million compared reserves. to ₹ 3,034.06 million in the previous year, registering growth of 14%. The Standalone profit after tax for the year DIVIDEND was ₹ 613.09 million as compared to ₹ 1,035.13 million in Your Board do not recommend any dividend on the equity the previous year registering decrease of 41%.

During the year under review, the Consolidated income of the Group increased to ₹ 51,740.13 million compared to ₹ 38,009.07 million in the previous year, registering growth of 36%. The Consolidated profit after tax for the Group was ₹ 209.61 million as compared to ₹ 412.88 million in the previous year registering decrease of 49%.

The operating and financial performance of your Company has been covered in the Management Discussion and Analysis Report which forms part of the Annual Report.

# DETAILS OF MATERIAL CHANGES AND COMMITMENTS FROM THE END OF THE **FINANCIAL YEAR**

There are no material changes and commitments affecting the financial position of your Company, which have occurred between the end of the FY 2022-23 and the date of this report. Further, there has been no change in the nature of business of your Company.

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# RESERVES

shares of the Company for financial year ended March 31, 2023 considering that the Company is in growth stage and require funds to support its growth objectives.

# **DIVIDEND DISTRIBUTION POLICY**

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), your Company has formulated a Dividend Distribution Policy, with an objective to provide the dividend distribution framework to the stakeholders of the Company. The policy sets out various internal and external factors, which shall be considered by the Board in determining the dividend pay-out. The policy is available on the website of the Company at https://www.nykaa.com/ media/wysiwyg/2021/Investors-Relations/pdfs/10-11/ Dividend-Distribution-Policy.pdf

# **SHARE CAPITAL**

The Details of changes in paid-up equity share capital during the year under review, are as under:

# P	Paid-up Equity Share Capital	₹ in Million
A A	At the beginning of the year, i.e., as on April 01, 2022	474.10
	Pre-Bonus Allotments made pursuant to:	
(	i) Employees Stock Options Scheme – 2012	0.01
(	ii) FSN Employees Stock Scheme – 2017	0.60
C S	ub-Total of C (A + B)	474.71
DE	Bonus Issue of Shares (in ratio of 5:1) <sup>(1)</sup>	2,373.57
	Post-Bonus Allotments made pursuant to:	
(	i) Employees Stock Options Scheme – 2012	0.04
(	ii) FSN Employees Stock Scheme – 2017	4.13
F S	ub-Total of F (D + E)	2,377.74
A	At the end of the year, i.e., as on March 31, 2023 (C + F)	2,852.45

(1)With a view to encourage the participation of retail investors in the long term, increasing the overall tradeable float/activity level in the equity shares and retail diversification of shareholding, your Board at its meeting held on October 03, 2022, subject to consent of the members of the Company, approved and recommended issue of bonus equity shares of ₹ 1/- each credited as fully paid-up to eligible members of the Company in the proportion of 5 new fully paid-up equity share of ₹ 1/- each for every 1 existing fully paid-up equity share of ₹ 1/- each by capitalising a sum not exceeding ₹ 2,373,563,075/- out of Securities Premium Account. On November 12, 2022, subsequent to the approval of shareholders vide Postal Ballot, which concluded on November 02, 2022, the Company had allotted 2,373,563,075 fully paid-up equity shares of face value ₹ 1/- each in the ratio of 5:1 i.e., five equity share for every one existing equity share held by the members in the Company on November 11, 2022 (the 'record date' fixed for this purpose).

Further, during the year under review, the Company reclassified the authorized share capital from ₹ 3,250,000,000/- comprising of 2,750,000,000 equity shares of ₹1 each and 500,000,000 preference shares of ₹1 each to ₹ 3,250,000,000/- divided into 3,250,000,000 equity shares of ₹1 each and consequently altered the Capital Clause of Memorandum of Association of the Company.

# STRATEGIC INITIATIVES DURING THE YEAR UNDER REVIEW AND TILL THE DATE OF THIS REPORT

# A. ACQUISITION OF ILUMINAR MEDIA PRIVATE LIMITED (KNOWN AS 'LITTLE **BLACK BOOK')**

Your Board, at its meeting held on August 05, 2022, had approved the execution of Share Purchase Agreement to acquire 100% fully diluted share capital of Iluminar Media Private Limited ("Little Black Book" or "LBB") and on September 09, 2022, acquisition of 100% Equity Shares of Little Black Book by the Company was completed.

Investments in LBB aligns with Nykaa's fundamental content-first approach to engaging with its loyal consumer base. LBB's large, discerning user base, content creation capability, curation mindset and relationship with emerging brands makes it an attractive content powerhouse. Their focus on fashion, home and beauty categories fits well with Nykaa's areas of strength.

Co-Founded by Suchita Salwan and Dhruv Mathur in 2015, LBB is involved in the business of running and operating a digital platform through https://lbb. in/ and a mobile application that serves as a lifestyle and recommendations platform. Gradually, LBB has evolved from a Tumblr-blog to a buzzing online, curated marketplace. LBB has built a brand and audience amongst India's urban millennials, reaching over 70 million users through their various channels. Their focus on audience engagement through content and discovery has made them a brand loved by their users and brand partners alike.

# B. STRATEGIC ALLIANCE WITH APPAREL GROUP

Your Board at its meeting held on October 06, 2022, had approved execution of Share Purchase cum Shareholders' Agreement between FSN International Private Limited, a wholly owned subsidiary of the Company ("FSN International") and Apparel Group, a global fashion and lifestyle retail conglomerate headquartered in the United Arab Emirates (UAE) ("Apparel") for undertaking an omni-channel, multi branded beauty retail operation business in the countries that are part of the Gulf Cooperation Council (GCC) namely the Kingdom of Bahrain, State of Kuwait, Sultanate of Oman, State of Qatar, Kingdom of Saudi Arabia and UAE.

Founded by Sima Ved in 1996, the Apparel Group is one of the largest omnichannel retailers in the Middle East based out of the UAE. It is home to more than 75 lifestyle and beauty brands with over 2,000 stores in 14 countries. The Group brings over two decades of deep understanding of retailing in the GCC, having steadily kept their finger on the pulse of evolving consumer trends.

This Strategic Alliance with Apparel Group will benefit your Company in leveraging the Apparel Group's robust offline retail network and deep market relationships to build distinctive GCC-focused beauty offerings in the Kingdom of Bahrain, State of Kuwait, Sultanate of Oman, State of Qatar, Kingdom of Saudi Arabia and the UAE. Technology-led Nykaa is now set to bring its keen understanding of beauty category and strong partnerships with domestic and international brands to GCC's beauty-forward consumers.

As these two retail powerhouses i.e., Nykaa and Apparel Group come together to harness each other's strengths, the GCC can expect a seamless, worldclass beauty shopping experience that is both highly curated and discovery led. Poised for accelerated growth, especially in the beauty and personal care category, the GCC presents a large opportunity for Nykaa to extend its highly focused value offering and drive the region's offline and online retail growth story with the Apparel Group. As per a Red Seer report, KSA & the UAE, two of the region's biggest beauty and personal care markets, were sized at 17.1bn USD and 6.6bn USD respectively in 2021 and are projected to grow at a CAGR of 7% and 9% respectively over the next 3 years.

The business operations in GCC will be carried through "Nessa International Holdings Limited" ('Nessa International'), incorporated in the Abu Dhabi Global Market, in which FSN International is holding 55% stake and balance 45% is held by Apparel. As on March 31, 2023, FSN International has completed all necessary formalities with respect to the acquisition of 55% stake in Nessa International. Consequently, Nessa International has become the subsidiary of FSN International and step-down subsidiary of the Company.

## SUBSIDIARIES, JOINT VENTURE AND **ASSOCIATE COMPANIES**

As on March 31, 2023, the Company has ten direct subsidiaries, three step-down subsidiaries and one associate company. Following were the additions during the year under review:

- Nykaa International UK Limited ('Nykaa (ii) (i) Nudge Wellness Private Limited became subsidiary of International') was incorporated as the wholly owned the Company w.e.f. June 30, 2022; subsidiary of FSN International on November 15, 2020 to engage in the business of sale of cosmetics, (ii) Nykaa Foundation became subsidiary of the Company beauty, personal care, skin care and hair care w.e.f. June 08, 2022; products in UK.
- (iii) Iluminar Media Private Limited became wholly owned subsidiary of the Company w.e.f. September 09, 2022;
- (iv) Nessa International Holdings Limited became subsidiary of the Company through FSN International Private Limited (wholly owned subsidiary of the Company) w.e.f. March 02, 2023; and

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- (v) Earth Rhythm Private Limited became associate company w.e.f. May 04, 2022.

The details of business carried on by the subsidiaries and associate company are as follows:

Nykaa E-Retail Private Limited ('Nykaa E-Retail') was incorporated on February 22, 2017 and is a 100% subsidiary of your Company. Nykaa E-Retail operates primarily using an inventory-led model and is engaged in the business of purchasing beauty, hygiene and wellness products directly from the manufacturers and selling such products through online channels i.e., its online platforms or websites, and other online applications.

Nykaa Fashion Private Limited ('Nykaa Fashion') was incorporated on February 04, 2019 and is a 100% subsidiary of your Company. Nykaa Fashion runs on marketplace, sale or return (SOR), and just-in-time inventory models. It is engaged in the business of selling and distribution of fashion garments and fashion accessories through online channels i.e., its online platforms or websites, other online applications and retail outlets, general trade and modern trade.

FSN Brands Marketing Private Limited ('FSN Brands') was incorporated on February 19, 2015 and is a 100% subsidiary of your Company. FSN Brands is engaged in the business of import, purchase, selling and distribution of beauty and wellness, personal care, health care, skin care, hair care and other related products through retail outlets, general trade and modern trade.

FSN International Private Limited ('FSN International') was incorporated on December 10, 2019 and is a 100% subsidiary of your Company. FSN International is engaged in the business of selling beauty, wellness, fitness, personal care, health care, skin care, hair care and other related products on/through e-commerce, m-commerce, internet, stores, stalls, etc.

FSN International Private Limited has three subsidiaries namely, FSN Global FZE, Dubai, Nykaa International UK Limited, United Kingdom (UK) and Nessa International Holdings Limited, UAE.

- (i) FSN Global FZE ('FSN Global') was incorporated on June 21, 2020 as the wholly owned subsidiary of FSN International and is engaged in the business of sale of cosmetics, beauty, personal care, skin care, hair care, beauty and personal care products and equipment through marketplace model.
- (iii) Nessa International Holdings Limited ('Nessa International') was incorporated on October 05, 2022 and FSN International acquired its 55% stake on March 02, 2023. Nessa International has not yet commenced its operations and will undertake an omni-

channel, multi branded beauty retail operation business in the countries that are part of the Gulf Cooperation Council. For details, kindly refer to "Strategic Alliance with Apparel Group".

FSN Distribution Private Limited ('FSN Distribution') was incorporated on July 30, 2021 and is a wholly-owned subsidiary of your Company. FSN Distribution is in the business of selling beauty, hygiene and wellness products through its distribution network to the wholesalers and retailers using online and offline channels of sales.

Nykaa-KK Beauty Private Limited ('Nykaa-KK Beauty') was incorporated on July 13, 2018. Your Company entered into a Joint Venture Agreement with Katrina Kaif, Matrix India Entertainment Consultants Private Limited and Nykaa-KK Beauty on December 11, 2018 and holds 51% shares in Nykaa-KK Beauty which is engaged in the business of manufacturing, selling & distribution of 'Kay Beauty' products on the online platforms or websites such as e-commerce, m-commerce, internet as well as through physical stores, stalls, general trade and modern trade etc.

Dot & Key Wellness Private Limited ('Dot & Key') was acquired on September 28, 2021 and your Company holds 51% shares in it. Dot & Key is engaged in the business of manufacturing, marketing, branding and sale of skincare, personal care products and nutraceutical products, including serums, toners, cleansers, face masks, face creams and meltables.

Nykaa Foundation was incorporated on June 08, 2022 under the provisions of section 8 of the Companies Act, 2013 ('the Act') to achieve CSR objectives of the Company and / or its subsidiaries and your Company holds 99.93% shares in it. Nykaa Foundation is involved in undertaking any or all of the permissible CSR activities set out in Schedule VII of the Act, on behalf of the Company or any other company / entity as may be legally permissible from time to time, in accordance with the applicable provisions of the Act, Companies (Corporate Social Responsibility Policy) Rules, 2014 and other applicable laws, as amended from time to time.

Nudge Wellness Private Limited ('Nudge Wellness') was acquired on June 30, 2022 and your Company holds 60% shares in it. Nudge Wellness is a nutricosmetics wellness company engaged in the business of manufacturing and selling dietary supplement products on their website and other e-commerce websites. This acquisition marked Company's entry into owned brand of dietary supplement and other nutricosmetics products.

Earth Rhythm Private Limited ('Earth Rhythm') became an associate company on May 04, 2022 with the acquisition of 18.51% stake in it. Earth Rhythm is a personal care brand which manufactures and sells sustainable/non-toxic beauty products on their website and other e-commerce websites.

Iluminar Media Private Limited ('Little Black Book' or 'LBB') was acquired on September 09, 2022 and is a wholly owned subsidiary of the Company. LBB is engaged in the business of operating a digital platform and mobile application that

serves as a lifestyle guide and recommendations platform. For details, kindly refer to "Acquisition of Iluminar Media Private Limited (known as 'Little Black Book')".

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 ("Act") read with the Companies (Accounts) Rules, 2014 and in accordance with applicable accounting standards, a statement containing the salient features of financial statements of your Company's subsidiaries and Associate Company in Form No. AOC-1 is annexed as **Annexure-I** to this Report.

In accordance with the provisions of Section 136 of the Act and the amendments thereto, and the Listing Regulations, the audited Financial Statements, including the consolidated financial statements and related information of the Company and financial statements of your Company's subsidiaries and joint ventures have been placed on the website of your Company viz. https://www.nykaa.com/ investor-relations

Your Company has formulated a Policy for determining Material Subsidiaries. The said policy is available on the website of the Company at <u>https://www.nykaa.com/media/</u> wysiwyg/2021/Investors-Relations/pdfs/10-11/Policy-fordetermining-Material-Subsidiary.pdf.

During the year under review, Nykaa E-Retail and  $\mathsf{FSN}$ Brands were material subsidiaries of the Company.

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under the Listing Regulations, is presented in a separate section, forming part of the Annual Report.

# **BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)**

SEBI vide Circular No. SEBI/HO/CFD/CMD/ CIR/P/2017/10 dated February 06, 2017, had recommended voluntary adoption of 'Integrated Reporting' by the top 500 listed companies. SEBI has also mandated the requirement of submission of Business Responsibility and Sustainability Report ('BRSR') with effect from the financial year 2022-23 under Regulation 34(2)(f) of SEBI Listing Regulations.

An Integrated Report intends to give a holistic picture of an organisation's performance and prospects to the providers of financial capital and other stakeholders. It is thus widely regarded as the future of corporate reporting. In line with the global trends on Environmental, Social, and Governance ("ESG"), your Company continues with its integrated reporting journey in the current fiscal for comprehensive review of the financial and non-financial factors enabling better assessment of the Company's long-term perspective. The previous year Integrated Report of the Company have been well-received by various stakeholders and have been awarded Asia's best category (first time) at the 8<sup>th</sup> Asia Integrated Reporting Awards (AIRA). The AIRA is widely considered the most distinguished accolade for integrated reporting in the region. The Board acknowledges its responsibility for the integrity of the report and the information contained therein.

In the previous year, the Business Responsibility Report Pursuant to the provisions under Section 134(5) of the (BRR) of the Company was being presented to the Act, with respect to Directors' Responsibility Statement, stakeholders as per the requirements of Regulation 34 the Directors of the Company confirm that: of the Securities and Exchange Board of India (Listing (a) in the preparation of the annual accounts for the year Obligations and Disclosure Requirements) Regulations, ended March 31, 2023, the applicable accounting 2015 describing the environmental, social and governance standards had been followed and there are no material initiatives taken by the Company. SEBI vide its Notification departures from the same; dated December 26, 2019 and consequent amendments carried out to the Securities and Exchange Board of the Directors had selected such accounting policies India (Listing Obligations and Disclosure Requirements) and applied them consistently and made judgements Regulations, 2015, has made the Business Responsibility and estimates that are reasonable and prudent so as and Sustainability Report (BRSR) applicable to the top to give a true and fair view of the state of affairs of the 1000 listed entities (by market capitalisation) for reporting Company as at March 31, 2023 and of the profits of on a mandatory basis from FY 2022-23. the Company for the year ended on that date;

The BRSR for the year under review, as stipulated under (c) Regulation 34(2)(f) of the Listing Regulations, describing the initiatives taken by your Company from social and governance perspective, forms an integral part of the Annual Report.

# STANDALONE AND CONSOLIDATED FINANCIAL **STATEMENTS**

The audited financial statements of the Company are drawn up, both on standalone and consolidated basis, for the financial year ended March 31, 2023, in accordance with the requirements of the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) notified under Section 133 of the Act, read with relevant Rules and other accounting principles. The Consolidated Financial Statement has been prepared based on the financial statements received from subsidiaries and associate company, as approved by their respective Board of Directors.

# **CORPORATE GOVERNANCE**

Your Company embeds sound Corporate Governance practices and constantly strives to adopt emerging best practices. It has always been the Company's endeavour to excel through better Corporate Governance and fair and transparent practices. A Report on Corporate Governance forms part of this Report as Annexure-II.

M/s. S. N. Ananthasubramanian & Co., Company Secretaries, the Secretarial Auditor of the Company vide their certificate dated May 23, 2023, have confirmed that the Company is and has been compliant with the conditions stipulated in the chapter IV of the Listing Regulations. The said certificate is annexed as **Annexure-III** to this Report.

# **ANNUAL RETURN**

The Annual Return of the Company as on March 31, 2023 in Form MGT - 7 in accordance with Section 92(3) and Section 134(3)(a) of the Act as amended from time to time and the Companies (Management and Administration)

Rules, 2014, will be made available on the website of the Company at https://www.nykaa.com/investor-relations.

# **DIRECTORS' RESPONSIBILITY STATEMENT**

- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the Directors had devised proper systems to ensure (f) compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

# **AUDITORS AND THEIR REPORT**

# (i) Statutory Auditors

M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/ E300004), were re-appointed as Statutory Auditors of the Company at the 9<sup>th</sup> AGM of the Company held on September 29, 2021, to hold office till the conclusion of the 14<sup>th</sup> AGM to be held for the FY 2025-26.

In terms of Section 139 and 141 of the Act and relevant Rules prescribed thereunder, M/s. S. R. Batliboi & Associates LLP, Chartered Accountants has confirmed that they are not disqualified from continuing as Auditors of the Company. The Auditors have also confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of the ICAI.

The Auditors have issued an unmodified opinion on the Financial Statements for the financial year 2022-23 and the Auditor's Report forms part of this Annual Report.



# (ii) Secretarial Auditor

In terms of the provisions of Section 204 of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the Listing Regulations, your Company has appointed M/s. S. N. Ananthasubramanian & Co., Company Secretaries, as Secretarial Auditor to conduct Secretarial Audit of the Company for FY 2022-23.

Further, in compliance of Regulation 24A of the Listing Regulations, Company's unlisted material subsidiaries also undergo Secretarial Audit and the Secretarial Audit Reports of the Company and its unlisted material subsidiaries thereto in the prescribed Form No. MR-3 is attached as **Annexure-IV**, **IV(A) and IV(B)** forming part of this Report. The same are also available on the website of the Company.

The Secretarial Audit Report of the Company and its unlisted material subsidiaries does not contain any gualification, reservation, adverse remark or disclaimer.

# DISCLOSURES IN TERMS OF THE PROVISIONS OF THE ACT & THE LISTING REGULATIONS

# A. Board of Directors ("Board")

(i) Number of meetings

The Board met 9 (Nine) times during the year under review. The details of such meetings are disclosed in the Corporate Governance Report forming part of this Annual Report.

The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Act.

# (ii) Director retiring by rotation

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Milan Khakhar, Non-Executive Director and Ms. Adwaita Nayar, Executive Director, are due to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. The Board of Directors on the recommendation of the Nomination and Remuneration Committee ("NRC") has recommended their re-appointment.

Resolution seeking their re-appointment along-with their profile as required under Regulation 36(3) of the Listing Regulations forms part of the Notice of Eleventh Annual General Meeting.

# (iii) Board evaluation

In sync with Nykaa value of "Be Better Everyday", the Nomination and Remuneration Committee / Board of Directors reviewed the Board evaluation framework and process for the financial year 2022-2023 to further strengthen the criteria, parameters and sharpness of rating/feedback for Board, its Committees & individual Board Members. Pursuant to applicable provisions of the Act and the Listing Regulations, the Board, in consultation with its Nomination and Remuneration Committee, has formulated a framework containing, *inter alia*, the criteria for performance evaluation of the entire Board of the Company, its Committees and Individual Directors, including Independent Directors. The framework is monitored, reviewed and updated by the Board, in consultation with the Nomination and Remuneration Committee, in accordance with the new compliance requirements.

The annual performance evaluation of the Board, its Committees and each Director has been carried out for the financial year 2022-23 in accordance with the framework. The details of evaluation process of the Board, its Committees and Individual Directors, including Independent Directors have been provided under the Corporate Governance Report which forms part of this Report.

The Policy on Board of Directors' Evaluation Framework can be accessed at: <u>https://www.nykaa.com/media/</u> wysiwyg/2021/Investors-Relations/pdfs/10-11/ Board-of-Directors-Evaluation-Framework.pdf

# (iv) Declaration of independence

The Company has received necessary declaration from each Independent Director of the Company stating that:

- they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations; and
- (ii) as required vide Rule 6 (1) & (2) of the Companies
   (Appointment and Qualifications of Directors)
   Rules, 2014 they have registered their names in
   the Independent Directors' Databank maintained
   by the Indian Institute of Corporate Affairs.

Based on the declarations received from the Directors, the Board confirms, that the Independent Directors fulfil the conditions as specified under Schedule V of the Listing Regulations and are independent of the management.

# (v) Familiarisation programme for Independent Directors

Disclosure pertaining to familiarisation programme for Independent Directors is provided in the Corporate Governance Report forming part of this Annual Report.

# B. Committees of the Board

The Board has constituted five committees which are mandated by the Act and the Listing Regulations, viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee and Corporate Social Responsibility & Environmental, Social, and Governance Committee. In addition to the said committees, the Board has also constituted Fundraise and Investment Committee. Details of all the committees, along with their charters, composition and meetings held during the year, are provided in the Corporate Governance Report forming part of this Annual Report.

# C. Key Managerial Personnel

In accordance with the provisions of Sections 2(51) and 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the following are the Key Managerial Personnel of the Company:

- (a) Ms. Falguni Nayar Executive Chairperson, Managing Director and Chief Executive Officer;
- (b) Mr. P. Ganesh Chief Financial Officer (appointed w.e.f. February 03, 2023); and
- (c) Mr. Sujeet Jain Chief Legal and Regulatory Officer, Company Secretary and Compliance Officer (appointed w.e.f. February 14, 2023).

Mr. Arvind Agarwal resigned as the Chief Financial Officer with effect from close of business hours on November 25, 2022 and Mr. Rajendra Punde resigned from the position of Company Secretary and Compliance Officer with effect from close of business hours on February 13, 2023. The Board places on record its appreciation towards their valuable contribution and guidance during their respective tenure.

# D. Remuneration of Directors and Employees

Disclosure comprising particulars with respect to the remuneration of directors and employees and other details, as required to be disclosed in terms of the provisions of Section 197(12) of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **Annexure-V** to this Report.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, statement showing the names of the top ten employees in terms of remuneration drawn and names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Report.

Having regard to the provisions of the second proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. Any member interested in obtaining such information may write to the Company Secretary or e-mail at <u>nykaacompanysecretary@nykaa.com</u>.

Your Company has adopted 'Remuneration Policy for Directors, Key Managerial Personnel and other Employees' which sets out criteria for the remuneration for Directors, Key Managerial Personal ('KMP') which can be accessed at: <u>https://www.nykaa.com/</u> <u>media/wysiwyg/2021/Investors-Relations/pdfs/10-</u>



<u>11/Remuneration-Policy-for-Directors-KMP-and-other-employees.pdf</u>

# E. Vigil Mechanism/Whistle-Blower

Your Company believes in conduct of the affairs of its business in a fair and transparent manner by adopting highest standards of honesty, integrity, professionalism, and ethical behavior. Your Company has established a Vigil Mechanism/Whistle-Blower Policy ("Policy") in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations with a view to provide a platform and mechanism for Employees, Directors and other stakeholders of the Company to report actual or suspected unethical behaviour, fraud or violation of the Company's Code of Conduct, ethics, principles and matters specified in the policy without any fear of retaliation, and also provide for direct access to the Chairperson of the Audit Committee as the case may be, in exceptional cases.

Employees and other stakeholders are encouraged to report actual or suspected concerns or violations of applicable laws and regulations and the Code of Conduct. Such genuine concerns or violations are called 'Protected Disclosures' which can be raised by a Whistle-Blower to "Speak-up Helpline" (an external independent agency or agencies appointed by the Company to receive and attend to the Protected Disclosures through toll-free number / e-mail / web portal), established in terms of the Policy.

The Company affirms that in compliance with the Whistle-Blower Policy/Vigil Mechanism no personnel had been denied access to the Audit Committee. The policy is available on the Company's website and can be accessed at: <u>https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/</u>Whistle-Blower-Vigil-Mechanism-Policy\_2023.pdf

# F. Corporate Social Responsibility ("CSR")

At Nykaa, our vision is to bring inspiration and joy to people everywhere, everyday. This commitment, strengthened by our Mission and six core Values, forms the DNA of our CSR agenda. From our founding days, giving back has been part of our journey. Over the years we have made strong strides with consistent efforts and a focus on vulnerable communities, especially underprivileged women and children. We aim to be an ally that inspires positive change in people and their communities as we believe this will go a long way in building a more inclusive India.

The Company through its CSR programme aims to be a champion of authentic self-expression and meaningfully impact communities. Driving Empowerment and Inclusion for all forms the crux of our CSR philosophy, including the communities our business operates in, the socially and economically marginalised, as well as the society at large. By laying a CSR foundation that seamlessly aligns with its social voice and business behaviour, the company ensures its efforts towards programmes that are meaningful, scalable, sustainable and timeless.

While the Ministry of Corporate Affairs has spelt out the CSR activities under Schedule VII to the Companies Act, 2013 ('the Act'), in order to build focus and have a more impactful execution – with a view to make a difference – Company's focus areas for CSR are as follows:

- Upliftment and mentoring of vulnerable age groups
- Education, skilling & entrepreneurship
- Access to healthcare
- Sustainability and environmental responsibility

Over and above these, from time to time, on need and criticality basis the Company will review additional CSR activities which are prescribed under Schedule VII of the Act, such as:

- Contribution to Government's various relief funds
- Support armed forces welfare
- Support to research & technology
- Protection of national heritage
- Promote sports

The Company has in place a CSR policy in line with Section 135 read with Schedule VII of the Act. The objective of CSR policy of the Company is to lay down the guidelines and mechanism to carry out CSR projects/programmes by the Company and to report its CSR efforts in the format provided by the rules under the Act.

During the year under review, Nykaa Foundation was incorporated under the provisions of Section 8 of the Act to achieve CSR objectives of the Company and / or its subsidiaries. Nykaa Foundation is involved in undertaking CSR activities, on behalf of the Company or any other company / entity as may be legally permissible from time to time. Through Nykaa Foundation, the Company along with its subsidiaries namely, Nykaa E-Retail and Nykaa-KK Beauty has undertaken the following CSR projects in FY 2022-23:

(a) Project Labour Net (Sambhav Foundation): Project Labour Net is an effort towards bringing more young women into the mainstream workforce by making them skilled beauty professionals. These young women, hailing from low-income communities have the ambition to become independent and contributing members of society but at times lack the right opportunities to do so. With two centres in Bengaluru and Guwahati each fully equipped with beauty stations for practical sessions, this project is providing months-long beginners training and internship to women who will then go on to work at beauty salons in local neighbourhoods, unlocking a new career for more than 400 women to explore and grow into.

- (b) Nykaa Chair in Consumer Technology implemented by IIM-A: Nykaa has joined hands with IIM-A Endowment Fund to set up the Nykaa Chair in Consumer Technology. This three-year program has its focus on research and education to promote the scientific practice of marketing, and present insights on the impact of digital, social, and mobile technologies on business models, customer behaviour, and social changes at large facilitate incorporation of Al and machine learning insights in a disrupted marketplace. The chair also looks at deploying economic and statistical models to measure the role of the Internet and new media on consumer and firm behaviour besides understanding the privacypreserving future of digital advertising.
- (c) Rangeet (Adiwasi Sewa Sanstha): In partnering with an innovative impact-led organization like Rangeet, Nykaa attempted to teach children aged 7-16 a holistic approach to looking at the world around us through a mobile app featuring a play-based Social, Emotional and Ecological Knowledge (SEEK) curriculum, with the aim to help children become better learners and support their wellbeing, agency and global stewardship. The app bolsters existing academic curricula and acts as a bridge towards achieving government education objectives of holistic learning.
- (d) Slum Soccer Krida Vikas Sanstha: Nykaa supported Krida Vikas Sanstha's (Slum Soccer) to help 50 at-risk underprivileged youth to represent India at 20<sup>th</sup> Edition of the Homeless World Cup in Sacramento, USA 2023. The 50 players/ youth are the potential game changers who come from slum/impoverished communities from different states - Jharkhand, Delhi, Maharashtra, Karnataka, Tamil Nadu, Chhattisgarh, Gujarat to name a few. While 18 of them are representing the India squad, all the players/youth had undergone two specially designed training programs aimed to equip them with skills, knowledge, mindset and confidence, determination and motivation to bring a sustainable change in the community by using the power of football.
- (e) Anushkaa Foundation (for eliminating Club Foot): Aligning with "Rashtriya Bal Swasthya Karyakram" (RBSK), an important initiative "aiming at early identification and intervention for children from birth to 18 years to cover 4 'D's viz., Defects at birth, Deficiencies, Diseases, Development delays including disability". Anushkaa Foundation for Eliminating Clubfoot (AFEC) in 100 children across India in 2023 focuses on skilling doctors and developing them as Ponseti Method Trained Practitioners, Medical Trainers and providing Supportive Supervision. The Ponseti Method is an effective, inexpensive, minimally invasive form of treatment, well suited

to low resource settings. It is considered as the gold standard treatment for clubfoot.

(f) Indian Deaf Cricket Association: Support by way of sponsorship to the 'Indian Deaf Cricket Association' (IDCA) for Women's 4<sup>th</sup> T-10 National Cricket Championship for Deaf. Indian Deaf Cricket Association (IDCA) continuously works on development, training, and promotion of Differently Abled Cricket especially Deaf Cricket in the country and has a strong network of 20 State Deaf Cricket Associations. Through this endowment, we intended to provide a unique opportunity for talent from underprivileged backgrounds to excel in the field of disability sport.

A brief outline of the CSR Philosophy, salient features of the CSR Policy of the Company, the CSR initiatives undertaken during the financial year 2022-23 together with progress thereon and the report on CSR activities in the prescribed format, as required under Section 134(3)(o) read with Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, are set out in **Annexure-VI** to this Report and the CSR Policy can be accessed using the link <u>https://www.nykaa.com/media/wysiwyg/2021/</u> Investors-Relations/pdfs/10-11/CSR-Policy.pdf.

# G. Employee Stock Option Scheme and Share Based Employee Benefits

Your Company grants employee stock options that would enable the employees to share the value they create for the Company in the years to come. Accordingly, pursuant to the approval of Board and shareholders of the Company and in terms of the provisions of applicable laws, your Company has instituted Employees Stock Options Scheme – 2012 ("ESOS 2012") and FSN Employees Stock Scheme – 2017 ("ESOS 2017") for grant of stock options to eligible employees.

Further, during the year under review, based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors on October 03, 2022 and the Shareholders of the Company vide special resolutions passed through postal ballot on November 02, 2022, had approved the implementation of "FSN E-Commerce Ventures Limited – Employee Stock Option Plan 2022" ("ESOP 2022") and FSN E-Commerce Ventures Limited – Employee Stock Unit Plan 2022 ("Stock Unit Plan 2022") to motivate, incentivize, and reward the eligible employees of the Company and its Subsidiaries.

Consequently, as on the date of this report, your Company has four operative schemes / plan, namely, ESOS 2012, ESOS 2017, ESOP 2022 and Stock Option Plan 2022 (collectively referred to as "ESOP & RSU Schemes").

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia,

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administers and monitors the ESOS & RSU Schemes, in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations"). During the year under review, there is no material change in the ESOS & RSU Schemes, and they are in compliance with the provisions of SEBI SBEB Regulations and other applicable provisions of law.

During the financial year 2022-23, 42,000 Stock Options under ESOS 2012, 31,47,100 Stock Options under ESOS 2017 and 7,60,000 Stock Options under ESOP 2022 were issued to eligible employees. As on March 31, 2023, 660 Stock Options under ESOS 2012, 32,900 Stock Options under ESOS 2017 and 88,40,000 Stock Options under ESOP 2022 and 24,00,000 Stock Units under Stock Unit Plan 2022 are outstanding.

The applicable disclosures as stipulated under Regulation 14 of SEBI SBEB Regulations with regard to the ESOP & RSU Schemes of the Company are available on the website of the Company and weblink for the same is <u>https://www.nykaa.com/media/</u> wysiwyg/2021/Investors-Relations/pdfs/annualreport/22-23/SEBI-ESOP-Disclosure-2022-23.pdf.

A certificate from M/s. S. N. Ananthasubramanian & Co., Company Secretaries, the Secretarial Auditor of the Company, confirming that the aforesaid ESOP & RSU Schemes have been implemented in accordance with the SEBI SBEB Regulations, will be open for inspection at the ensuing Eleventh Annual General Meeting.

# H. Investor Education and Protection Fund ('IEPF')

'Transfer of unclaimed/unpaid amount to the Investor Education and Provident Fund' has been covered in the Corporate Governance Report forming of the Annual Report.

# I. Related Party Transactions

All transactions with related parties were reviewed and approved by the Audit Committee and are in accordance with the Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions and the Related Party Framework, formulated and adopted by the Company. An omnibus approval from the Audit Committee is obtained for the related party transactions which are unforeseen in nature.

All contracts/arrangements/transactions entered into by the Company during the year under review with Related Parties were in the ordinary course of business and on arm's length. During the year under review, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions or which is required to be reported in Form No. AOC-2 in terms of Section 134(3) (h) read with Section 188 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014. Accordingly, there are no transactions that are required to be reported in Form AOC-2.

The Company's Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions is available on the website of the Company at <u>https://www.nykaa.com/media/wysiwyg/2021/</u> <u>Investors-Relations/pdfs/10-11/Related-Party-</u> <u>Transaction-Policy.pdf</u>.

The details of the related party transactions as per Indian Accounting Standards (IND AS) - 24 are set out in Note 44 to the Standalone Financial Statement of the Company. The Company in terms of Regulation 23 of the Listing Regulations submits within the stipulated time from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the specified format to the stock exchanges. The said disclosures can be accessed on the website of the Company at <u>https://www.nykaa.com/</u> <u>stock-exchange-filings</u>.

# J. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Considering the nature of business of your Company, the particulars with respect to conservation of energy and technology absorption required as per Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are not applicable to the Company.

The foreign exchange earnings and outgo are as below:

Particulars	2022-23	2021-22
Earnings in Foreign Exchange	Nil	₹ 15.69 million
Expenditure in Foreign Exchange	₹139.63 million	₹ 271.66 million

# K. Risk Management

Risk Management is integral to your Company's L. strategy and for the achievement of our long-term strategic goals. Our success as an organisation depends on our ability to identify and leverage the opportunities while managing the risks.

At Nykaa, while we scan the business horizon to evaluate potential business opportunities, we also continuously monitor the internal and external environment to identify, assess and mitigate potential and emerging risks that may adversely harm or threaten the achievement of our strategic objectives.

Your Company has a risk management framework that supports decision making across various levels across the enterprise while being designed to proactively identify, assess and mitigate risks. These levels form the strategic defence cover of your Company's risk management with an organisational structure for managing and reporting on risks. Furthermore, the Enterprise Risk Management ('ERM') Governance Structure of your Company identifies the key internal stakeholders responsible for creating, implementing and sustaining ERM in the organisation.

The Board, through a dedicated Risk Management Committee (RMC), provides an effective oversight of the ERM framework including the processes for the identification, evaluation and management of material risks including emerging risks, and regularly reviews the effectiveness of risk treatment or mitigation actions implemented to reduce the exposure as also the quantum of residual risk to ensure it is within the overall risk appetite of the enterprise.

Our approach to risk management is designed to provide reasonable assurance that our assets are safeguarded, the risks facing the business are being assessed and mitigated and all information that may be required to be disclosed is reported to Company's Senior Management, the Audit Committee, the Risk Management Committee and the Board.

The Company endeavours to continually strengthen its Risk Management systems and processes in line with a rapidly changing business environment. There are no risks which in the opinion of the Board threaten the existence of the Company. Details of various risks faced by your Company are provided in the Management Discussion & Analysis Report.

Your Company has framed and implemented a Risk Management Policy in terms of the provisions of Regulation 21 of the Listing Regulations, for the assessment and minimisation of risk, including identification therein of elements of risk, if any, which may threaten the existence of the Company. The policy can be accessed at <u>https://www.nykaa.com/</u> <u>media/wysiwyg/2021/Investors-Relations/pdfs/10-</u> <u>11/Risk-Management-Policy-v1.pdf</u>

# Internal Financial Control

According to Section 134(5)(e) of the Act the term Internal Financial Control (IFC) means the policies and procedures adopted by the Company 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. The Act also mandate the need for an effective Internal Financial Control system in the Company which should be adequate and shall operate effectively. Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 requires the information regarding adequacy of Internal Financial Controls with reference to the financial statements to be disclosed in the Board's report.

The Company has adequate Internal Financial Control System over financial reporting ensuring that all transactions are authorised, recorded, and reported correctly in a timely manner to provide reliable financial information and to comply with applicable accounting standards which commensurate with the size and volume of business of the Company.

The key internal financial controls have been documented, automated wherever possible and embedded in the respective business processes. Assurance to the Board on the effectiveness of internal financial controls is obtained through 3 Lines of Defence which include:

- (a) Management reviews and self-assessment;
- (b) Continuous controls monitoring by functional experts; and
- (c) Independent design and operational testing by the external professional firm.

The Company believes that these systems provide reasonable assurance that the Company's internal financial controls are adequate and are operating effectively as intended. During the year under review, such controls were tested by the Statutory Auditors of the Company and no material weaknesses or significant deficiencies in the design or operations were observed and reported by the Statutory Auditors. Details of the internal controls system are provided in the Management Discussion & Analysis Report.

# M. Policy on Directors' Appointment and Remuneration

In terms of Section 178 of the Act and Regulation 19 of the Listing Regulations, the Board of your Company, on recommendation of the Nomination and Remuneration Committee ('NRC'), had adopted a "Remuneration Policy for Directors, Key Managerial Personal ('KMP') and other employees" ('Remuneration Policy') and "Policy on Board Diversity".

The Company's Remuneration Policy is directed towards designing remuneration so as to attract, retain, and reward talent who will contribute to longterm success of the Company and build value for its shareholders. Objective of Board Diversity Policy is to ensure that the Board is fully diversified and comprises of an ideal combination of Executive and Non-Executive Directors, including Independent Directors, with diverse backgrounds.

The salient features of the policies are outlined in the Corporate Governance Report and the policies are made available on the Company's website, which can be accessed using the link <u>https://www.nykaa.com/policies</u>.

# N. Particulars of Loans, Guarantees and Investments

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security provided is proposed to be utilised by the recipient are provided in the Standalone Financial Statement (Refer Note 8, 9, 17 and 45B to the Standalone Financial Statement).

# O. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

In compliance with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and rules made thereunder, your Company has adopted a Prevention of Sexual Harassment Policy for the prevention of sexual harassment and constituted Internal Complaints Committee (ICC) to deal with complaints relating to sexual harassment at workplace. For details, kindly refer to relevant disclosures in the Corporate Governance Report which forms part of the Annual Report 2022-23.

# P. Environment & Safety

Your Company is conscious of the importance of environmentally clean and safe operations and has framed and adopted Health, Safety and Environment (HSE) Policy which can be accessed at <u>https://www.</u> nykaa.com/media/wysiwyg/2021/Investors-Relations/ pdfs/10-11/Nykaa-Health-Safety-and-Environment-<u>Policy.pdf</u>. The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.

Your Company is committed to the highest standards of health, safety and environment practices within the organisation and the extended areas within our influence, with an aim to provide safe and healthy working environment to our employees, customers, business partners, suppliers and visitors.

During the year under review, the Company continued its waste management efforts through various environment friendly measures i.e., use of eco-friendly packaging material, recycling of plastic waste and redesigning packaging to reduce plastic waste. Scrap disposal is in line with industry benchmarks.

# GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

• There was no change in the nature of business of your Company as stipulated under sub-rule 5(ii) of Rule 8 of Companies (Accounts) Rules, 2014. R

- Details relating to deposits covered under Chapter V of the Act since your Company has not accepted any deposits from the public falling under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.
- No significant or material orders were passed by the Regulators or Courts or Tribunals, which impact the going concern status and Company's operations in future.
- Issue of shares (including sweat equity shares) to • employees of the Company under any scheme save and except Employees' Stock Options Schemes and Bonus Issue referred to in this Report.
- No fraud has been reported by the Auditors to the • Audit Committee or the Board.
- There is no application made or proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the FY 2022-23.
- The Company has not made any one-time settlement for the loans taken from the Banks or Financial Institutions, therefore, the same is not applicable.
- · Your Company has not issued Equity Shares with differential rights as to dividend, voting or otherwise; and
- Your Company has not raised funds through preferential allotment or qualified institutions placement as per Regulation 32(7A) of the Listing Regulations.

# SECRETARIAL STANDARDS

During the year under review, your Company has complied with the Secretarial Standards 1 and 2 on meetings of the Board of Directors and on General Meetings, respectively, issued by the Institute of Company Secretaries of India and

notified by the Ministry of Corporate Affairs, in terms of Section 118(10) of the Act.

# **MAINTENANCE OF COST RECORDS**

Your Company is not engaged in the business of production of goods or providing of services as specified in Rule 3 of the Companies (Cost Records and Audit) Rules, 2014 ("Rules"). Accordingly, the requirement of maintaining cost records in accordance with Section 148(1) of the Act read with the Rules is not applicable to the Company for the period under review.

# ACKNOWLEDGEMENT

The Board wishes to place on record its appreciation for the assistance, co-operation and encouragement extended to the Company by the Company's customers, business partners, brands, bankers and other stakeholders.

The Directors take this opportunity to place on record their warm appreciation for the valuable contribution, untiring efforts and spirit of dedication demonstrated by the employees and officers at all levels, in ensuring an excellent all-around operational performance. We applaud them for their superior levels of competence, solidarity, and commitment to the Company. The Directors would also like to thank the shareholders for their wholehearted support and contribution. We look forward to their continued support in future.

For and on behalf of the Board of Directors

# Falguni Nayar

Executive Chairperson, Managing Director & CEO DIN:- 00003633

Place: Mumbai Date: May 24, 2023 Form AOC-1

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

# Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ millions)

Sr. No.	Particulars					De	etails				
1	Name of the subsidiary	FSN Brands Marketing Pvt. Ltd.	Nykaa E-Retail Pvt. Ltd.	Nykaa-KK Beauty Pvt. Ltd.	Nykaa Fashion Pvt. Ltd.	FSN International Pvt. Ltd.*	FSN Distribution Pvt. Ltd.	Nykaa Foundation	Dot & Key Wellness Pvt. Ltd. <sup>#</sup>	Nudge Wellness Pvt. Ltd. <sup>#</sup>	lluminar Media Pvt. Ltd.#
2	The date since when the subsidiary was acquired			(si	nce incorpor	ation)			28.09.2021	30.06.2022	09.09.2022
3	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period					31.03	3.2023				
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries						-				
5	Share capital	1,020.00	95.10	10.00	250.10	51.00	0.10	0.10	13.57	60.00	0.36
6	Reserves & surplus	(915.17)	4,002.67	126.54	(2,136.82)	(82.86)	(816.38)	-	415.02	(6.28)	(29.20)
7	Total assets	6,189.90	12,801.19	442.35	4,095.00	83.05	1,608.63	0.35	554.47	58.95	94.15
8	Total liabilities	6.085.07	8,703.42	305.81	5,981.72	114.54	2424.91	0.25	125.87	5.23	122.98
9	Investments	-	-	-	-	-	-	-	-	-	3.30
10	Turnover	8,319.40	40,527.24	605.61	4,325.64	59.72	1,624.96	-	578.46	0.85	113.62
11	Profit/(Loss) before tax	(123.05)	2,567.25	90.94	(1,717.36)	(66.66)	(1,026.70)	-	(38.13)	(8.39)	(14.59)
12	Less: Provision for taxation										
	- Current tax	-	680.17	23.03	-	-	-	-	-	-	-
	- Deferred tax	(17.28)	(25.13)	(0.51)	(420.93)	(5.85)	(258.18)	-	(8.81)	(2.11)	-
13	Profit/(Loss) after tax	(105.77)	1,912.21	68.42	(1,296.43)	(60.81)	(768.52)	-	(29.32)	(6.28)	(14.59)
14	Proposed dividend	-	-	-	-	-	-	-	-	-	-
15	% of shareholding	100%	100%	51%	100%	100%	100%	99.93%	51%	60%	100%

\*On consolidated basis including its wholly-owned subsidiaries i.e. FSN Global FZE and Nykaa International UK Limited #Details considered in line with consolidated financial statement from the date of acquisition.

# Notes:

1. Names of subsidiaries which are yet to commence operations: Nessa International Holdings Limited

2. Names of subsidiaries which have been liquidated or sold during the year: None



Annexure-I

# Part "B": Associates and Joint Ventures

		(₹ in Millions)
Sr. No.	Name of Associate Company	Earth Rhythm Private Limited
1.	Latest Audited Balance Sheet date	31.03.2023
2.	Date on which the Associate Company was associated	04.05.2022
3.	Shares of Associate/Joint Ventures held by the Company on the year end	
	(i) Number	326
	(ii) Amount of Investment in Associates/Joint Venture	416.50
	(iii) Extend of Holding (%)	18.51
4.	Description of how there is significant influence	Refer Note 1
5.	Reason why the Associate/Joint Venture is not consolidated	Refer Note 2
6.	Net worth attributable to shareholding as per latest Audited Balance Sheet	87.66
7.	Profit/Loss for the year	
	(i) Considered in Consolidation	(38.60)
	(ii) Not Considered in Consolidation	(127.77)
(4)		

(1) There are certain affirmative voting matters (AVMs) that are in participatory nature, relating to operating and financing activities that can significantly affect Company's returns and hence classified as an Associate.

(2) As per Ind AS 28 "Investments in Associates" accounting is carried out as per equity method for the purpose of consolidation.

Names of associates or joint ventures which are yet to commence operations: None

Names of associates or joint ventures which have been liquidated or sold during the year: None

For and on behalf of the Board of Directors

# Falguni Nayar

Executive Chairperson, Managing Director & CEO DIN: 00003633

# P. Ganesh

Chief Financial Officer

Place: Mumbai Date: May 24, 2023 Milan Khakhar

Non-Executive Director DIN: 00394065

# Sujeet Jain

Chief Legal and Regulatory Officer, Company Secretary and Compliance Officer FCS M. No.: F6144

# **Report on Corporate Governance**

# 1. THE COMPANY'S PHILOSOPHY ON **CORPORATE GOVERNANCE**

NYKAA's philosophy and ideology on Corporate Governance are driven by our values and principles, which are imbibed at all levels in the Company to ensure that we gain and retain the trust of our stakeholders. Good governance practices are a norm at the Company. The Company and its subsidiaries have a wide range of stakeholders like shareholders and investors, customers, business partners etc. and the Company recognises that these relationships make up an important portion of our overall corporate value. The Company is committed to focus on long-term value creation and protecting stakeholders' interests by applying proper care, skill and diligence to business decisions. To achieve this objective, the Company is ensuring fair and transparent decision-making and bolstering dynamic management through swift and decisive decision-making based on an effective use of the corporate resources.

Our legacy of deep commitment and care for our stakeholders resonates throughout the organisation. Our vision of bringing inspiration and joy to people, everywhere, everyday guides our organisational decisions and anchors our every action. Value creation is a cornerstone and is being consistently followed. Over the last 10 years, we at Nykaa, have developed a strong set of values and profound principles, where "be the customer's champion" and "sustainability in every action" are vital. We are committed to the highest standards of Corporate Governance and have in place appropriate structures and reporting systems.

In order to have a robust governance, we have a multi-tiered governance structure with defined roles and responsibilities of every constituent of the system. The Board is the apex body constituted by the shareholders to oversee the Company's overall functioning. They are responsible for providing strategic supervision, overseeing the management performance and governance of the Company on behalf of the shareholders and other stakeholders. The Board exercises independent judgement and plays a vital role in the oversight of the Company's affairs. While the Company's day to day affairs are managed by a competent management team under the overall supervision of the Board.

The Board has constituted several Committees to focus on well-defined areas of responsibility, with a mandate to make time-bound recommendations. The Company has also adopted various Codes/Policies towards achieving the best corporate governance practices which inter alia includes Code of Conduct for Board and Senior Management, Vigil Mechanism/



# Annexure-II

Whistle-Blower Policy, Policy on Insider Trading and Related Party Transactions Policy.

This report is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") and the report contains the details of Corporate Governance systems and processes at FSN E-Commerce Ventures Limited. There are no non-compliances of any requirements of Corporate Governance Report, as per sub-paras (2) to (10) of Schedule V Part C of the Listing Regulations.

## 2 **BOARD OF DIRECTORS**

The Board is at the core of the corporate governance system of your Company. The Board is committed towards compliance of sound principles of corporate governance and plays a crucial role in overseeing how the management serves the short and long-term interests of the members and other stakeholders. This belief is reflected in the governance practices of the Company, under which it strives to maintain an effective, informed and independent Board.

The Board's operations are duly supported by Executive Chairperson, Managing Director and Chief Executive Officer, Executive Directors, Key Managerial Personnel ('KMP') and the Senior Management, while discharging its fiduciary duties and in ensuring effective functioning of your Company.

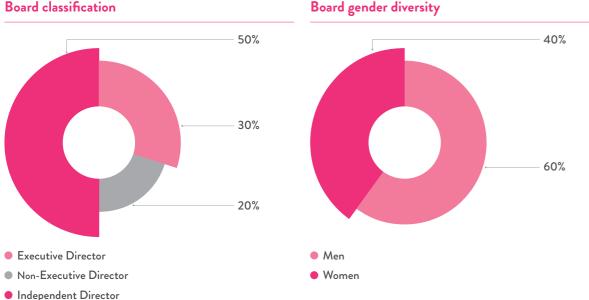
# **Board Composition**

An independent and well-informed Board goes a long way in protecting the stakeholders' interest. The composition of your Company's Board represents an optimal mix of professionalism, knowledge and experience that enables the Board in discharging its responsibilities and providing effective leadership and support to the business.

The composition, diversity and strength of the Board is reviewed from time to time for ensuring that the same is in line with the applicable laws and that it remains aligned with the strategy and long-term needs of the Company. The Board Diversity Policy adopted by the Board sets out its approach to diversity. This policy is available on our website at <u>https://www.nykaa.com/</u> media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Policy-on-Board-Diversity.pdf

The composition of your Board is in conformity with Regulation 17(1) of the Listing Regulations and the Companies Act, 2013 ('Act'). As on March 31, 2023, your Company has 10 (Ten) Directors including an Executive Chairperson, Managing Director & Chief Executive Officer and two other Executive Directors. Out of 7 (Seven) Non-Executive Directors, 5 (Five) are Independent Directors. The profile of Directors can be found at our website at https://www.nykaa.com/

# **Board classification**



# **Board Procedures and flow of information**

The Board/Committee meetings are pre-scheduled, and a tentative annual calendar of the Board and Committee meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of special and urgent business needs, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting.

In order to facilitate effective discussions at the Board Meetings, the agenda is bifurcated into items requiring approval and items which are to be noted by the Board. Clarification/queries, if any, on the items which are to be noted/ taken on record by the Board are sought and resolved before the meeting itself. This ensures focused and effective discussions at the meetings.

# Number of Board/Committee Meetings

A total of 38 (Thirty-Eight) Board/Committee Meetings were held during the year under review comprising 9 (Nine) Board Meetings, 28 (Twenty-Eight) Meetings of various Committees and 1 (One) Independent Directors Meeting. The requisite quorum was present at all the meetings. The maximum gap between any two consecutive meetings was less than one hundred and twenty days, as stipulated under the Act, Regulation 17 of the Listing Regulations and Secretarial Standards.

# The Composition and Categories of the Directors on the Board, their attendance at Board Meetings and at the last Annual General Meeting ('AGM') held during the financial year 2022-23:

None of the Directors of the Company is a member of more than 10 (Ten) Committees or a Chairman/Chairperson of more than 5 (Five) Committees across all the listed companies in which he/she is a Director, as per Regulation 26(1) of the Listing Regulations. Further as mandated by Regulation 17A of the Listing Regulations, no Director of the Company serves as Director in more than seven listed companies, as an Independent Director in more than seven listed companies and in case he/she is serving as a Whole-Time Director/ Managing Director in any listed company, does not hold the position of Independent Director in more than three listed companies. Further, all Directors have informed about their Directorships and Committee Memberships/Chairmanships including any changes in their positions. Relevant details of the Board of Directors as on March 31, 2023 are given below:

Name	Category		oard Meeting ed during FY 2	Whether attended last AGM held on August 10,	
	• ·	Held	Entitled	Attended	2022
Ms. Falguni Nayar	Promoter, Executive Chairperson, Managing Director and Chief Executive Officer	9	9	9	V
Mr. Sanjay Nayar	Promoter, Non-Executive Director	9	9	8	$\checkmark$
Ms. Adwaita Nayar	Executive Director	9	9	9	$\checkmark$

Name	Category	No. of B attende	Whether attended last AGM held on August 10		
		Held	Entitled	Attended	2022
Mr. Anchit Nayar	Executive Director	9	9	9	$\checkmark$
Ms. Anita Ramachandran	Independent Director	9	9	9	$\checkmark$
Mr. Milind Sarwate	Independent Director	9	9	9	$\checkmark$
Ms. Alpana Parida	Independent Director	9	9	8	$\checkmark$
Mr. Pradeep Parameswaran	Independent Director	9	9	6	$\checkmark$
Mr. Seshashayee Sridhara	Independent Director	9	9	6	$\checkmark$
Mr. Milan Khakhar	Non-Executive Director	9	9	8	$\checkmark$

# **Details of Board Meeting**

9 (Nine) Board Meetings were held during the financial year, as against the statutory requirement of 4 (Four) meetings. The details of Board Meetings are given below:

Sr. No.	Date	Board Strength	No. of Directors present	% Attendance of Directors
1	April 22, 2022	10	9	90
2	May 27, 2022	10	9	90
3	August 05, 2022	10	9	90
4	October 03, 2022	10	9	90
5	October 06, 2022	10	8	80
6	November 01, 2022	10	9	90
7	January 23, 2023	10	8	80
8	February 13, 2023	10	10	100
9	March 27, 2023	10	10	100

The relation of Directors inter se with each other, names of other Indian listed entities where Directors of the Company hold directorship, its category and the number of directorships and committee Chairmanships/ Memberships held by them in other public limited companies as on March 31, 2023, is given below:

Name of Director	Relation with other Directors	Directorship held in other Listed Entities	No. of Directorships in other Indian Public Limited	Membership and Chairmanship of the Committees of the Board of other Companies*		Number of Equity Shares held (As on	
	Directors	along with Category	Companies (As on March 31, 2023)	Chairman/ Chairperson	Member	March 31, 2023)	
Ms. Falguni Nayar	<ul> <li>Spouse of Mr.</li> <li>Sanjay Nayar</li> </ul>	Independent Director of Dabur India Limited	2	-	1	NIL	
	<ul> <li>Mother of Mr. Anchit Nayar and Ms. Adwaita Nayar</li> </ul>						
Mr. Sanjay Nayar	• Spouse of Ms. Falguni Nayar	-	-	-	-	NIL	
	<ul> <li>Father of Mr. Anchit Nayar and Ms. Adwaita Nayar</li> </ul>						
Ms. Adwaita Nayar	<ul> <li>Daughter of Ms.</li> <li>Falguni Nayar and</li> <li>Mr. Sanjay Nayar</li> </ul>	-	-	-	-	1,80,360 Eq. Shares (0.01%)	
	<ul> <li>Sister of Mr. Anchi Nayar</li> </ul>	t					
Mr. Anchit Nayar	<ul> <li>Son of Ms. Falguni Nayar and Mr. Sanjay Nayar</li> </ul>	-	-	-	-	9,60,480 Eq. Shares (0.03%)	
	• Brother of Ms. Adwaita Nayar						

 $(\mathbf{R})$ 

Name of Director	Relation with other Directors	Directorship held in other Listed Entities	No. of Directorships in other Indian Public Limited	Members Chairm of the Comm Board of other	Number of Equity Shares held (As on	
	Directors	along with Category	Companies (As on March 31, 2023)	Chairman/ Chairperson	Member	March 31, 2023)
Ms. Anita Ramachandran	-	Independent Director of Metropolis Healthcare Limited, Happiest Minds Technologies Limited, Ujjivan Small Finance Bank Limited, Blue Star Limited and Grasim Industries Limited	9	2	9	4,38,384 Eq. Shares (0.02%)
Mr. Milind Sarwat	e -	Independent Director of Sequent Scientific Limited, Mahindra and Mahindra Financial Services Limited, Matrimony.com Limited, Asian Paints Limited and Metropolis Healthcare Limited	8	4	9	63,156 Eq. Shares (0.00%)
Ms. Alpana Parida	-	Independent Director of Nestle India Limited and Cosmo First Limited	4	1	3	10,79,802 Eq. Shares (0.04%)
Mr. Pradeep Parameswaran	-	-	-	-	-	31,584 Eq. Shares (0.00%)
Mr. Seshashayee Sridhara	-	-	-	-	-	Nil
Mr. Milan Khakha	r -	Managing Director of Solid Stone Company Limited	3	-	2	Nil

\*For the purpose of considering the limit of Committee membership and chairmanship of a Director, membership and chairmanship of Audit Committee and Stakeholders Relationship Committee of public companies have been considered. Also excludes the membership & chairmanship in FSN E-Commerce Ventures Limited.

# Matrix setting out the core skills/ expertise/ competence of the Board of Directors

Your Board comprises of qualified members who collectively bring in the skills, expertise and competencies stated below that allow them to make effective contribution to the Board and its Committees as required in context of its business sector and to ensure highest standards of corporate governance. The Directors have identified the list of core skills/expertise/competencies as required for them to function effectively and the Board believes that Directors of the Company possess these skills/expertise/competencies, which helps the Company function effectively. While all the Board members possess the skills identified, their respective area of core expertise is given below:

Core Area of Expertise	Falguni Nayar	Sanjay Nayar	Anchit Nayar	Adwaita Nayar	Alpana Parida	Anita Rama- chandran		Milan Khakhar	Seshashayee Sridhara	Pradeep Parameswaran
Entrepreneurship	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$
Leadership/ Operational Experience	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$
Business Strategy	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$
Marketing – Digital, Consumer & E-commerce	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	-	$\checkmark$	$\checkmark$	$\checkmark$
Industry Knowledge	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$
Brand Building	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	-	-	$\checkmark$	$\checkmark$	$\checkmark$
Governance and Regulatory Oversight	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$

Sanjay Nayar				Anita Rama- chandran				Pradeep Parameswaran
√ 	,	,		$\checkmark$				$\checkmark$
$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	-	$\checkmark$	-	$\checkmark$
$\checkmark$	$\checkmark$	$\checkmark$	-	-	$\checkmark$	$\checkmark$	$\checkmark$	

Core Area of Expertise	Falguni Nayar	Sanjay Nayar	Anchit Nayar	Adwaita Nayar	Alpana Parida	Anita Rama- chandran		Milan Khakhar	Seshashayee Sridhara	Pradeep Parameswaran
Financial Literacy	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$
Human Capital Management	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	-	$\checkmark$	-	$\checkmark$
M&A, Investment Management, Risk Management	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	-	-	$\checkmark$	$\checkmark$		$\checkmark$

The Company did not have any pecuniary relationship or transactions with any of the Non-Executive Directors during the financial year ended March 31, 2023 except for payment of sitting fees and commission incurred in the discharge of their duties. None of the Directors hold convertible instruments of the Company.

# Code of Conduct

Your Company firmly believes that with success comes more responsibility & accountability of being a credible corporate citizen with highest standards of compliance & governance. Your Company has adopted a Code of Conduct for its Directors and Senior Management which reflects the values cherished and practiced at the organisation. The same is hosted on the website of your Company at https://www.nykaa. com/media/wysiwyg/2021/Investors-Relations/ pdfs/10-11/Code-of-Conduct-for-Board-and-Senior-Management.pdf.

All the Board Members and Senior Management Personnel have affirmed compliance with the applicable Code of Conduct. A declaration signed by the Executive Chairperson, Managing Director and Chief Executive Officer to this effect is enclosed at the end of this Report.

# Independent Directors

The Company has received declarations from the Independent Directors that they meet the criteria of independence laid down under the Act and the Listing Regulations. The Independent Directors have also confirmed that they have registered themselves in the databank of persons offering to become Independent Directors.

The Board of Directors, based on the declaration(s) received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfil the conditions of independence specified in the Listing Regulations and the Act and are independent of the Management of the Company.

All Independent Directors of the Company have been appointed as per the provisions of the Act and the Listing Regulations. None of the Independent Director(s) of the Company resigned before the expiry of their tenure. The terms and conditions of their appointment are disclosed on the Company's website <u>https://www.</u> nykaa.com/media/wysiwyg/2021/Investors-Relations/



pdfs/10-11/Terms-and-Conditions-of-Appointmentof-ndependent-Directors.pdf

# Separate Meeting of Independent Directors

Schedule IV of the Act, Listing Regulations and Secretarial Standard - 1 on Meetings of the Board of Directors mandates that the Independent Directors of the Company hold at least one meeting in a year, without the attendance of Non-Independent Directors.

The Independent Directors Meeting was held on March 23, 2023. The Independent Directors, inter alia, discussed and reviewed performance of Non-Independent Directors, the Board as a whole, Chairperson of the Company and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to formal meetings, frequent interactions outside the Board Meetings also take place between the Independent Directors and with the Chairperson, and rest of the Board.

# Familiarisation Programme for Independent Directors

The Company's familiarisation programmes for its Independent Directors includes an overview of the business model of the Company and its subsidiaries, the socio-economic environment in which the Company operates, the operational and financial performance of the Company and the significant developments taking place on a continuous basis. The Company also familiarise the Independent Directors with their roles, rights and responsibilities in the Company.

The details of familiarisation programmes imparted to Independent Directors are also disclosed on the Company's website: https://www.nykaa.com/media/ wysiwyg/2021/Investors-Relations/pdfs/policies/ Familiarisation-Programs-FY-23.pdf

# **Directors and Officers Insurance**

In line with the requirements of Regulation 25(10) of the Listing Regulations, your Company has undertaken Directors and Officers insurance ('D and O insurance') for all its Directors, including Independent Directors, for such quantum and risks as determined by the Board of Directors of the Company.

# 3. COMMITTEES

The Board Committee are the pillars of the governance structure of the Company. The Board Committees are formed as a means of improving board effectiveness and efficiency in areas where more focused, specialised and technically oriented discussions are required. These committees prepare the groundwork for decisionmaking and enhance the objectivity and independence of the Board's judgement. The Members constituting the Committees are majority Independent Directors and each Committee is guided by its Charter or Terms of Reference, which outlines the composition, scope, roles & responsibilities of the Committees. The Chairperson of the Committees apprises the Board about the executive summary of the discussions held and decisions arrived at the Committee Meetings.

During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board. The Company currently has six board level committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee, Corporate Social Responsibility & Environmental, Social, and Governance Committee and Fundraise and Investment Committee.

# **COMPOSITION OF THE COMMITTEES**

The composition of the Committees is in accordance with the provisions of the Listing Regulations and the Companies Act, 2013, details of which are as follows:

Audit Committee	Risk Management Committee
1. Mr. Milind Sarwate (Chairperson)	1. Mr. Sanjay Nayar (Chairperson)
2. Ms. Anita Ramachandran	2. Mr. Pradeep Parameswaran
3. Ms. Alpana Parida	3. Mr. Rajesh Uppalapati (Chief Technology Officer)
4. Mr. Seshashayee Sridhara	
5. Mr. Milan Khakhar	
6. Mr. Anchit Nayar	
Nomination and Remuneration Committee	Corporate Social Responsibility & Environmental, Social, and
1. Ms. Anita Ramachandran (Chairperson)	Governance Committee
2. Ms. Alpana Parida	1. Ms. Anita Ramachandran (Chairperson)
3. Mr. Milan Khakhar	2. Mr. Sanjay Nayar
4. Mr. Pradeep Parameswaran	3. Ms. Adwaita Nayar
Stakeholders' Relationship Committee	Fundraise and Investment Committee
1. Ms. Alpana Parida (Chairperson)	1. Ms. Falguni Nayar (Chairperson)
2. Mr. Anchit Nayar	2. Mr. Sanjay Nayar
3. Ms. Adwaita Nayar	3. Mr. Milind Sarwate
	4. Mr. Anchit Nayar
	5. Mr. Milan Khakhar

Mr. Sujeet Jain - Chief Legal and Regulatory Officer, Company Secretary and Compliance Officer, is the secretary of all the Committees constituted by the Board.

# Meetings of Committees held during the year and Members' attendance:

Audit Committee	Remuneration	Stakeholders' Relationship Committee			Fundraise and Investment Committee
10	7	2	3	3	3
10/10	*	*	*	*	3/3
9/10	5/7	2/2	*	*	*
10/10	*	2/2	*	*	3/3
8/10	7/7	*	*	3/3	*
5/10	*	*	*	*	*
9/10	6/7	*	*	*	3/3
*	*	1/2	*	3/3	*
*	*	*	*	*	3/3
*	*	*	3/3	3/3	3/3
*	*	*	1/1	*	*
*	3/4	*	3/3	*	*
	Committee 10 10/10 9/10 10/10 8/10 5/10 9/10 * *	Audit Committee         Remuneration Committee           10         7           10/10         *           9/10         5/7           10/10         *           8/10         7/7           5/10         *           9/10         6/7           \$         *           *         *           *         *           *         *           *         *           *         *           *         *	Audit Committee         Remuneration Committee         Relationship Committee           10         7         2           10/10         *         *           9/10         5/7         2/2           10/10         *         2/2           10/10         *         2/2           10/10         *         2/2           10/10         *         2/2           10/10         *         2/2           8/10         7/7         *           9/10         6/7         *           9/10         6/7         *           *         *         *           *         *         *	Audit Committee         Remuneration Committee         Relationship Committee         Management Committee           10         7         2         3           10/10         *         *         *           10/10         *         *         *           9/10         5/7         2/2         *           10/10         *         2/2         *           10/10         *         2/2         *           10/10         *         2/2         *           10/10         *         2/2         *           8/10         7/7         *         *           5/10         *         *         *           9/10         6/7         *         *           10/10         *         3/3         *           10/10         *         3/3         *	Audit Committee         Remuneration Committee         Relationship Committee         Management Committee         & Environmental, Social, and Governance Committee           10         7         2         3         3           10         7         2         3         3           10/10         *         *         *         *           9/10         5/7         2/2         *         *           10/10         *         2/2         *         *           10/10         *         2/2         *         *           8/10         7/7         *         *         3/3           5/10         *         *         *         *           9/10         6/7         *         *         *           *         *         1/2         *         3/3           *         *         *         3/3         3/3           *         *         *         3/3         3/3

\*Not a Member of the Committee

# **DETAILS OF COMMITTEES**

# AUDIT COMMITTEE **Terms of Reference**

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations and its terms of reference are as follows:

- (i) The Audit Committee shall have powers, which should include the following:
  - (a) To investigate any activity within its terms of reference;
  - (b) To seek information from any employee of the Company;
  - (c) To obtain outside legal or other professional advice;
  - (d) To secure attendance of outsiders with relevant expertise if it considers necessary; and
  - (e) Such powers as may be prescribed under the Companies Act and SEBI Listing Regulations.
- (ii) The role of the Audit Committee shall include the following:
  - (a) Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  - (b) Recommendation for appointment, reappointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee;
  - (c) Approval of payments to statutory auditors for any other services rendered by the statutory auditors of the Company;
  - (d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    - (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act;
    - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
    - (iii) Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
    - (iv) Significant adjustments made in the financial statements arising out of audit findings;
    - (v) Compliance with listing and other legal requirements relating to financial statements;

- (vi) Disclosure of any related party transactions; and
- (vii) Qualifications / modified opinion(s) in the draft audit report.
- (e) Reviewing, with the management, the quarterly, half yearly and annual financial statements before submission to the board for approval;
- (f) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the issue document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;
- (i) Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

**Explanation:** The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.

- (j) Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
- (k) Scrutiny of inter-corporate loans and investments;
- (I) Undertaking or supervising valuation of undertakings or assets of the company, wherever it is necessary;
- (m) Evaluation of internal financial controls and risk management systems;
- (n) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (o) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;





- (p) Discussion with internal auditors of any significant findings and follow up thereon;
- (q) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (r) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (s) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (t) Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- (u) Reviewing the functioning of the whistle blower mechanism;
- (v) Approval of the appointment of the Chief Financial Officer of the Company ("CFO") (i.e., the wholetime finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;
- (w) Carrying out any other functions as provided under the provisions of the Companies Act, the SEBI Listing Regulations and other applicable laws;
- (x) To formulate, review and make recommendations to the Board to amend the Terms of Reference of Audit Committee from time to time;
- (y) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- (z) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
  - (aa) Reviewing the utilization of loans and/or advances from/investment by Company in the subsidiaries exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
  - (bb) To consider and comment on rationale, costbenefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and its shareholders; and
  - (cc) Carrying out any other functions as may be required / mandated and/or delegated by the Board as per the provisions of the Companies

Act, 2013, SEBI Listing Regulations, uniform listing agreements and/or any other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.

(iii) The Audit Committee shall mandatorily review the following information:

- (i) Management's discussion and analysis of financial condition and results of operations;
- (ii) Management letters/letters of internal control weaknesses issued by the statutory auditors of the Company;
- (iii) Internal audit reports relating to internal control weaknesses;
- (iv) The appointment, removal and terms of remuneration of the chief internal auditor;
- (v) Statement of deviations:
  - (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
  - (ii) annual statement of funds utilised for purposes other than those stated in the issue document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations;
- (vi) To review the financial statements, in particular, the investments made by any unlisted subsidiary; and
- (vii) Such information as may be prescribed under the Companies Act and SEBI Listing Regulations.

The Audit Committee shall have authority to investigate into any matter in relation to the items as set out above or referred to it by the Board and for this purpose shall have the power to seek information from any employees, obtain outside legal or other professional advice from external sources, have full access to information contained in the records of the Company and secure the attendance of outsiders with relevant expertise, if it considers necessary.

# **Details of Audit Committee Meeting**

The Committee met 10 (Ten) times during the year under review on April 22, 2022, May 18, 2022, May 27, 2022, June 21, 2022, June 28, 2022, August 04, 2022, October 31, 2022, January 23, 2023, February 13, 2023 and March 17, 2023, as against the statutory requirement of four meetings and the attendance is given in the report. The requisite quorum was present at all the meetings of the Audit Committee.

# General

As required under the Secretarial Standards, the Chairman of the Committee or, in his absence, any other Member of the Committee authorised by him on his behalf shall attend the General Meeting of the Company. Mr. Milind Sarwate, the Chairman of the Audit Committee was present at the 10<sup>th</sup> AGM of the Company held through Video Conferencing facility on August 10, 2022, to address the Shareholders' queries pertaining to Annual Accounts and Financial Results of the Company.

During the year under review, all the recommendations made by the Audit Committee were accepted by the Board.

# Vigil Mechanism/Whistle-Blower Policy

The Vigil Mechanism/Whistle-Blower Policy has been explained in detail in the Directors' Report.

# NOMINATION AND REMUNERATION COMMITTEE Terms of Reference

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act read with Regulation 19 of the SEBI Listing Regulations and its terms of reference are as follows:

- (a) To allot equity shares upon exercise of Employee Stock Options under the Employee Stock Option Schemes of the Company;
- (b) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

- the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
- (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
   (I) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
   (m) Administering the employee stock option scheme/ plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/ plan ("ESOP Scheme") including the following:
   (i) Determining the eligibility of employees to participate under the ESOP Scheme;
- (c) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities

identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- (i) use the services of an external agencies, if required;
- (ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
- (iii) consider the time commitments of the candidates.
- (d) Formulation of criteria for evaluation of performance of independent directors and the Board;
- (e) Devising a policy on Board diversity;
- (f) Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- (g) Analysing, monitoring and reviewing various human resource and compensation matters, including the compensation strategy;
- (h) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- (i) Recommending the remuneration, in whatever form, payable to non-executive directors and the senior management personnel and other staff (as deemed necessary);
- (j) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- (k) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

- (ii) Determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;
- (iii) Date of grant;
- (iv) Determining the exercise price of the option under the ESOP Scheme;

- (v) The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
- (vi) The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
- (vii) The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
- (viii) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- (ix) Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the equity shares;
- (x) The grant, vest and exercise of option in case of employees who are on long leave;
- (xi) Allow exercise of unvested options on such terms and conditions as it may deem fit;
- (xii) The procedure for cashless exercise of options;
- (xiii) Forfeiture/ cancellation of options granted;
- (xiv) Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:
  - the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action;
  - for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered; and the vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option.
- (n) Construing and interpreting the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan ("ESOP Scheme") and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme;
- (o) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

- (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and
- (b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended, by the Company and its employees, as applicable;
- (p) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee; and
- (q) Such terms of reference as may be prescribed under the Companies Act, SEBI Listing Regulations or other applicable laws or by any other regulatory authority.

# **Details of Nomination and Remuneration Committee** Meeting

The Committee met 7 (Seven) times during the year under review on May 06, 2022, May 25, 2022, September 30, 2022, November 21, 2022, January 23, 2023, February 07, 2023 and February 13, 2023 as against the statutory requirement of one meeting and the attendance is given in the report. The requisite quorum was present at all the meetings of the Committee.

# General

As per Section 178(7) of the Act and Secretarial Standards, the Chairman/Chairperson of the Nomination and Remuneration Committee or, in his/her absence, other Member of the Committee authorised by him/her in this behalf shall attend the General Meetings of the Company. Ms. Anita Ramachandran, Chairperson of the Committee was present at the 10<sup>th</sup> AGM of the Company held on August 10, 2022.

During the year under review, all the recommendations made by the Nomination and Remuneration Committee were accepted by the Board.

# Board, Director and Committee evaluation and criteria for evaluation

In terms of the requirement of the Act and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with the aim to improve the effectiveness of the Board and the Committees.

The Company has a structured assessment process for evaluation of performance of the Board, Committees of the Board and individual performance of each Director including the Chairperson.

During the year under review, Nomination and Remuneration Committee ("NRC") carried out the performance evaluation of the Board, Committees of Board and individual Directors. The process involved a questionnaire-based approach followed by independent one on one discussions with all Board Members. The various steps involved in the evaluation process are as under:

**Step I:** Circulation of Evaluation forms to all Board Members.

**Step II:** Sharing of responses in the questionnaire by the Board Members with NRC Chairperson.

Step III: Preparation of Summary report by NRC Chairperson.

**Step IV:** Presentation of Summary report to the Board & decide appropriate actions.

The parameters for performance evaluation of the Board, Committees of Board and individual Directors are as follows:

- Contribution to and monitor corporate governance practices.
- Commitment to the fulfilment of a Director's obligation. •
- (k) Redressal of all security holders' and investors' Fiduciary responsibilities. grievances such as complaints related to transfer of Any other aspects agreed by Board from time to time. shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission The performance evaluation exercise was carried out of shares and debentures, dematerialisation and rethrough a structured questionnaire covering various aspects materialisation of shares, non-receipt of balance sheet, i.e., composition of Board, governance process, Board/ non-receipt of declared dividends, non-receipt of Committee Meetings and procedure, overall functioning of annual reports, etc., assisting with quarterly reporting the Board, domain expertise, integrity, inclusive leadership, of such complaints and formulating procedures in line awareness about Company's strategy/objectives, effective with statutory guidelines to ensure speedy disposal of participation in the meetings, appropriateness and timeliness various requests received from shareholders;

of information, awareness about role and responsibilities, stakeholders' interest etc.

The Board evaluation process was completed for FY 2022-23. The outcome of the performance evaluation was presented to the Nomination and Remuneration Committee and the Board of Directors of the Company.

The overall performance evaluation exercise was completed (n) to the satisfaction of the Board. The Board of Directors deliberated on the outcome and agreed to take necessary steps going forward.

The Policy on Board of Directors' Evaluation Framework can be accessed at: <u>https://www.nykaa.com/media/</u> wysiwyg/2021/Investors-Relations/pdfs/10-11/Board-of- (o) Directors-Evaluation-Framework.pdf

# STAKEHOLDERS' RELATIONSHIP COMMITTEE

# **Terms of Reference**

The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, and Regulation 20 of the SEBI Listing Regulations and its terms of reference are as follows:

- (a) Transfer/ transmission of shares;
- (b) Split up/ sub-division and consolidation of shares;
- (c) Dematerialization/ rematerialization of shares;
- (d) Issue of new and duplicate share certificates;
- (e) Transfer of shares to IEPF Authority;

- $(\mathbf{R})$
- (f) Release of shares from unclaimed suspense account of the Company;
- (g) Registration of Power of Attorneys, Probate, Letters of transmission or similar other documents;
- To open/ close bank account(s) of the Company for (h) depositing share/ debenture applications, allotment and call monies, authorize operation of such account(s) and issue instructions to the Bank from time to time in this regard;
- (i) To look into redressal of shareholders' and investors' complaints relating to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new /duplicate share certificates, general meetings, etc;
- Any allied matter(s) out of and incidental to these (j) functions and not herein;

- Reviewing of measures taken for effective exercise of (|) voting rights by shareholders;
- (m) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and rematerialisation of shares, split and issue of duplicate/ consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
- Reviewing the measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of our Company and to recommend measures for overall improvement in the quality of investor services;
- (q) Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority;
- (r) To approve allotment of shares, debentures or any other securities as per the authority conferred / to be

conferred to the Committee by the Board of Directors from time to time;

- (s) To approve requests for transfer, transposition, deletion, consolidation, sub-division, change of name, dematerialization, rematerialisation etc. of shares, debentures and other securities:
- (t) To monitor and expedite the status and process of dematerialization and rematerialisation of shares, debentures and other securities of the Company; and
- (u) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

# Details of Stakeholders' Relationship Committee Meeting

During the financial year ended March 31, 2023, the Committee met twice on May 25, 2022 and November 12, 2022. The requisite quorum was present at both the meetings and the attendance is given in the report.

# General

As per Section 178(7) of the Act and Secretarial Standards, the Chairman/Chairperson of the Committee or, in his/her absence, other Member of the Committee authorised by him/her in this behalf shall attend the General Meetings of the Company. Ms. Alpana Parida, Chairperson of the Committee was present at the 10<sup>th</sup> AGM of the Company held through  $\dot{VC}$  on August 10, 2022, to answer (I) shareholders' queries.

# Grievance Redressal Mechanism

The details of shareholders' complaints received and disposed off during the financial year under review, are given below:

Complaints as on April 01, 2022	Received during the period	0	Pending as on March 31, 2023
Nil	43	43	Nil

# **RISK MANAGEMENT COMMITTEE**

# **Terms of Reference**

The terms of reference of the Risk Management Committee are as follows:

- (a) To periodically review the risk management policy at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (b) To formulate a detailed risk management policy covering risk across functions and plan integration through training and awareness programmes;
- (c) The policy shall include:
  - (1) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, environment, social and governance related risks), information, cyber security risks or any other risk as may be determined by the committee;

- (2) Measures for risk mitigation including systems and processes for internal control of identified risks;
- (3) Business continuity plan.
- (d) To approve the process for risk identification and mitigation:
- (e) To decide on risk tolerance and appetite levels, recognizing contingent risks, inherent and residual risks including for cyber security;
- To monitor the Company's compliance with the risk (f) structure. Assess whether current exposure to the risks it faces is acceptable and that there is an effective remediation of non-compliance on an on-going basis;
- (g) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (h) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To approve major decisions affecting the risk profile or (i) exposure and give appropriate directions;
- (j) To consider the effectiveness of decision making process in crisis and emergency situations;
- (k) To balance risks and opportunities;
- To generally, assist the Board in the execution of its responsibility for the governance of risk;
- (m) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (n) To consider the appointment, removal and terms of remuneration of the chief risk officer (if any) shall be subject to review by the Risk Management Committee;
- (o) The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
- (p) The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors:
- (q) To attend to such other matters and functions as may be prescribed by the Board from time to time; and
- (r) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

# **Details of Risk Management Committee Meeting**

During the financial year 2022-23, 3 (Three) meetings were held on May 25, 2022, October 10, 2022 and March 30, 2023. The requisite quorum was present at the meetings and the attendance is given in the report.

## CORPORATE SOCIAL RESPONSIBILITY & ENVIRONMENTAL, SOCIAL. AND GOVERNANCE COMMITTEE ("CORPORATE SOCIAL RESPONSIBILITY COMMITTEE")

# **Terms of Reference**

- (a) To formulate and recommend to the Board, a corporate social responsibility policy stipulating, amongst others, (iv) monitoring and reporting mechanism for the the guiding principles for selection, implementation projects or programmes; and and monitoring the activities as well as formulation of the annual action plan which shall indicate the activities (v) details of need and impact assessment, if any, for to be undertaken by the Company as specified in the projects undertaken by the Company; and Schedule VII of the Companies Act and the rules made (j) Such terms of reference as may be prescribed under thereunder and make any revisions therein as and when the Companies Act and SEBI Listing Regulations. decided by the Board;
- (b) Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Company in the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years;
- (c) To identify corporate social responsibility policy partners and corporate social responsibility policy programmes;
- (d) To review and recommend the amount of expenditure to be incurred for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;
- (e) To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- (f) To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper 4. **REMUNERATION OF DIRECTORS** implementation and timely completion of corporate social responsibility programmes;
- (g) To perform such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company and exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act.
- (h) To take note of the Compliances made by implementing agency (if any) appointed for the corporate social responsibility of the Company.
- (i) The Corporate Social Responsibility Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its corporate social responsibility policy, which shall include the following:
  - (i) the list of corporate social responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act;

- (ii) the manner of execution of such projects or programmes as specified in the rules notified under the Companies Act;
- (iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;

Under the aegis of the ESG initiative, the Committee will have oversight responsibility on the Company's business operations from the standpoint of impact on environment and society. This underscores the Company's commitment as a responsible corporate citizen to improve execution of its business operations in a sustainable, environment friendly manner in the society and markets it operates in. The ESG initiatives will be aimed at favourably impacting creation of opportunities for people, businesses and communities the Company works with.

The Committee will present proposed initiatives to the Board in this regard.

# **Details of Committee Meeting**

The Committee met 3 (Three) times during the year under review on May 25, 2022, September 30, 2022 and February 07, 2023 and the requisite quorum was present at all the meetings. The details of attendance of the Committee Members are given in this Report.

# **Remuneration Policy**

In terms of Section 178 of the Act and Regulation 19 of the Listing Regulations, the Board of your Company, on recommendation of the Nomination and Remuneration Committee ('NRC' or 'the Committee'), adopted Remuneration policy for Directors, Key Managerial Personnel and other Employees ('Remuneration Policy') which sets out criteria for the remuneration for Directors, Key Managerial Personnel ('KMP') and other employees so as to attract, retain and reward talent who will contribute to our long-term success and thereby build value for the shareholders.

As per Remuneration Policy, the Company expects its employees to foster a culture of growth and high performance. Our Policy supports the design of programmes that align rewards - including incentive programmes, retirement benefit programmes, promotion and advancement opportunities - with the long-term success of our stakeholders. The Policy enables and encourages employees to live by and demonstrate the Nykaa Values in its true spirit.

# **Remuneration of Directors:**

- Executive Directors shall be eligible for remuneration as may be approved by the Board on recommendation of the Committee. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Act and the rules made thereunder.
- Non-Executive/Independent Directors will be eligible for sitting fees for attending meetings of Board or Committee as fixed by the Board on the recommendation of the Committee in accordance with the provisions of the Act, and the rules made thereunder.
- Commission may be paid subject to the limits as per the applicable provisions of the Act.

# Remuneration to KMP and other employees:

• The KMP and other employees shall be paid remuneration as per the Company's Compensation Policy, designed around the following primary pay components: fixed pay, annual variable pay, longterm incentives, perks and benefits. The break-up of the pay scale and other components shall be governed by HR Policies of the Company. The remuneration is reviewed annually through the cyclical compensation review process.

The Remuneration Policy of the Company has been uploaded on the Company's website and can be accessed at: <u>https://www.nykaa.com/media/</u> wysiwyg/2021/Investors-Relations/pdfs/10-11/ Remuneration-Policy-for-Directors-KMP-andother-employees.pdf.

Remuneration to Executive Directors for the Financial Year 2022-23

(1) Ms. Falguni Nayar

The remuneration paid to Ms. Falguni Nayar as an Executive Chairperson, Managing Director and Chief Executive Officer for the FY 2022-23, is as follows:

Fixed Compensation: ₹ 11.50 million, \*Variable Pay: Nil, Perquisites / Benefits: ₹ 0.83 million; Ex-gratia amount: Nil

\*2% of the profit before tax of our Company on consolidated basis, subject to applicable statutory limits as approved by the Shareholders pursuant to their resolution dated March 08, 2021.

Term: Ms. Falguni Nayar was designated as the Executive Chairperson, Managing Director and Chief Executive Officer for a period of five years with effect from February 12, 2021 until February 11, 2026 pursuant to the Nomination and Remuneration Committee resolution dated February 09, 2021, Board resolution dated February 12, 2021 and Shareholders' resolution dated March 08, 2021

Service contract: 5 years

Notice period: 6 months

Severance fees: 2 Years' compensation (computed basis prevailing annual fixed remuneration and average of immediately preceding two years profit shares paid to Ms. Falguni Nayar)

Stock Options: Nil

(2) Ms. Adwaita Nayar

The remuneration paid to Ms. Adwaita Nayar as an Executive Director for the FY 2022-23 is as follows:

Fixed Compensation: ₹ 22.00 million, \*Variable Pay: ₹ 1.92 million, Perquisites / Benefits: ₹ 0.37 million; Ex-gratia amount: Nil.

\*0.5% of profit before tax of the Company on a consolidated basis, subject to applicable statutory limits as approved by the Shareholders pursuant to their resolution dated July 16, 2021.

Term: Ms. Adwaita Nayar was designated as an Executive Director for a period of five years with effect from July 1, 2021 until June 30, 2026 pursuant to the Nomination and Remuneration Committee resolution dated June 28, 2021, the Board resolution dated June 30, 2021 and the Shareholders' resolution dated July 16, 2021

Service contract: 5 years

Notice period: 6 months

Severance fees: 2 Years' compensation (computed basis prevailing annual fixed remuneration and average of immediately preceding two years profit shares paid to Ms. Adwaita Navar)

Stock Options: Nil

(3) Mr. Anchit Nayar

The remuneration paid to Mr. Anchit Nayar as an Executive Director for the FY 2022-23 is as follows:

Fixed Compensation: ₹ 2.20 million, \*Variable Pay: Nil, Perquisites / Benefits: ₹ 0.44 million; Ex-gratia amount: Nil.

\*0.5% of profit before tax of the Company on a consolidated basis, subject to applicable statutory limits as approved by the Shareholders pursuant to their resolution dated July 16, 2021.

Term: Mr. Anchit Nayar was designated as an Executive Director for a period of five years with effect from July 1, 2021 until June 30, 2026 pursuant to the Nomination and Remuneration Committee resolution dated June 28, 2021, the Board resolution dated June 30, 2021 and the Shareholders' resolution dated July 16, 2021

Service contract: 5 years

Notice period: 6 months

Severance fees: 2 Years' compensation (computed basis prevailing annual fixed remuneration and average of immediately preceding two years profit shares paid to Mr. Anchit Nayar)

Stock Options: Nil

# Bonus or profit-sharing plan for the Directors

Other than the variable pay plan as envisaged in the agreement entered into with the Company by Ms. Falguni Nayar, Ms. Adwaita Nayar and Mr. Anchit Nayar, individually, the Company

# Reimbursement of expenses

The Non-Executive Directors are also entitled to reimbursement of expenses for participation in the Board and other meetings in terms of the Act. The details of sitting fees and commission paid by the Company to its Non-Executive Directors for the financial year 2022-23 are as under:

Sr. No.	Name of the Director	Sitting fees paid	Commission Paid	Total Remuneration
1	Ms. Anita Ramachandran	1.40	2.00	3.40
2	Mr. Milind Sarwate	1.33	3.00	4.33
3	Ms. Alpana Parida	1.30	1.00	2.30
4	Mr. Pradeep Parameswaran	0.68	1.00	1.68
5	Mr. Seshashayee Sridhara	0.78	1.00	1.78
6	Mr. Milan Khakhar	1.28	Nil	1.28

No sitting fees or commission was paid to Mr. Sanjay Nayar for the Financial Year 2022-23.

During the year, there was no pecuniary relationship or transaction between the Company and any of its Non-Executive Directors apart from sitting fees and commission. The Company has not granted any stock options to any of its Non-Executive Directors.

# Remuneration paid by Subsidiaries of the Company:

None of the Non-Executive Directors (including Independent Directors) have received or were entitled to receive any remuneration (apart from sitting fees and/ or commission) from any of Subsidiaries of the Company in FY 2022-23. The Executive Directors of the Company, as per their terms of agreement entered with the Company and as approved by the Nomination and Remuneration Committee, has received the following remuneration from Nykaa E-Retail Private Limited, a wholly-owned subsidiary of the Company:

## Name & Designation

Ms. Falguni Nayar, Executive Chairperson & Managing Dia and Chief Executive Officer Mr. Anchit Nayar, Executive Director does not have any performance linked bonus or a profit-sharing plan for the said Directors.

# • Remuneration to Non-Executive Directors for the Financial Year 2022-23

# Sitting Fees

The Non-Executive Directors are entitled to sitting fees for attending the meetings of the Board of Directors and Committees thereof. Sitting fees paid to Independent Directors/Non-Executive Director are within the prescribed limits under the Act and as determined by the Board of Directors from time to time.

# Commission

The Shareholders at the Extra-Ordinary General Meeting held on July 28, 2021 approved payment of commission to be paid to the Independent Directors not exceeding 1% of the profits of Company and/or its Subsidiaries and sitting fees, as applicable, for the year or such limits as may be prescribed under the Act, provided that such sitting fees and commission is recommended by the Nomination and Remuneration Committee of the Board and approved by Board and shareholders of the Company or of the subsidiaries, as applicable.

		(₹ in million)
Fixed Compensation	Variable Pay	Total
46.00	7.68	53.68
19.80	1.92	21.72
	Compensation 46.00	CompensationVariable Pay46.007.68

(₹:n million)



#### 5. GENERAL BODY MEETING

#### Previous 3 (Three) Annual General Meetings

Year	Date	Time	Location	Special Resolutions passed
2022*	August 10, 2022	5:00 p.m.	104 Vasan Udyog Bhavan, Sun Mill Compound, Lower Parel (W), Mumbai – 400 013	Nil
2021*	September 29, 2021	5:00 p.m.	104 Vasan Udyog Bhavan, Sun Mill Compound, Lower Parel (W), Mumbai – 400 013	Nil
2020*	September 30, 2020	12:00 noon	104 Vasan Udyog Bhavan, Sun Mill Compound, Lower Parel (W), Mumbai – 400 013	Issue of Optionally Convertible Redeemable Non-Cumulative Preference Shares

\*In compliance with the provisions of the Ministry of Corporate Affairs ("MCA") General Circular No. 2/2021 dated January 13, 2021 and MCA General Circular No. 20/2020 dated May 5, 2020 read together with MCA General Circular Nos. 14 & 17/2020 dated April 08, 2020 and April 13, 2020 respectively, and Securities and Exchange Board of India ("SEBI") Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, the Company conducted the AGM through Video Conferencing/Other Audio Visual Means ("VC"/"OAVM").

Further, in accordance with the Secretarial Standard - 2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") read with Clarification/Guidance on applicability of Secretarial Standards - 1 and 2 dated April 15, 2020 issued by the ICSI, the proceedings of the AGM are deemed to be conducted at the Registered Office of the Company being the deemed venue of the AGM.

#### Postal Ballot

#### Resolutions for which approval was sought through the Postal Ballot and voting pattern:

Pursuant to Section 110 of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, during the year under review, your Company has sought the approval of shareholders vide Postal Ballot Notice dated April 22, 2022 and October 03, 2022, for the below-mentioned resolutions:

Date	Type of Resolution	Resolutions passed	Votes in favour (%)	Votes against (%)
May 24, 2022	Special Resolutions	Special Resolutions • Approval for increase in borrowing powers of the Company under Section 180(1)(c) of the Companies Act, 2013		2.78
		<ul> <li>Approval for creation of charge/mortgage on the assets of the Company under Section 180(1)(a) of the Companies Act, 2013</li> </ul>	96.72	3.28
		<ul> <li>Approval for increase in limits of investments/ loans/ guarantees/ securities under Section 186 of the Companies Act, 2013</li> </ul>	96.09	3.91
November 02, 2022	Ordinary Resolutions	<ul> <li>Reclassification of Authorized Share Capital and consequent alteration of Memorandum of Association of the Company</li> </ul>	100.00	0.00
		Issue of Bonus Shares	99.99	0.01
	Special Resolutions	<ul> <li>Approval for 'FSN E-Commerce Ventures Limited – Employee Stock Option Plan 2022'</li> </ul>	91.65	8.35
		<ul> <li>Approval for grant of Employee Stock Options to the eligible employees of Group Companies, including Subsidiary and Associate Company(ies) of the Company under 'FSN E-Commerce Ventures Limited</li> <li>Employee Stock Option Plan 2022'.</li> </ul>	91.63	8.37
		<ul> <li>Approval for 'FSN E-Commerce Ventures Limited – Employee Stock Unit Plan 2022'</li> </ul>	93.84	6.16
		<ul> <li>Approval for grant of Employee Stock Units to the eligible employees of group companies, including subsidiary and associate company(ies) of the Company under 'FSN E-Commerce Ventures Limited – Employee Stock Unit Plan 2022'</li> </ul>	93.89	6.11

The Board of Directors of your Company had appointed Mr. Sachin Sharma (Membership No. 46900/CP. No. 20423), Designated Partner, M/s. Sharma and Trivedi LLP (LLPIN: AAW-6850), Company Secretaries, Mumbai or failing him Mr. Dinesh Trivedi (Membership No. 23841/CP. No. 22407), Designated Partner, M/s. Sharma and Trivedi LLP (LLPIN: AAW-6850), Company Secretaries, Mumbai as Scrutiniser for conducting the Postal Ballot/evoting process in a fair and transparent manner.

### Procedure adopted for Postal Ballot:

- e-mail addresses were not registered with the depositories.
- by the Institute of Company Secretaries of India.
- in the names of the Members as on the cut-off date, as given below:

Sr. No.	Postal Ballot Notice	Cut-off Date	Remote e-voting period
1	April 22, 2022	April 22, 2022	Commenced on April 25, 2022 at 09:00 a.m. (IST) and concluded on May 24, 2022 at 05:00 p.m. (IST)
2	October 03, 2022	September 30, 2022	Commenced on October 04, 2022 at 09:00 a.m. (IST) and concluded on November 02, 2022 at 05:00 p.m. (IST)

# Details of Special Resolutions proposed to be conducted through Postal Ballot:

No special resolution is proposed to be conducted through Postal Ballot as on the date of this report.

### 6. MEANS OF COMMUNICATION

- newspaper where the registered office of the Company is situated.
- com/stock-exchange-filings.
- and displayed on your Company's website at https://www.nykaa.com/stock-exchange-filings.
- through their designated portal.
- Reports, various policies, intimation to stock exchanges etc. are available on the website.
- investor servicing:

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The Notice of the Postal Ballot containing the Resolution and Explanatory Statement, were e-mailed to those Members whose names appeared on the Register of Members/List of Beneficial Owners as received from National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") as on cut-off date and were sent only in electronic mode to those Members whose e-mail addresses were registered with the Company or RTA or the Depository Participant(s). The details of E-Voting Event Number ("EVEN"), User ID and Password were e-mailed by RTA to those Members whose e-mail IDs were registered with the Company/Depository Participant(s). The Notice also specified the procedure for registering the e-mail addresses and obtaining the Notice of Postal Ballot and remote e-voting instructions by the Members whose

The advertisement was published in the Newspapers (including e-Newspapers) viz. 'The Free Press Journal' (English) and 'Navshakti' (Marathi) declaring the details of completion of dispatch, e-voting details and other requisite details in terms of the Act read with the Rules issued thereunder and the Secretarial Standards issued

During the remote e-voting period, voting rights were reckoned on the paid-up value of equity shares registered

After the completion of scrutiny, the Scrutiniser submitted his Report within time stipulated in the Listing Regulations, and the resolutions were deemed to have been passed on the last date of remote e-voting.

Financial Results: Your Company's quarterly financial results are submitted to the stock exchanges within fortyfive days from the end of the quarter and the audited annual results are announced within sixty days from the end of the financial year as required under the Listing Regulations which are also available on the website of your Company at https://www.nykaa.com/investor-relations. The results are usually published in (Financial Express/ Free Press Journal) English newspaper having country-wide circulation and in (Navshakti/Loksatta) Marathi

Investors/Analysts Meets: Your Company's officials interact on a regular basis with stakeholders through investor meetings, investor calls, media interactions, interviews, etc. Intimation, presentations and outcome of such meets are uploaded on the website of stock exchanges and displayed on your Company's website at https://www.nykaa.

Press/Media releases: Official news and press/media releases are uploaded on the website of stock exchanges

Compliance Reports, Corporate Announcements, Material Information and Updates: Your Company disseminates the requisite compliance reports and corporate announcements/updates to the stock exchanges

Website: Your Company's website https://www.nykaa.com/investor-relations contains a separate section for investors. Information on various topics such as the Board of Directors, Committees of the Board, Annual

Designated Exclusive E-mail IDs: Your Company has designated the following E-mail IDs exclusively for

(a) For Investor Queries and Grievance **Redressal:** 

investor-relations@nykaa.com nykaacompanysecreatary@nykaa.com

# (b) For queries in respect of shares in physical mode:

linkcs@linkintime.co.in

In line with the "Green Initiative" undertaken by . the Ministry of Corporate Affairs, the Company will be sending this year's Annual Report (including subsequent notices and communications, as permissible) to the shareholders who have registered their email address with the Company/ Depository. The Annual Reports of your Company are also available in the Investor Relations section of the Company's website.

# 7. GENERAL SHAREHOLDER INFORMATION

- **Corporate Identification Number:** . L52600MH2012PLC230136
- **Registered Office Address:** 104 Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel Mumbai – 400 013.
- Annual General Meeting through Video Conferencing / Other Audio-Visual Means Facility Date : Monday, September 18, 2023
  - Time : 10:30 a.m. (IST)
  - : Meeting through VC/OAVM Venue

[Deemed Venue for Meeting: Registered Office of the Company at 104 Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel Mumbai - 400 013]

- **Financial Year** The financial year covers the period from April 01, 2022 to March 31, 2023.
- Listing details

BSE Limited ("BSE"),	National Stock Exchange
Phiroze Jeejeebhoy	of India Limited ("NSE"),
Towers,	Exchange Plaza, Bandra-
Dalal Street,	Kurla,
Mumbai - 400 001	Complex, Bandra (East),
Stock Code: 543384	Mumbai - 400 051
	Symbol: NYKAA

Payment of Listing Fees

Annual Listing Fees for the Financial Year 2023-24 has been paid by the Company to National Stock Exchange of India Limited and BSE Limited.

- Transfer of unclaimed/unpaid amount to the Investor Education and Protection Fund During the year under review, the Company was not required to transfer any fund to the Investor Education and Protection Fund.
- Market Price Data for the period April 01, 2022 to March 31, 2023:

Share price performance on National Stock Exchange of India Limited (NSE) & BSE Limited (BSE):

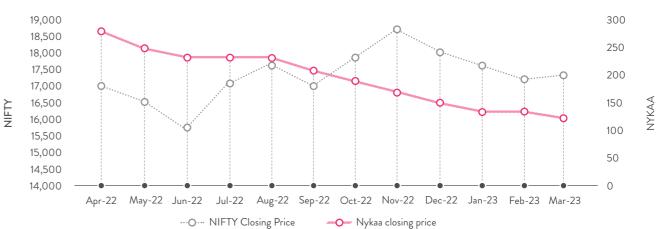
Market Price Data for the period April 01, 2022 to March 2023						
Month		NSE			BSE	
(FY 2022-23)	High (₹)	Low (₹)	Volume (₹)	High (₹)	Low (₹)	Volume (₹)
April 2022	1,892.65	1,650.00	74,14,248	1,891.35	1,650.70	5,55,756
May 2022	1,737.60	1,207.50	1,42,50,409	1,753.80	1,208.40	9,99,865
June 2022	1,543.00	1,312.05	1,40,95,419	1,542.85	1,313.30	5,50,012
July 2022	1,486.55	1,374.05	64,03,025	1,486.50	1,375.00	3,45,265
August 2022	1,475.00	1,305.90	91,20,382	1,474.00	1,318.65	6,00,362
September 2022	1,390.00	1,245.40	65,13,270	1,391.00	1,245.50	5,19,418
October 2022	1,414.00	975.00	2,67,95,745	1,411.80	975.50	14,25,204
November 2022	1,233.30	*165.65	41,05,14,534	1,233.00	*166.85	16,85,23,651
December 2022	*180.30	*139.40	18,58,43,428	*180.20	*139.35	5,48,09,771
January 2023	*156.90	*120.70	37,00,86,264	*156.90	*120.75	2,24,85,860
February 2023	*156.90	*133.10	22,56,37,289	*156.95	*133.10	1,60,46,399
March 2023	*151.00	*123.00	21,92,28,884	*150.65	*120.50	1,23,50,432

\*Price from November 10, 2022 is Ex-Bonus

(Source: The above information is compiled from the data available on the websites of BSE and NSE)

Share Price Performance in comparison to broad-based indices - NSE Nifty and BSE Sensex

**NIFTY 50 vs NYKAA Share Price** 







\*Share price movement has been adjusted considering the impact of Bonus Issue of Equity Shares in the ratio of 5:1

- Suspension from trading:
- Registrar to an issue and share transfer agent: . Link Intime India Private Limited

Link Intime In	dia	Private Limited
C-101, 1 <sup>st</sup> Flo	oor,	247 Park, Lal Bahadur Shast
Tel. No.	:	022 4918 6000
Fax	:	022 4918 6060
Email	:	<u>rnt.helpdesk@linkintime.co</u>
Website	:	https://linkintime.co.in/
Toll Free No.	:	1800 1020 878

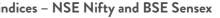
# Address for correspondence:

•

# For Shares held in Physical form

		-					
${\sf Shareholders}$	may	y correspond with the Registra					
Link Intime In	Idia	Private Limited					
C-101, 1 <sup>st</sup> Floor, 247 Park, Lal Bahadur Shast							
Tel. No.	:	022 4918 6000					
Fax	:	022 4918 6060					
Email	:	<u>rnt.helpdesk@linkintime.co</u>					
Website	:	https://linkintime.co.in/					
Toll Free No.	:	1800 1020 878					

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No Securities of your Company were suspended from trading during the financial year 2022-23.

tri Marg, Vikhroli (West), Mumbai – 400 083, India.

<u>...in</u>

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ar and Transfer Agents at:
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tri Marg, Vikhroli (West), Mumbai – 400 083, India.

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#### For Shares held in Demat form

Investors' concerned Depository Participant(s) and/or Link Intime India Private Limited.

Your Company has also designated nykaacompanysecretary@nykaa.com as an exclusive E-mail ID for Investors for the purpose of registering complaints.

#### Share Transfer System: •

Transmission, dematerialisation of shares and all other investor related matters are attended to and processed by the Company's RTA. Pursuant to Regulation 40 of the Listing Regulations, the requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with respective Depositories i.e., National Securities Depository Limited and Central Depository Services (India) Limited.

To enhance the ease of dealing in securities market by investors, SEBI vide its circular dated January 25, 2022, has mandated the listed companies to issue securities in demat form only while processing service requests viz. to issue of duplicate securities certificate, renewal / exchange of securities certificate, endorsement, sub-division / splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition. Shareholders holding shares in

physical form are accordingly advised to avail the facility of dematerialisation by getting in touch with any Depository Participant having registration with SEBI for safeguarding their holdings and managing the same hassle free.

Equity Shares in physical form are processed by the RTA viz. Link Intime India Private Limited and approved by the Stakeholders' Relationship Committee. The requests received by the Company/RTA for dematerialisation/rematerialisation are disposed off expeditiously. During the year under review, the Company has not received any rematerialisation request.

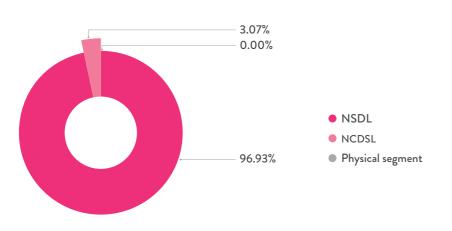
Your Company obtained, a certificate from a Company Secretary in Practice, certifying that all certificates for transfer, transmission, sub-division, consolidation, renewal, exchange and deletion of names were issued as required under Regulation 40(9) of the Listing Regulations and were duly filed with the Stock Exchanges.

#### Dematerialisation of shares:

As mandated by the Securities and Exchange Board of India ("SEBI"), securities of the Company can be transferred/traded only in dematerialised form. As on March 31, 2023, approximately 100% of shareholding was held in Dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

Break up of shares in phys	ical and demat form as on March 31, 2023	
MODE OF HOLDING	NO. OF SHARES	% OF SHARE CAPITAL
Physical Segment	126	0.00
Demat Segment	285,24,46,594	100.00
NSDL (A)	276,49,72,478	96.93
CDSL (B)	8,74,74,116	3.07
Total	285,24,46,720	100.00

### Dematerialisation of shares



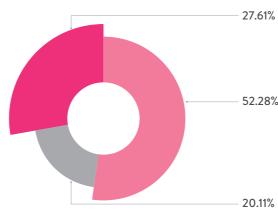
#### Distribution of Shareholding by Size as on March 31, 2023:

Category (shares)	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 to 500	5,53,618	94.36	4,15,10,868	1.46
501 to 1000	18,596	3.17	1,32,52,018	0.46
1001 to 2000	8,052	1.37	1,14,08,112	0.40
2001 to 3000	2,643	0.45	66,42,782	0.23
3001 to 4000	954	0.16	33,48,003	0.12
4001 to 5000	617	0.11	28,44,055	0.10
5001 to 10000	1,085	0.18	76,91,611	0.27
10001 and Above	1,164	0.20	276,57,49,271	96.96
Total	5,86,729	100.00	285,24,46,720	100.00

#### Shareholding Pattern as on March 31, 2023:

	0	,				
Sr. No.	Category of Shareholder	No. of shareholders	Total number of shares (fully paid up)	Total number of shares (partly paid up)	Total number of shares (fully and partly paid up)	% of total no. of shares
(A)	Shareholder of Promoter and Promoter Group					
1	Indian	9	149,13,92,142	0	149,13,92,142	52.28
2	Foreign	0	0	0	0	0
	Total shareholding of Promoter and Promoter Group	9	149,13,92,142	0	149,13,92,142	52.28
(B)	Public Shareholding					
1	Institutions	269	57,35,14,744	0	57,35,14,744	20.11
2	Non-Institutions	5,77,675	78,75,39,834	0	78,75,39,834	27.61
	Total public shareholding	5,77,944	136,10,54,578	0	136,10,54,578	47.72
	Total (A+B)	5,77,953	285,24,46,720	0	285,24,46,720	100.00

### Categrry-wise shareholding



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- Promoter and promoter group
- Institutions

Non-Institutions

#### • Liquidity:

The shares of your Company are actively traded on BSE and NSE. Relevant data for the average daily turnover for FY 2022-23 is given below:

Particulars	NSE	BSE	NSE + BSE
Shares (in No.)	12,50,804	81,36,535	93,87,339
Value (in ₹ crores)	21.1	137.3	158.4

(Source: The above information is compiled from the data available on the websites of BSE and NSE)

#### • Outstanding GDRs/ ADRs/ Warrants and Convertible Instruments:

Pursuant to ESOP and RSU Schemes approved by the Company, there are 88,73,560 outstanding employee stock options and 24,00,000 restricted stock units as on March 31, 2023 with vesting period from 1 to 4 years from the date of grant. Such outstanding employee stock options and restricted stock units represents 112,73,560 equity shares, constituting 0.395% of the Company's paid-up equity share capital.

Save and except the above, the Company does not have any outstanding GDRs/ ADRs/Warrants or any other convertible instruments as on March 31, 2023, having any impact on equity.

#### • Plant Locations:

Considering the nature of business in which your Company is engaged it does not have any manufacturing plant.

#### List of all Credit Ratings obtained by the Company along with revisions for the FY 2022-23:

CRISIL Ratings Limited had assigned the credit rating to your Company as follows:

Type of Credit Rating	During the Financial year 2022-23
Long Term Rating	CRISIL A-/Stable (Reaffirmed)
Short Term Rating	CRISIL A2+ (Reassigned)
Corporate Credit Rating	CRISIL A-/Stable (Reaffirmed)

 Management Discussion and Analysis Report: Management Discussion and Analysis Report forms part of this Annual Report.

# 8. OTHER DISCLOSURES / COMPLIANCES / CERTIFICATIONS DISCLOSURE FROM SENIOR MANAGEMENT

#### Subsidiary Companies – Monitoring Framework

The Company monitors performance of its subsidiary companies, *inter alia*, by the following means:

- (i) The Audit Committee reviews financial statements of the subsidiary companies, along with investments made by them, on a quarterly basis.
- (ii) The Board of Directors reviews the Board Meeting minutes and statements of all significant transactions and arrangements, if any, of subsidiary companies.
- (iii) At least one Independent Director of the Company is on the Board of Directors of unlisted material subsidiaries.

The Company has formulated a policy for determining its 'Material' Subsidiaries and the same is available on the website of the Company - <u>https://www.nykaa.com/</u>. The weblink for the same is <u>https://www.nykaa.com/media/</u>wysiwyg/2021/Investors-Relations/pdfs/10-11/Policy-for-determining-Material-Subsidiary.pdf

The material subsidiaries of the Company along with the details of their Statutory Auditors' are specified hereunder:

Sr. No.	Material Subsidiary	Date and Place of Incorporation	Name of Statutory Auditors	Appointment Date of such Auditor	
1	Nykaa E-Retail Private Limited	February 22, 2017, Mumbai	M/s. S. R. Batliboi &	November 30, 2021	
2	FSN Brands Marketing Private Limited	February 19, 2015, Mumbai	Associates LLP, Mumbai		

Under the Listing Regulations, a "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. [for appointment of Independent Director of the Company on the board of material subsidiary (refer iii above) - twenty percent of the consolidated income or net worth respectively, of the listed

entity and its subsidiaries in the immediately preceding accounting year].

The Company does not have a listed subsidiary.

#### Related Party Transactions & Conflict of Interest

All the contracts/ arrangements/ transactions entered by your Company during the financial year with related parties were in its ordinary course of business and on arms' length basis. The Company has made full disclosure of transactions with the related parties as set out in Note 8, 9, 17, 44 and 45B of Standalone Financial Statement, forming part of the Annual Report. There were no materially significant related party transactions which could have potential conflict with interest of the Company at large.

Your Company's Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions is available on the website of the Company at <u>https://www.nykaa.com/media/wysiwyg/2021/</u> <u>Investors-Relations/pdfs/10-11/Related-Party-</u> <u>Transaction-Policy.pdf</u>

#### Details of non-compliance on matters relating to Capital Market Compliance with Listing Regulations

Equity shares of the Company are listed and traded on National Stock Exchange of India Limited and BSE Limited w.e.f. November 10, 2021. The Company has complied with the Rules, Regulations and Guidelines prescribed by Securities and Exchange Board of India ('SEBI') and Stock Exchange as applicable to the

	Utilisation of funds raised through IP	C	
Mode	Object	Amount Allocated	Amount Utilised as on March 31, 2023
IPO	Investment in certain Subsidiaries for setting up of retail stores	₹ 420 million	₹182.58 million
	Capital expenditure and Investment in certain Subsidiaries for setting up of warehouses	₹420 million	₹ 324.94 million
	Repayment of certain borrowings of the Company	₹ 1,560 million	₹ 1,560.00 million
	Acquire and retain customers by enhancing the visibility and awareness of our brands	₹ 2,340 million	₹ 2,340.00 million
	General Corporate Purposes	₹ 1,305.72 million	₹ 1,305.72 million
	Net Proceeds	₹ 6,009.51 million	₹ <b>5,713.24</b> million

Your Company has appointed ICICI Bank Limited as Monitoring Agency in terms of Regulation 41 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI ICDR Regulations'), as amended from time to time, to monitor the utilisation of IPO proceeds and the Company has obtained monitoring reports from the Monitoring Agency from time to time confirming no deviation or variation in the utilisation of proceeds of the IPO from the objects stated in the Prospectus dated November 2, 2021. The Company has submitted the statement(s) and report as required under Regulation 32 of the SEBI LODR Regulations to both the exchanges where the shares of the Company are listed, namely, National Stock Exchange of India Limited and BSE Limited and on timely basis.

During the year under review, the Company has not raised funds through preferential allotment or qualified institutions placement.

#### Equity Shares in the suspense account

The Company does not have any equity shares in the suspense account.

Company, from time to time. Since the date of its listing, there were no penalties or strictures imposed on the Company by the Stock Exchange(s), SEBI and/ or any other statutory authorities on matters relating to capital market.

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#### Website

All the information and disclosures required to be disseminated pursuant to the Listing Regulations and the Act are being posted at Company's corporate website at <u>https://www.nykaa.com/investor-relations</u>.

# Disclosure of commodity price risks and commodity hedging activities

The Company has taken suitable steps to hedge against foreign exchange risk(s) from time to time to protect from currency risk fluctuations.

However, the Company has not entered into any commodity pricing risk hedging activities and hence the disclosure under Clause 9(n) of Part C of Schedule V in terms of the format prescribed vide SEBI Circular dated November 15, 2018, is not required to be made.

Proceeds from Initial Public Offering or preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the Listing Regulations

The utilisation of funds raised through Initial Public Offering ("IPO") have been mentioned hereunder:

### Code of Conduct

The Company is committed to compliance with all the applicable laws and regulations with the intent of high business ethics, honesty and integrity. The Company has adopted the 'Code of Conduct for Board and Senior Management' which is posted on the website of the Company. All Board members and senior management personnel have confirmed compliance to the Code of Conduct. A declaration to this effect, duly signed by the Executive Chairperson, Managing Director & CEO of the Company forms part of this Report as Annexure-II(A). The above code is also displayed on the Company's website at <u>https://www.</u>nykaa.com/media/wysiwyg/2021/Investors-Relations/ pdfs/10-11/Code-of-Conduct-for-Board-and-Senior-Management.pdf

#### Code for prevention of Insider-Trading Practices

In accordance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has in place following policies/ codes which are revised from time to time according to applicable laws or as per need.

- Code of Conduct for Prevention of Insider • Trading; and
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI). Policy for determination of "legitimate purposes" forms part of this Code.

All compliances relating to Code of Conduct for Prevention of Insider Trading are being managed through a web-based portal installed by the Company. This code lays down guidelines advising the designated persons, insiders and other connected persons, on procedures to be followed and disclosures to be made by them while dealing with the shares of FSN E-Commerce Ventures Limited, and while handling any unpublished price sensitive information, cautioning them of the consequences of violations. The Company Secretary has been appointed as the Compliance Officer.

#### **CEO / CFO Certification**

The Executive Chairperson, Managing Director & Chief Executive Officer and Chief Financial Officer of the Company have jointly furnished an annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations and is attached to this Report as Annexure-II(B).

Further, the Executive Chairperson, Managing Director & Chief Executive Officer and Chief Financial Officer of the Company have also jointly certified and issued the quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

#### No Disgualification Certificate from Company **Secretary in Practice**

A certificate from M/s. S. N. Ananthasubramanian & Co., Company Secretaries, the Secretarial Auditor of the Company, certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by Board/Ministry of Corporate Affairs or any such Statutory Authority, as stipulated under Regulation 34(3) read with Schedule V of the Listing Regulations, is attached to this Report as Annexure-II(C).

#### Fees to Statutory Auditor and its Affiliates

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to Statutory Auditors of the Company and other firms in the network entity of which the Statutory Auditors are a part, during the year ended March 31, 2023, is ₹ 37.89 million (including the audit fees of ₹ 18.3 million).

#### Prevention of Sexual Harassment (PoSH)

Your Company is committed to create and provide an environment free from discrimination and harassment including sexual harassment for all its employees. Your Company has in place Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 which mandates no tolerance against any conduct amounting to workplace sexual harassment. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

The Company prohibits and has zero tolerance towards any actions relating to workplace sexual harassment and it is dealt expeditiously and fairly through prompt and thorough investigation whenever any instance in this regard is reported, the details of which are as under:

Sr. No.	Particulars	Number of Complaints
1	Filed during the financial year under review	Nil
2	Disposed of during the financial year under review	Nil
3	Pending as on end of the financial year	Nil

#### Disclosure of Loans and Advances in the nature of Loans to firms/companies in which Directors are interested

During the Financial Year ended March 31, 2023, there are no loans or advances provided by the Company and its subsidiaries to firms/companies in which Directors were interested.

#### **Compliance with Mandatory Requirements and** Adoption of Discretionary Requirements

Your Company has complied with all mandatory requirements of Regulation 34 of the Listing Regulations and the following discretionary requirement of the Listing Regulations are adopted:

### (1) Unmodified Audit Opinion

During the year under review, there is no audit qualification in your Company's standalone financial statements and consolidated financial statements. Your Company continues to adopt best practices to ensure regime of financial statements with unmodified audit qualifications.

#### (2) Reporting of Internal Auditor

In accordance with the provisions of Section 138 of the Act, your Company has appointed Internal Auditor who directly reports to the Audit Committee of the Board of Directors.

Sr. No.	Particulars	Regulation	Compliance Status Yes/ No/ N.A.	Key Compliance Observed
1	Board of Directors	17	Yes	<ul> <li>Composition and Appointment of Directors</li> <li>Meetings and quorum</li> <li>Review of compliance reports</li> <li>Plans for orderly succession</li> <li>Code of Conduct</li> <li>Fees / compensation to Non-Executive Directors</li> <li>Minimum information to be placed before the Board</li> <li>Compliance Certificate by Chief Executive Officer and Chie Financial Officer</li> <li>Risk management plan, risk assessment and minimisation procedure</li> <li>Performance evaluation of Independent Directors</li> </ul>
2	Maximum Number of Directorships	17A	Yes	<ul> <li>Recommendation of Board for each item of special business</li> <li>Directorships in listed entities</li> </ul>
3	Audit Committee	18	Yes	<ul> <li>Composition</li> <li>Meetings and quorum</li> <li>Chairperson present at AGM</li> <li>Role of the Committee</li> </ul>
4	Nomination and Remuneration Committee	19	Yes	<ul> <li>Composition</li> <li>Meetings and quorum</li> <li>Chairperson present at AGM</li> <li>Role of the Committee</li> </ul>
5	Stakeholders Relationship Committee	20	Yes	<ul> <li>Composition</li> <li>Meetings and quorum</li> <li>Chairperson present at AGM</li> <li>Role of the Committee</li> </ul>
6	Risk Management Committee	21	Yes	<ul> <li>Composition</li> <li>Meetings and quorum</li> <li>Role of the Committee</li> </ul>
7	Vigil Mechanism	22	Yes	<ul> <li>Vigil Mechanism / Whistle-Blower Policy for Directors and employees</li> <li>Adequate safeguards against victimisation</li> <li>Direct access to the Chairperson of Audit Committee</li> </ul>

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#### Compliance Report on Corporate Governance

The Company submits on quarterly basis, a compliance report on corporate governance in the format prescribed by the Securities and Exchange Board of India, within the statutory period, from the close of the quarter with the Stock Exchanges. The said report is placed before the Board every quarter at its subsequent meeting, for its noting and comments/ observations/advice, if any.

### Compliance with requirement of Corporate Governance Report

Your Company has complied with the requirements of Corporate Governance Report of Paras (2) to (10) mentioned in Part 'C' of Schedule V of the Listing Regulations and disclosed necessary information as specified in Regulation 17 to 27 and Regulation 46(2) (b) to (i) of the Listing Regulations in the respective places in this Report:

Sr. No.	Particulars	Regulation	Compliance Status Yes/ No/ N.A.	Key Compliance Observed
8	Related party transactions	23	Yes	<ul> <li>Policy on Materiality of related party transactions and dealing with related party transactions</li> </ul>
				<ul> <li>Prior approval including omnibus approval of Audit Committee for related party transactions</li> </ul>
				Quarterly review of related party transactions
				Disclosure on related party transactions
9	Subsidiaries of the Company	24	Yes	<ul> <li>Appointment of Company's Independent Director on the Board of unlisted material subsidiaries</li> </ul>
				<ul> <li>Review of financial statements and investments of unlisted subsidiaries by the Audit Committee</li> </ul>
				<ul> <li>Minutes of the Board of Directors of the unlisted subsidiaries are placed at the meeting of the Board of Directors</li> </ul>
				<ul> <li>Significant transactions and arrangements of unlisted subsidiaries are placed at the meeting of the Board of Directors</li> </ul>
10	Secretarial Audit	24A	Yes	<ul> <li>Secretarial Audit of the Company and of materia unlisted subsidiaries</li> </ul>
				<ul> <li>Secretarial Audit Report of the Company and of materia subsidiaries are annexed with the Annual Report of the Company</li> </ul>
				Annual Secretarial Compliance Report
11	Obligations with respect to	25	Yes	Tenure of Independent Directors
	Independent Director	rector		<ul> <li>Meetings of Independent Directors</li> </ul>
				Appointment and Cessation of Independent Directors
				Familiarisation of Independent Directors
				<ul> <li>Declaration from Independent Director that he/she meets the criteria of independence are placed at the meeting or Board of Directors</li> </ul>
				• Directors and Officers insurance for all the Independent Directors
12	Obligations with respect	26	Yes	Memberships/Chairmanships in Committees
	to employees including Senior Management, Key			<ul> <li>Affirmation on compliance with Code of Conduct by Directors and Senior Management</li> </ul>
	Managerial Personnel, Directors and Promoters			<ul> <li>Disclosures by Senior Management about potentia conflicts of interest</li> </ul>
				<ul> <li>No agreement with regard to compensation or profit sharing ir connection with dealings in securities of the Company by Key Managerial Personnel, Director and Promoter</li> </ul>
13	Other Corporate	27	Yes	Compliance with discretionary requirements
	Governance requirements			<ul> <li>Filing of quarterly, half-yearly and yearly compliance report or Corporate Governance</li> </ul>
14	Website	46(2)(b)	Yes	• Terms and conditions of appointment of Independent Directors
		to (i)		Composition of various Committees of the Board of Directors
				<ul> <li>Code of Conduct of Board of Directors and Senior Management Personnel</li> </ul>
				$\bullet \qquad {\sf Details of establishment of Vigil Mechanism/Whistle-Blower policy}$
			Criteria of making payments to Non-Executive Directors	
				<ul> <li>Policy on dealing with related party transactions</li> </ul>
				<ul> <li>Policy for determining material subsidiaries</li> </ul>
				<ul> <li>Details of familiarisation programmes imparted to Independent Directors</li> </ul>

# Compliance Certificate from Secretarial Auditor regarding compliance of conditions of Corporate Governance

A certificate from M/s. S. N. Ananthasubramanian & Co., Company Secretaries, regarding compliance of conditions of Corporate Governance forms part of this Annual Report as Annexure-III.

### Disclosure in relation to recommendation made by any Committee which was not accepted by the Board

There was no instance during the financial year 2022-23, where the Board of Directors of the Company has not accepted any recommendations, if any, of its Committees.

### Various policies and the weblinks of respective policies adopted by your Company which are in accordance with the provisions of the Companies Act, 2013 and Listing Regulations:

provisions of the Companies Ac	, 2013 and Listing Regulation
Particulars	Website Links
Vigil Mechanism / Whistle-Blower Policy	https://www.nykaa.com/media/wysiwy Vigil-Mechanism-Policy_2023.pdf
Terms & Conditions of Appointment of Independent Directors	https://www.nykaa.com/media/wysiwy Conditions-of-Appointment-of-ndepe
Risk Management Policy	https://www.nykaa.com/media/wysiwy Management-Policy-v1.pdf
Remuneration Policy for Directors, Key Managerial Personnel and other Employees	https://www.nykaa.com/media/wysiwy Policy-for-Directors-KMP-and-other
Related Party Transaction Policy	https://www.nykaa.com/media/wysiwy Transaction-Policy.pdf
Policy for Succession Planning for the Board & Senior Management	https://www.nykaa.com/media/wysiwy Succession-Planning-for-the-Board-S
Policy on Board Diversity	https://www.nykaa.com/media/wysiwy Diversity.pdf
Policy on Material Subsidiaries	https://www.nykaa.com/media/wysiwy determining-Material-Subsidiary.pdf
Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	https://www.nykaa.com/media/wysiwy Practices-and-Procedures-for-Fair-di
Induction and Familiarisation Programme for Independent Director	https://www.nykaa.com/media/wysiwy Programs-FY-23.pdf
Dividend Distribution Policy	https://www.nykaa.com/media/wysiwy Distribution-Policy.pdf
Policy for Determining Materiality of Events and Information	https://www.nykaa.com/media/wysiwy Disclosures-Policy.pdf
Code of Conduct for Board and Senior Management	https://www.nykaa.com/media/wysiwy for-Board-and-Senior-Management.p
Board of Directors' Evaluation Framework	https://www.nykaa.com/media/wysiwy Directors-Evaluation-Framework.pdf
Policy for Archival of Documents	https://www.nykaa.com/media/wysiwy
Policy for Preservation of Documents	https://www.nykaa.com/media/wysiwy preservation-of-documents.pdf
Nykaa Health, Safety and Environment Policy	https://www.nykaa.com/media/wysiwy Safety-and-Environment-Policy.pdf
Corporate Social Responsibility Policy	https://www.nykaa.com/media/wysiwy
Anti-Corruption & Anti-Bribery Policy	https://www.nykaa.com/media/wysiwy andAnti-Bribery-Policy.pdf

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/wysiwyg/2021/Investors-Relations/pdfs/10-11/Whistle-Blower-<u>3.pdf</u>

/wysiwyg/2021/Investors-Relations/pdfs/10-11/Terms-andf-ndependent-Directors.pdf

/wysiwyg/2021/Investors-Relations/pdfs/10-11/Risk-

/wysiwyg/2021/Investors-Relations/pdfs/10-11/Remunerationd-other-employees.pdf

/wysiwyg/2021/Investors-Relations/pdfs/10-11/Related-Party-

/wysiwyg/2021/Investors-Relations/pdfs/10-11/Policy-on-<u> 30ard-Senior-Management.pdf</u>

/wysiwyg/2021/Investors-Relations/pdfs/10-11/Policy-on-Board-

/wysiwyg/2021/Investors-Relations/pdfs/10-11/Policy-forary.pdf

/wysiwyg/2021/Investors-Relations/pdfs/10-11/Code-of--Fair-disclosure-of-UPSI-.pdf

/wysiwyg/2021/Investors-Relations/pdfs/policies/Familiarisation-

/wysiwyg/2021/Investors-Relations/pdfs/10-11/Dividend-

/wysiwyg/2021/Investors-Relations/pdfs/10-11/Materiality-for-

/wysiwyg/2021/Investors-Relations/pdfs/10-11/Code-of-Conduct-<u>ement.pdf</u>

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<u>ork.pdf</u>

/wysiwyg/2021/Investors-Relations/pdfs/10-11/Archival-Policy.pdf /wysiwyg/2021/Investors-Relations/pdfs/10-11/Policy-for-

/wysiwyg/2021/Investors-Relations/pdfs/10-11/Nykaa-Health-

/wysiwyg/2021/Investors-Relations/pdfs/10-11/CSR-Policy.pdf

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For and on behalf of the Board of Directors

Falguni Nayar Executive Chairperson, Managing Director & CEO DIN:- 00003633

# Annexure-II(A)

## DECLARATION ON ADHERENCE TO THE CODE OF CONDUCT

To, The Members of **FSN E-Commerce Ventures Limited** 

I hereby confirm that pursuant to the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended March 31, 2023.

For and on behalf of the Board of Directors

Falguni Nayar Executive Chairperson, Managing Director & CEO DIN:- 00003633

Place: Mumbai Date: May 24, 2023

# **CEO AND CFO CERTIFICATION**

#### To,

The Board of Directors ('Board') **FSN E-Commerce Ventures Limited** 104 Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel, Mumbai - 400 013

- (1) We have reviewed financial statements and the cash flow statement of FSN E-Commerce Ventures Limited ("the Company") for the year ended March 31, 2023 and to the best of our knowledge and belief:
  - that might be misleading;
  - existing accounting standards, applicable laws and regulations.
- (2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (3) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have controls, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (4) We have indicated to the Auditors and the Audit Committee:
  - (i) there are no significant changes in internal controls over financial reporting during the year;
  - (ii) there are no significant changes in accounting policies during the year; and
  - (iii) there are no instances of significant fraud of which we have become aware.

### For FSN E-Commerce Ventures Limited

P. Ganesh Chief Financial Officer

Place: Mumbai Date: May 24, 2023



# Annexure-II(B)

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with

evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal

Falguni Nayar

Executive Chairperson, Managing Director & CEO DIN: 00003633

# Annexure-II(C)

#### **CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To, The Members, **FSN E-Commerce Ventures Limited** CIN: L52600MH2012PLC230136 104 Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel, Mumbai – 400013

We have examined the following documents:

(i) Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act');

(ii) Disclosure of concern or interests as required under Section 184 of the Act; (hereinafter referred to as 'relevant documents')

as submitted by the Directors of FSN E-Commerce Ventures Limited ("the Company") having its registered office at 104, Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel, Mumbai - 400013, to the Board of Directors of the Company ("the Board") for the Financial Year 2022-2023 and Financial Year 2023-2024 and relevant registers, records, forms and returns maintained by the Company and as made available to us for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of SEBI (LODR) Regulations, 2015. We have considered non-disqualification to include non-debarment by Regulatory/ Statutory Authorities.

It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including Directors Identification Number (DIN) status at the portal https://www.mca.gov.in/), in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorized representatives, we hereby certify that none of the Directors on the Board of the Company, as listed hereunder for the Financial Year ending 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	Director Identification Number (DIN)	Date of Appointment	Date of Cessation
1	Falguni Nayar	00003633	24-04-2012	_
2	Milan Khakhar	00394065	28-09-2015	_
3	Alpana Parida	06796621	28-09-2015	_
4	Anita Ramachandran	00118188	12-10-2015	_
5	Adwaita Nayar	07931382	22-01-2018	-
6	Anchit Nayar	08351358	13-08-2019	-
7	Sanjay Nayar	00002615	09-04-2021	-
8	Pradeep Parameswaran	07206780	15-07-2021	-
9	Milind Sarwate	00109854	15-07-2021	_
10	Seshashayee Sridhara	09247644	26-07-2021	_

This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the Financial Year ended 31<sup>st</sup> March, 2023.

#### For S. N. ANANTHASUBRAMANIAN & Co.

Company Secretaries ICSI Unique Code P1991MH040400 Peer Review Cert. No.: 606/2019

#### S. N. Viswanathan

Partner ACS: 61955 | COP No.: 24335 ICSI UDIN: A061955E000357547

23<sup>rd</sup> May, 2023 | Thane



# Annexure-II(C)

# Annexure-III

#### **CORPORATE GOVERNANCE CERTIFICATE**

[Pursuant to Regulation 34(3) and Schedule V Para E of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)]

To, The Members. **FSN E-Commerce Ventures Limited** CIN: L52600MH2012PLC230136

104, Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel, Mumbai – 400 013

#### 1. Background

We have been approached by FSN E-Commerce Ventures Limited ("the Company") to examine the compliance with the conditions of Corporate Governance by the Company, as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), as amended from time to time, for the financial year ended on 31<sup>st</sup> March 2023.

#### 2. Management's Responsibility

The Compliance of conditions of Corporate Governance stipulated in the Listing Regulations is the responsibility of the management. The management shall devise adequate systems, internal controls and processes to monitor and ensure the same.

#### 3. Our Responsibility

Our responsibility is limited to conduct an examination of the systems, internal controls and processes adopted by the Company and implementation thereof to monitor and ensure with the conditions of Corporate Governance and report thereon.

#### 4. Methodology

- 4.1. In order to conduct our examination, we were provided with the relevant documents and information including explanations, wherever required.
- 4.2. Our examination was conducted in a manner which provided us with a reasonable basis for evaluating the systems, internal controls and processes adopted by the Company to monitor and ensure compliance with the conditions of Corporate Governance and to certify thereon.

#### 5. Opinion

Based on our examination as aforesaid, the information, explanations and representations provided by the management, we certify that, the Company has complied with the conditions of the Corporate Governance stipulated in the Listing Regulations, for the Financial Year ended 31<sup>st</sup> March 2023.

#### 6. Disclaimer

- 6.1. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 6.2. This report is neither an assurance as to the future viability of the Bank/Company nor the efficiency or effectiveness with which the management has conducted the affairs.

#### For S. N. ANANTHASUBRAMANIAN & Co.

Company Secretaries ICSI Unique Code: P1991MH040400 Peer Review Cert. No.: 606/2019

#### S. N. Viswanathan

Partner ACS: 61955 | COP No.: 24335 UDIN: A061955E000357602 23<sup>rd</sup> May, 2023 | Thane

# SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2023 [Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

# To,

The Members. **FSN E-Commerce Ventures Limited** CIN: L52600MH2012PLC230136 104, Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel, Mumbai - 400013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by FSN E-Commerce Ventures Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31<sup>st</sup> March**, **2023** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - Applicable only to the extent of Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):



# Annexure-IV

#### FORM NO. MR-3

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021;
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - Not Applicable as the Company has not delisted/ proposed to delist its equity shares from any Stock Exchange during the financial year under review;
- (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 -Not Applicable as there was no reportable event during the financial year under review;
- (h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 - Not Applicable as there was no reportable event during the financial year under review;
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015;
- (vi) Management of the Company has confirmed that there are no laws specifically applicable to the Company.

We have also examined compliance with the applicable provisions of the following:

- (i) Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
- (ii) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

#### WE FURTHER REPORT THAT:

- > The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors including Independent Directors and Women Directors. There were no changes in the composition of the Board of Directors which took place during the period under review;
- Adequate notice is given to all Directors of the schedule of the Board and Committee Meetings and Agenda & detailed notes on agenda were sent at least seven days in advance and wherever necessary at shorter notice with the consent of all Directors and there exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting;
- > All decisions of Board and Committee meetings were carried unanimously;

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the following events have occurred which had a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc:

- (i) Pursuant to the approval of the Shareholders sought by way of Postal Ballot on 24<sup>th</sup> May, 2022, the Board of Directors were authorised:
  - To borrow the money along with the money already borrowed by the Company in excess of its paid up capital and free reserve i.e. up to ₹ 3,000 crores (Rupees Three Thousand crores only) or the aggregate of the paid up capital and free reserves of the Company, whichever is higher, in terms of Section 180(1)(c) of the Companies Act, 2013.

- To create charges / mortgages / hypothecations within the overall limits of the borrowing powers of the Board of Directors of the Company, as determined from time to time by the Shareholders of the Company, pursuant to Section 180(1)(c) of the Companies Act, 2013.
- To give loans, provide guarantee / security, make investments in addition to the loans and investments so far made in and the amount for which guarantees or securities have so far been provided over and above the limit of 60% of the paid-up share capital, free reserves and securities premium account of the Company or 100% of free reserves and securities premium account of the Company, whichever is higher, in terms of Section 186 of the Companies Act, 2013, upto a sum not exceeding ₹ 3,000 crores (Rupees Three Thousand crores only).

(ii) Pursuant to the approval of the Shareholders sought by way of Postal Ballot on 2<sup>nd</sup> November, 2022:

- The Authorised Share Capital of the Company has been reclassified from ₹ 325,00,00,000/-(Rupees Three Hundred and Twenty-Five crores only) comprising of 275,00,00,000 (Two Hundred and Seventy-Five crores) equity shares of ₹ 1 (Rupee One) each and 50,00,000 (Fifty crores) preference shares of ₹ 1 (Rupee One) each, to ₹ 325,00,00,000/- (Rupees Three Hundred and Twenty-Five crores only) comprising of 325,00,00,000 (Three Hundred and Twenty-Five crores) Equity Shares of ₹ 1/-(Rupee One) each and consequently Clause 5 of the Memorandum of Association of the Company has been altered.
- Authorised the Board to issue 237,35,63,075 (Two Hundred Thirty Seven crores Thirty Five Lakh Sixty Three Thousand and Seventy Five) fully paid-up bonus equity shares of ₹ 1/- each, to the eligible members of the Company in the proportion of 5 (Five) new fully paid-up equity share of ₹ 1/- each for every 1 (One) existing fully paid-up equity shares of ₹ 1/- each held by them, by way of capitalisation of a sum not exceeding ₹ 237,27,61,850/- (Rupees Two Hundred and Thirty Seven crores Twenty Seven Lakhs Sixty One Thousand Eight Hundred and Fifty only) standing to the credit of the Securities Premium Account. The Board allotted the said shares on 12<sup>th</sup> November, 2022.
- The Company has introduced "FSN E-Commerce Ventures Limited - Employee Stock Option Plan 2022" ("Plan") to grant, vest and allot, from time to time, and in one or more tranches, 16,00,000 (Sixteen Lakh) Options, corresponding to 16,00,000 (Sixteen Lakh)

equity shares of the Company of face value of ₹ 1/- (Rupee One only) to or to the benefit of Eligible Employees (as defined in the Plan), as well as the eligible employees of the group companies including the subsidiary companies or associate companies of the Company, in or outside India, as determined by the Board

The Company has introduced "FSN E-Commerce Ventures Limited - Employee Stock Unit Plan 2022" ("Plan") to grant, vest and allot, from time to time, and in one or S. N. Viswanathan more tranches, 4,00,000 (Four Lakh) Units, Partner corresponding to 4,00,000 (Four Lakh) equity shares of the Company of face value of ₹ 1/-(Rupee One only) to or to the benefit of Eligible Employees (as defined in the Plan), as well as the eligible employees of the group companies including the subsidiary companies or associate companies of the Company, in or outside India, as determined by the Board



This Report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

### For S. N. ANANTHASUBRAMANIAN & Co.

**Company Secretaries** ICSI Unique Code: P1991MH040400 Peer Review Cert. No.: 606/2019

ACS: 61955 | COP No.: 24335 ICSI UDIN: A061955E000357525

23<sup>rd</sup> May, 2023 | Thane

# Annexure-A

# FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2023 [Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

# To,

The Members. Nykaa E- Retail Private Limited 104, Vasan Udyog Bhavan, S Bapat Road, Lower Parel Mumbai MH 400013 IN

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Nykaa E- Retail Private Limited (CIN: U74999MH2017PTC291558) ("the Company"). (v) Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2023, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under:
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; (Not applicable to the Company)
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under; (Not applicable to the Company)
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent

To, The Members. **FSN E-Commerce Ventures Limited** CIN: L52600MH2012PLC230136 104, Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel, Mumbai – 400013

Our Secretarial Audit Report for the Financial Year ended 31st March, 2023, of even date is to be read along with this letter.

# **Management's Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

# Auditor's Responsibility

- 2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
- 3. We have conducted the Audit as per the applicable Auditing Standards issued by the Institute of Company Secretaries of India.
- 4. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
- 5. Wherever required, we have obtained reasonable assurance whether the statements prepared, documents or Records, in relation to Secretarial Audit, maintained by the Company, are free from misstatement.
- 6. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, etc.

# Disclaimer

- 7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
- 8. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

# For S. N. ANANTHASUBRAMANIAN & Co.

Company Secretaries ICSI Unique Code: P1991MH040400 Peer Review Cert. No.: 606/2019

### S. N. Viswanathan

Partner ACS: 61955 | COP No.: 24335 ICSI UDIN: A061955E000357525

23<sup>rd</sup> May, 2023 | Thane



# Annexure-IV(A)

of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings

- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- (Not applicable to the Company)
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company)
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company)
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company)
  - (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulation, 2014 and The Securities and Exchange Board of India (Share based Employee Benefits and Sweat Equity) Regulation, 2021; (Not applicable to the Company)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021; (Not applicable to the Company)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company)

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company)
- (vi) Other laws as may be applicable specifically to the company)

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable; (Not applicable to the Company)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

## WE FURTHER REPORT THAT

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period under review, there were no instances of:

- (i) Public/Right/Preferential issue of shares / debentures/ sweat Equity, etc.
- (ii) Redemption / buy-back of securities
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign technical collaborations

# **SAP & Associates**

**Company Secretaries** 

# **Prakash Shenoy**

Partner FCS No.: 12625 | COP No.: 22619 UDIN: F012625E000497571

May 23, 2023 | Navi Mumbai

Note: This Report is to be read with our letter of even date which is annexed as **Annexure A** and Forms an integral part of this report.

#### To, The Members. Nykaa E- Retail Private Limited 104, Vasan Udyog Bhavan, S Bapat Road, Lower Parel Mumbai MH 400013 IN

### Re: Secretarial Audit Report of even date is to be read along with this letter.

- 1. Maintenance of secretarial records is the responsibility of the management. Our responsibility is to express an opinion on these secretarial records based on our audit.
- reasonable basis for our opinion.
- 4. Wherever required, we have obtained management representation about the compliance of laws, rules and regulations and happening of events, etc.
- 6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**SAP & Associates** 

**Company Secretaries** 

## **Prakash Shenoy**

Partner FCS No.: 12625 | COP No.: 22619

May 23, 2023 | Navi Mumbai



# Annexure-A

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. The compliance of the provisions or corporate and other applicable laws, rules, regulations, standards, is the responsibility of management. Our examination was limited to the verification of procedures on test-check basis.

# Annexure-IV(B)

### FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

### To,

The Members, **FSN Brands Marketing Private Limited** A-1,135 Shah and Nahar Industrial Estate Sitaram Jadhav Marg, Lower Parel, Delisle Road Mumbai 400013 IN

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by FSN Brands Marketing Private Limited (CIN: U74120MH2015PTC262096) ("the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records provided to us and maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2023, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956
   ('SCRA') and the rules made there under; (Not applicable to the Company)
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under; (Not applicable to the Company)
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- (Not applicable to the Company)

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company)
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company)
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company)
- (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulation, 2014 and The Securities and Exchange Board of India (Share based Employee Benefits and Sweat Equity) Regulation, 2021; (Not applicable to the Company)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021; (Not applicable to the Company)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
   (Not applicable to the Company) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company)
- (vi) Other laws as may be applicable specifically to the company

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable; (Not applicable to the Company)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

### WE FURTHER REPORT THAT

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure and ensure of this report.



compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period under review, there were no instances of:

- (i) Public/Right/Preferential issue of shares / debentures/ sweat Equity, etc.
- (ii) Redemption / buy-back of securities
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign technical collaborations

### SAP & Associates

Company Secretaries

### **Prakash Shenoy**

Partner FCS No.: 12625 | COP No.: 22619 UDIN: A014026E000492229

May 23, 2023 | Navi Mumbai

# Annexure-A

#### To, The Members, FSN Brands Marketing Private Limited A-1,135 Shah and Nahar Industrial Estate Sitaram Jadhav Marg, Lower Parel, Delisle Road, Mumbai 400013

### Re: Secretarial Audit Report of even date is to be read along with this letter.

- 1. Maintenance of secretarial records is the responsibility of the management. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
- 3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4. Wherever required, we have obtained management representation about the compliance of laws, rules and regulations and happening of events, etc.
- 5. The compliance of the provisions or corporate and other applicable laws, rules, regulations, standards, is the responsibility of management. Our examination was limited to the verification of procedures on test-check basis.
- 6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

### SAP & Associates

Company Secretaries

#### **Prakash Shenoy** Partner FCS: 12625 | COP No.: 22619

May 23, 2023 | Navi Mumbai

# **PARTICULARS OF EMPLOYEES**

[Disclosures required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- 1. The percentage increase in the median remuneration of employees during the financial year is an increase of 13% compared to the previous year's median remuneration\*.
- 2. The ratio of the remuneration of each director to the median remuneration of employees for the financial year 2022-2023: and
- 3. The percentage increase in remuneration of each director, chief financial officer, chief executive officer, company secretary or manager, during the financial year 2022-2023

Sr. No.	Name	Designation	Remuneration for the financial year 2022-2023 (in ₹ Million)	Percentage increase/ (decrease) in Remuneration in the financial year 2022-2023	Ratio to Mediar Remuneration (in times)
Nor	-Executive Directors				
1.	Ms. Anita Ramachandran	Independent Director	2.00	0.00	2.21
2.	Ms. Alpana Parida	Independent Director	1.00	0.00	1.11
3.	Mr. Pradeep Parameswaran	Independent Director	1.00	100.00	1.11
4.	Mr. Seshashayee Sridhara	Independent Director	1.00	100.00	1.11
5.	Mr. Milind Sarwate	Independent Director	3.00	0.00	1.11
Exe	cutive Directors				
6.	Ms. Falguni Nayar	Executive Chairperson, Managing Director & Chief Executive Officer	12.33	(68%) (Refer Note 7)	13.65
7.	Ms. Adwaita Nayar	Executive Director	24.29	28% (Refer Note 8)	26.89
8.	Mr. Anchit Nayar	Executive Director	2.64	(42%) (Refer Note 9)	2.92
Key	Managerial Personnel				
9.	Mr. P. Ganesh	Chief Financial Officer	5.06	(Refer Note 1)	5.60
10.	Mr. Sujeet Jain	Chief Legal and Regulatory Officer, Company Secretary and Compliance Officer	6.51	(Refer Note 2)	7.21
11.	Mr. Arvind Agarwal	Chief Financial Officer	22.15	(Refer Note 3)	24.52
12.	Mr. Rajendra Punde	Company Secretary & Compliance Officer	24.03	(Refer Note 4)	26.60

\*Remuneration includes all elements of cash salary and perquisites including ESOPs

- 1. Appointed as Chief Financial Officer w.e.f. February 03, 2023
- 2. Appointed as Company Secretary and Compliance Officer w.e.f. February 14, 2023
- Resigned as Chief Financial Officer w.e.f. close of business hours on November 25, 2022 3.
- 5.
- any remuneration
- E-Commerce Ventures Limited
- 8. Designated as Executive Director w.e.f. July 01, 2021. PY remuneration was for 9 months
- 9. Ventures Limited



# Annexure-V

Median remuneration of the employees of the company as at the end of the year under review was ₹ 0.9 million which

4. Ceased to be Company Secretary and Compliance Officer w.e.f. close of business hours on February 13, 2023 Remuneration includes all elements of cash salary and perquisites including ESOPs

6. Mr. Sanjay Nayar and Mr. Milan Khakhar, Non-Executive Directors of the Company, were not paid

7. Total earning for the Financial Year 2022-23 was INR 66.01 Mn of which INR 12.33 Mn was through FSN

Designated as Executive Director w.e.f. July 01, 2021. PY remuneration was for 9 months. Total earning for the Financial Year 2022-23 was INR 24.36 Mn of which INR 2.64 Mn was through FSN E-Commerce

- 4. The number of permanent employees on rolls of the company as on March 31, 2023: 247
- 5. Average percentile increase already made in salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentage increase in the salary (fixed pay) of employees other than the managerial personnel in the last financial year is 9%. Individual salaries have been benchmarked against similar companies in India. Increment has been decided basis individual performance, internal parity and market competitiveness.

#### 6. Affirmation that the remuneration is as per the remuneration policy of the Company:

The company affirms that the remuneration paid is as per the remuneration policy of the Company.

For and on behalf of the Board of Directors

Falguni Nayar Executive Chairperson, Managing Director & CEO ĎIN:- 00003633

Place: Mumbai Date: May 24, 2023

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014]

#### (1) Brief Outline on CSR Policy of the Company

The Company through its CSR programme aims to be a champion of authentic self-expression and one that inspires positive change. The philosophy centres around driving Empowerment and Inclusion for all. This includes the communities our business operates in, and the marginalised - socially and economically, as well as society at large. The Company's ambition is to lay a CSR foundation that seamlessly aligns with its social voice and business behaviour. Our intention and efforts will be to ensure programmes that are meaningful, scalable, sustainable and timeless.

The objective of CSR Policy of the Company is to lay down the guidelines and mechanism to carry out CSR projects/programmes by the Company and its subsidiaries and to report its CSR efforts in the format provided by the rules under the Act. The salient features of the CSR Policy are as under:

- Purpose of the Policy
- Policy Statement
- Scope of CSR Activities
- Focus Areas for CSR
- CSR Committee
- CSR Budget
- Project Life Cycle
- CSR Implementation
- Treatment of Surpluses

While the Ministry of Corporate Affairs has spelt out the CSR activities under Schedule VII of the Companies Act, 2013, in order to build focus and have a more impactful execution - with a view to make a difference - Company's focus areas for CSR are as follows:

- Upliftment and mentoring of vulnerable age groups
- Education, skilling & entrepreneurship
- Access to healthcare
- Sustainability and environmental responsibility

During the year under review, Nykaa Foundation was incorporated on June 08, 2022 under the provisions of Section 8 of the Companies Act, 2013 ('the Act') to achieve CSR objectives of the Company and / or its subsidiaries. Nykaa Foundation is involved in undertaking any or all of the permissible CSR activities set out in Schedule VII of the Act, on behalf of the Company or any other company / entity as may be legally permissible from time to time, in accordance with the applicable provisions of the Act, Companies



# Annexure-VI

(Corporate Social Responsibility Policy) Rules, 2014 and other applicable laws, as amended from time to time. With Nykaa Foundation, we have made healthy progress in some of our Company's focus areas for CSR, as follows:

- (a) Slum Soccer: Slum Soccer exists to foster sustainable development within otherwise marginalised populations of India. Their program EduKick, is a unique yet powerful method designed to help students from 1<sup>st</sup> to 4<sup>th</sup> Std to grasp basic concepts of mathematics and increase their awareness about important issues such as pandemic, health and hygiene. Stewarding strategic programmes within the realm of traditional/non-traditional education is central to Nykaa's CSR efforts. Specifically for children, adolescents as they fall within the age group of impressionable individuals that require specialised support and guidance to positively and holistically shape their future.
- (b) Anushkaa Foundation: Anushkaa Foundation for Eliminating Clubfoot aims to create a long-term and sustainable solution to the solvable problem of clubfoot. They are working to ensure that no child in India grows up disabled as a result of being born with clubfoot. They implement programs mainly in partnership with the government, and few charitable/trust hospitals to create a long-term and sustainable solution to this solvable problem, with a heavy focus on building local capacity. They leverage the government healthcare system and network to operate and administer their program. The Company has granted its support in upskilling doctors for transforming the lives of children born with clubfoot.
- (c) Rangeet: Rangeet is a mobile app for facilitators (schools, teachers, communities, families, caregivers) to develop well-being. The app features a play-based Social, Emotional & Ecological Knowledge (SEEK) curriculum by applying alternative education methods, to engage with adolescents and is designed around Sustainable Development Goals (SDGs). Project Rangeet's social-emotional learning method aligns with the Company's focus on 'self-expression' and contributes towards uplifting communities by supporting holistic education programs. They aspire to empower individuals to participate in the economy and encourage contribution to positive change.

(d) Nykaa Chair in Consumer Technology implemented by IIM-A: Nykaa had signed an agreement with The Indian Institute of Management Ahmedabad (IIM-A), a premier global management institute, for setting up the "Nykaa Chair in Consumer Technology". The Chair has been set up for an initial period of three years and has been facilitated by the IIM-A Endowment Fund.

The Chair will work closely with students of IIM-A and faculty members from Marketing and Information Systems areas. The focus will be on research and education that will:

- (i) promote scientific practice of marketing;
- (ii) present insights on the impact of digital, social, and mobile technologies on business models, customer behaviour, and social changes at large;
- (iii) facilitate incorporation of AI and machine learning insights in a disrupted marketplace;
- (iv) deploy economic and statistical models to measure the role of the Internet and new media on consumer and firm behaviour;

(v) understand the privacy-preserving future of digital advertising.

IIM-A has already established Centres of Excellence in new age areas in technology such as Centre for Digital Transformation (CDT) and Brij Disa Centre for Data Science and Artificial Intelligence (CDSAI). The Chair will also work closely with faculty members associated with these Centres and will enable multi-disciplinary research and generate insights that will help shape strategy, influence policy, and benefit the entire consumer technology sector in India.

Over and above these, from time to time, on need and criticality basis the Company will review additional CSR activities which are prescribed under Schedule VII of the Companies Act, 2013, such as:

- Contribution to Government's various Relief funds
- Support Armed forces welfare
- Support to Research & technology
- Protection of National heritage
- Promote Sports

### (2) Composition of Corporate Social Responsibility & Environmental, Social, and Governance Committee ("CSR Committee"):

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Anita Ramachandran	Chairperson (Independent Director)	3	3
2	Ms. Adwaita Nayar	Member (Executive Director)	3	3
3	Mr. Sanjay Nayar	Member (Non-Executive Director)	3	3

### (3) Web-Link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

Sr. No.	Particulars	Weblink
1	CSR Committee	https://www.nykaa.com/committees-of-the-Board
2	CSR Policy	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/CSR-Policy.pdf
3	CSR Projects	https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/stock-exchange-filling/ CSRprojectsapprovedbytheBoardoftheCompanyfortheFinancialYear2023.pdf

### (4) Executive summary along with web-link(s) of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014:

Not Applicable for the financial year under review.

(5)	Sr. No.	. No. Particulars		
	(a)	51,55,63,000		
	(b)	1,03,11,260		
	(c)	Nil		
	(d) Amount required to be set-off for the financial year		Nil	
	(e)	Total CSR obligation for the financial year [(b) + (c) + (d)]	1,03,11,260	

- (6) (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 1,03,11,260/-
  - (b) Amount spent in Administrative Overheads: Nil
  - (c) Amount spent on Impact Assessment: Not Applicable
  - (d) Total amount spent for the Financial Year [(a) +(b) +(c)]: ₹ 1,03,11,260/-
  - (e) CSR amount spent or unspent for the financial year:

		An	nount Unspent (in ₹)		
Total Amount Spent for the Financial Year (in ₹)	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule V as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
30,00,000	73,11,260	April 25, 2023	-	-	-

#### (f) Excess amount for set-off, if any:

Sr. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per Section 135(5)	1,03,11,260
(ii)	Total amount spent for the Financial Year	1,03,11,260
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

### (7) Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Sr.	Preceding financial	Amount transferred to Unspent CSR Account under	in Unspent CSR Account under	Amount spent in the	specified u	transferred to nder Schedul on 135(5) of t	e VII as per	Amount remaining to be spent in	Deficiency,
No.	year	cial Section 135(6) of section 1 the Act of the	section 135(6) of the Act (in ₹)	financial year (in ₹)	Name of the Fund	Amount (in ₹)	Date of transfer	<ul> <li>succeeding</li> <li>Financial</li> <li>Years</li> </ul>	If any
1	2021-22	15,11,000	Nil	15,11,000	-	-	-	Nil	Nil

# (8) Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

No

# (9) Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135:

The Company is executing certain multiyear ongoing projects namely, "Project Rangeet" and "Nykaa Chair in Consumer Technology implemented by IIM-A". Due to such ongoing projects and plan of spending funds in multiyears, the Company was not able to spend two per cent of the average net profit as per section 135(5) in the current financial year. Unspent CSR amount pertaining to the commitments made by the Company towards multiyear ongoing projects has been transferred to a separate Unspent CSR account of the Company. The amount transferred to the aforesaid Unspent CSR account will be spent for the said projects within the permissible time limit. Accordingly, the Company has duly complied with section 135 of the Act read with rules thereunder and the CSR Policy of the Company.

#### Anita Ramachandran

Director DIN: 00118188 (Chairperson – CSR Committee)

Mumbai, May 24, 2023



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# Adwaita Nayar

Director DIN: 07931382 (Member – CSR Committee)

Mumbai, May 24, 2023

# **Business Responsibility and Sustainability Report**

#### **Section A: General Disclosures**

#### Details of the listed entity:

S. N₀.	Question	Response
1.	Corporate Identity Number (CIN) of the Entity	L52600MH2012PLC230136
2.	Name of the Listed Entity	FSN E-Commerce Ventures Limited
3.	Year of Incorporation	24/04/2012
4.	Registered Office Address	104, Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel, Mumbai 400 013, Maharashtra, India.
5.	Corporate Address	A2, 4 <sup>th</sup> Floor, Cnergy IT Park, Appasaheb Marathe Marg, Opposite Tata Motors, Prabhadevi, Mumbai 400025, Maharashtra, India.
6.	E-mail	nykaacompanysecretary@nykaa.com
7.	Telephone	022-66149696
8.	Website	https://www.nykaa.com/
9.	Financial Year for which report is being done	1 <sup>st</sup> April 2022 – 31 <sup>st</sup> March 2023
10.	Name of the Stock Exchange(s) where shares are listed	<ul> <li>Bombay Stock Exchange Limited (BSE)</li> <li>National Stock Exchange of India Limited (NSE)</li> </ul>
11.	Paid-up Capital (₹)	2,852,446,720
12.	Name and contact details (telephone, email) of the person who may be contacted in case of queries on the BRSR report	Mr. P. Ganesh CFO Email: <u>nykaacompanysecretary@nykaa.com</u> Tel: + 91 022-66149696
13.	Reporting Boundary (Standalone or Consolidated basis)	We have considered FSN E-Commerce Ventures Limited and its subsidiary Nykaa E-Retail Private Limited ('E-Retail') for the purpose of disclosures under this report, collectively referred to as 'Company' or 'Nykaa'

### **Products and Services:**

14. Details of business activities (accounting for 90% of the turnover):

S. N₀.	Description of Main Activity	Description of Business Activity	%Turnover of the entity
1.	Retail sale via e-commerce	The Company is engaged in the business of	95%
2.	Marketing support and marketplace service	manufacturing, selling & distribution of beauty, wellness, fitness, personal care, health care, skin	
3.	Wholesale of cosmetics (Offline - Own brands)	<ul> <li>care, hair care products on the online platforms or websites such as e-commerce, m-commerce, internet, intranet.</li> </ul>	5%

15. Product/ Services sold by the entity (accounting for 90% of the entity's turnover):

S. N₀.	Product/ Service	NIC Code	%of total turnover contributed
1.	Retail sale via e-commerce	52512	95%
2.	Beauty or make-up preparations, manufacturing	24246	
3.	Wholesale of cosmetics (Offline - Own brands)	51391	5%

# **Operations**:

16. Number of locations where plants and/or operations/ offices of the entity are situated:

Location	Number of Plants	Number of Offices*	Total
National	N.A.	30	30
International	N.A.	-	-

\*Includes 20 warehouses and 10 offices

#### 17. Markets Served by the Entity:

### a. Number of Locations:

Location	Number
National (No. of States)	Pan India
International (No. of Countries)	-

# b. What is the contribution of exports as a percentage of the total turnover of the entity? Nil, Company has separate subsidiary FSN International which deals into exports

#### c. A Brief on types of customers?

Nykaa is one of biggest specialty beauty and personal care (BPC) platform in India which operates omnichannel business such as e-commerce, m-commerce, internet, intranet as well as through physical stores, stalls, general trade, and modern trade. Gen-Z and millennial consumers are the most active BPC buyers.

#### **Employees:**

18. Details as at the end of Financial Year 2022-23

#### a. Employees and Workers

Employees (including differently abled)

C NI		Total (A)	1	Aale	Female		
5. No.	Particulars		Number (B)	Percentage (B/A)	Number (C)	Percentage (C/A)	
1.	Permanent Employees	1,625	995	61%	630	39%	
2.	Other than Permanent Employees	777	138	18%	639	82%	
3.	Total Employees (1+2)	2,402	1,133	47%	1,269	53%	

Permanent Employees include On-roll employees • Other than Permanent Employees include Fixed Term Contract (FTC) and Interns

#### Workers (including differently abled)

C 11		T . 1(A)	1	Aale	Female		
5. No.	Particulars	Total (A) -	Number (B)	Percentage (B/A)	Number (C)	Percentage (C/A)	
4.	Permanent Workers	-	-	-	-	-	
5.	Other than Permanent Workers	3,756	3,617	96%	139	4%	
6.	Total Workers (4+5)	3,756	3,617	96%	139	4%	

•Other than Permanent Workers include Off-roll Contract manpower service.

# b. Differently abled Employees and Workers

# Differently Abled Employees

C 11	Particulars	Total (A)	Ν	Aale	Female	
5. No.			Number (B)	Percentage (B/A)	Number (C)	Percentage (C/A)
1.	Permanent Employees	2	2	100%	-	0%
2.	Other than Permanent Employees	-	-	0%	-	0%
3.	Total Employees (1+2)	2	2	100%	-	0%
Differe	ently Abled Workers					
		T - 1/4)	٨	Aale	Fe	emale
	ently Abled Workers Particulars	Total (A)	Number (B)	Nale Percentage (B/A)	Fe Number (C)	emale Percentage (C/A)
		Total (A)				
S. N₀.	Particulars	Total (A)				



### 19. Participation/ Inclusion/ Representation of Women (FY 2022-23)

	Total (A)	Number of Female (B)	Percentage (B/A)
Board of Directors	10	4	40%
Key Management Personnel	3	1	33%

#### 20. Turnover rate for permanent employees and workers:

		FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Permanent Employees	27%	38%	31%	26%	35%	30%	15%	25%	19%	
Permanent Workers	-	-	-	-	-	-	-	-	-	

#### Holding, Subsidiary and Associate Companies (including joint ventures):

21. (a) Names of holding/ subsidiary/ associate companies/ joint ventures

S. N₀.	Name of the holding/ subsidiary/ associate company/ joint venture (A)	Indicate whether holding/ subsidiary/ associate company/ joint venture	% of shares held by listed entity	Does the entity indicated at Column A, participate in the Business Responsibility initiatives of the entity (Yes/ No)
1.	Nykaa E-Retail Private Limited	Direct subsidiary	100%	Yes
2.	FSN Brands Marketing Private Limited	Direct subsidiary	100%	No
3.	Nykaa-KK Beauty Private Limited	Direct subsidiary	51%	No
4.	Nykaa Fashion Private Limited	Direct subsidiary	100%	No
5.	FSN International Private Limited	Direct subsidiary	100%	No
6.	FSN Distribution Private Limited	Direct subsidiary	100%	No
7.	Dot & Key Wellness Private Limited	Direct subsidiary	51%	No
8.	FSN Global FZE	Stepdown Subsidiary	100%	No
9.	Nykaa International UK Limited	Stepdown Subsidiary	100%	No
10.	Nudge Wellness Private Limited	Direct Subsidiary	60%	No
11.	Earth Rhythm Private Limited	Associate	18.51%	No
12.	Iluminar Media Private Limited	Direct Subsidiary	100%	No
13.	Nessa International Holdings Limited	Stepdown Subsidiary	55%	No
14.	Nykaa Foundation	Direct Subsidiary	99.93%	No

# **CSR** Details:

22.	(i) Whether CSR is applicable as per Section 135 of Companies Act, 2013 (Yes/No)	Yes
	(ii) Turnover (in ₹)	2,177.99 million*
	(iii) Net Worth (in ₹)	16,492.74 million*

\*Figures for FSN E-Commerce Ventures Limited on standalone basis

## Transparency and Disclosures Compliances:

23. Complaints/ Grievances on any of the Principles (1-9) under the National Guidelines on Responsible Business Conduct:

	Grievance	Curre	ent Financial Yea	r 2022-23	Previo	us Financial Year	2021-22	
Stakeholder Group	Redressal Mechanism in place (Y/N) (Provide web-link of Policy) <sup>#</sup>	Mechanism in place (Y/N) Provide web-link filed pending at R		Remarks	Number of complaints filed	Number of complaints pending at close of year	Remarks	
Communities / Implementation Agencies	Yes*	-	-	-	-	-	-	
Investors	Yes*	-	-	-	-	-	-	
(Other than shareholders)								

	Grievance	Curre	ent Financial Y	ear 2022-23	Previo	us Financial Ye	ar 2021-22
Stakeholder Group	Redressal Mechanism in place (Y/N) (Provide web-link of Policy) <sup>#</sup>	Number of complaints filed	Number of complaints pending at close of year	Remarks	Number of complaints filed	Number of complaints pending at close of year	Remarks
Shareholders	Yes*	43	-	-	2,751	-	Majority of complaints were on account of IPO and all complaints were closed
Employees and Workers	Yes*	1	-	-	-	-	-
Customers	Yes*	9,684	-	0.03% of total orders, reduction due to optimizing process and system automation	22,019	-	-
Value Chain partners	Yes*	-	-	-	-	-	-
Others - Brand Partners	Yes*	-	-	-	-	-	-

	Grievance	Curre	ent Financial Y	ear 2022-23	Previo	us Financial Ye	ar 2021-22
Stakeholder Group	Redressal Mechanism in place (Y/N) (Provide web-link of Policy) <sup>#</sup>	Number of complaints filed	Number of complaints pending at close of year	Remarks	Number of complaints filed	Number of complaints pending at close of year	Remarks
Shareholders	Yes*	43	-	-	Number of complaints filed       complaints pending at close of year       Rem         2,751       -       Majoritic complaints were on account IPO and complaints were closed         -       -       -         22,019       -       -	Majority of complaints were on account of IPO and all complaints were closed	
Employees and Workers	Yes*	1	-	-	-	-	-
Customers	Yes*	9,684	-	0.03% of total orders, reduction due to optimizing process and system automation	22,019	-	-
Value Chain partners	Yes*	-	-	-	-	-	-
Others - Brand Partners	Yes*	-	-	-	-	-	-

\*Vigil mechanism/ Whistle blower policy, all stakeholders can write mail to nykaa@tip-offs.in/ whistleblower.employees@nykaa.com or call on toll free number 1800 210 8988 and anonymously raise actual or suspected concerns regarding incidents of wrongdoing, fraud or any unethical practices that violates Nykaa code of conduct

<sup>#</sup>The Company policies are hosted on the website at <u>https://www.nykaa.com/policies</u>

#### 24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

S. N₀.	Material Issue Identified	Indicate whether Risk or Opportunity	Rationale for identifying the risk/ opportunity	In case of Risk, approach to adapt or mitigate	Financial implications of the risk or the opportunity
1	Sustainable Sourcing (Raw materials/ product sourcing)	Risk & Opportunity	Sustainable sourcing aids the company to trace and track its ESG footprint across the entire value chain. It enables the creation of value-added partnerships with upstream and downstream partners to reduce GHG emissions, enhance local procurement, and drive product efficiency.	The Company has put in place sustainable sourcing practices such as using recycle plastic in our operations for packaging requirements. More than 80% of our packaging material requirements are fulfilled through eco- friendly products. Company sources most of its packaging material from small and medium scale enterprises to encourage MSME ecosystem as part of its social responsibility.	Positive
2	Privacy and Data Security	Risk	Data privacy and cyber security are essential risks to be considered for an e-marketplace. Managing risks related to collection of customer data, storage of data, ensuring confidentiality and sensitivity of data and preventing misuse of proprietary customer or user data.	The company invests significant resources in cyber-security and data protection measures, including third-party assessments of critical IT systems and tech infrastructure. The company implements the latest cyber- security technologies and IT-control systems and conducts company-wide awareness sessions on ongoing basis for all employees to ensure best practices.	Positive
3	Labour Management	Risk	Changing regulations around labour practices are a long- term regulatory risk.	The company has made significant efforts to ensure that full compliance is met with labour regulations and go beyond what is mandated by the law.	Negative & Positive



	Material Issue Identified	Indicate whether Risk or Opportunity	Rationale for identifying the risk/ opportunity	In case of Risk, approach to adapt or mitigate	Financial implications of the risk or the opportunity		Material Issue Identified	Indicate whether Risk or Opportunity	Rationale for opportunity	identifyi	ng the ris
	Supply chain management	Risk & Opportunity	Efficient supply chain is core element of a business, especially for e-commerce and retail business. Supply chain largely contributes significantly to company's environmental emissions (Scope-3). The risks to supply chain disruptions	The company drives decentralized supply chain for localized fulfillment to ensure delivery from the nearest fulfillment center, which in turn optimizes shipment costs and investments in inventory. This in turn leverages economies in scale and minimizes ecological footprint. The	Positive	7	Human capital development	Risk & Opportunity	<ul> <li>a) The co innovation depend developmen along with working. Ou and retain t the success</li> </ul>	and e on th nt of the n agile ur ability talent is	excellen ne sk workfor ways to attra critical
			and logistics weigh heavily on the business revenue and continuity. In addition to these risks, regulatory or legal risks due to child labour, compliance risks due to inferior quality products also play a critical role.	company ensures its business partners and suppliers to adhere with human rights compliances related to child labour, forced labour, involuntary and sexual harassment, discriminatory employment and other labour standards.					<li>b) The lost of our exer- other key adversely af and businest employees the right sk landscape of</li>	ecutive o employe ffect our so operation not p kills in an	officers ees cou functio ions. Al oossessi n evolvi
	Product safety and quality	Risk & Opportunity	<ul> <li>a) There is a regulatory or compliance risk with litigations in case of unintended harmful effects of the products after use from our customers.</li> <li>b) Failure of our suppliers</li> </ul>	a) The design of our owned products is based on ethically sourced ingredients and we endeavor to have environmentally friendly formulations following existing regulatory frameworks that are extensively tested	Positive/ Negative				our ability competitive for key skil attrition o managerial affect our gr	to inno e labou llsets an of key person	ovate. T r mark d possil staff a
			to provide merchandise or content that complies with all applicable laws and regulations, could result in liability in the case of our private brands,	for safety in use. The Products are extensively tested for safety during use and over time. The consciously curated formulations are manufactured employing low carbon footprint production practices following GMP		8	Marketing and Labelling	Risk & Opportunity	a) Failure consumers o cost-effectiv not be able t or maintain	or fail to ve manne to increas	do so ir er, we m se reven
			damage to our reputation and brand, increased enforcement activity or litigation, and increased legal costs.	practices and packed in environmentally acceptable packaging. The products are tested with real consumers before launch to ensure that designs create a great experience with consumers for their purchase. As a socially responsible brand, most of our product design is Paraben-free, Mineral oil free, cruelty free, Vegan, Natural actives, etc.					<li>b) Failure various regulation including th product reg ingredients, importing, c manufactu labelling dec</li>	produc as and nose relation , health a customs uring s claration	t-relat d law ted to t and safe clearand tandard standard
				<li>b) Our suppliers are committed to supplying products and services of highest quality that meet all applicable standards.</li>			B: Manageme	nt and Process	can have po loss to the C	Company	
6	Consumer financial protection	Risk & Opportunity	As an e-commerce platform, 'risk to consumers' in the form of a potential economic loss.	We have implemented measures to detect and reduce the occurrence of fraudulent activities, scams,	Negative	This sect	tion is aimed at h RBC Principles	nelping busines	ses demonst		e struct
				combat bad consumer experiences, and increase consumer satisfaction,		Disclosur	e Questions			P1	P2
				including encouraging reporting of			nd Management P				
				concerns, gating and monitoring higher-risk activities, evaluating sellers on the basis of their transaction history,		e	Whether your en each principle an NGRBCs. (Yes/N	d its core eleme		Yes	Yes
				and restricting or suspending some sellers.		(	Has the policy bee Yes/No)			Yes	Yes
						c. \	Neb Link of the po	olicies, if available	2		

- 2. Whether the entity has translated the policy into Yes Yes procedures? (Yes/No)
- 3. Do the enlisted policies extend to your value chain Yes Yes partners? (Yes/No)



for identifying the risk/ Y	In case of Risk, approach to adapt or mitigate	Financial implications of the risk or the opportunity
company's business on and excellence on the skill ent of the workforce ith agile ways of Our ability to attract in talent is critical to ss of our operations. oss of one or more executive officers or y employees could affect our functions ess operations. Also, es not possessing skills in an evolving could further affect cy to innovate. The ive labour market killsets and possible of key staff and al personnel could growth.	We are continuously reviewing and hiring experienced and qualified professionals. We compete in the market to attract and retain skilled personnel, in areas such as products and design tech, sales, digital marketing and brand management, omni-channel retailing and consumer service, supply chain and operations, as well as enabling corporate functions. To sustain our growth, we have effectively recruited key personnel and significant market participants to strengthen our senior management team in order to support our growth.	Positive / Negative
re to acquire new is or fail to do so in a ctive manner, we may e to increase revenue in profitability. re to comply with product-related ons and laws, those related to the registration, product ts, health and safety, g, customs clearance, turing standards, declaration standards potential economic	The company is making significant efforts towards building the right customer acquisition through a 360-degree marketing strategy spanning digital marketing, mass media, multiple content channels and offline marketing. Hence, there is no overdependence on a single channel of marketing. The Company ensures all required information are displayed on its products label which are mandated as per industry requirements from time to time.	Positive/ Negative

P2	P3	P4	P5	P6	P7	P8	P9
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	<u>h</u> t	ttps://ww	<u>vw.nykaa</u>	a.com/po	olicies		
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

strate the structures, policies, and processes out in place towards adopting

Dis	sclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9		
4.	Name of the national and international codes/ certifications/labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.		BIS CDSCO							Cruelty-free products- BUREAU VERITAS certified		
5.	Specific commitments, goals, and targets set by the entity with defined timelines, if any.	,								int, drive socia 1. The following		
5.	Performance of the entity against the specific commitments, goals, and targets along with reasons in case the same are not met.											
		supplier-partners and look for a solution that eliminates the use of a consolidated level.										
		c		cture, re	duce the	e depend	lence on	non-ren	ewable	load usage at a energy linearl echnology.		
			Nykaa aspire n the next 1			o of 95%	5% for	sustainal	ble and	plastic materi		
		<ul> <li>Nykaa aims to partner with more vendors who has shown their c towards ESG and also enable us to improve our environmenta adopting sustainable options for last mile delivery, usages of ethic ingredients and environmentally friendly formulations.</li> </ul>										
		<ul> <li>Using recycled paper at an overall level, which now constitutes well over 90 of material used for packing and use of corrugated boxes made of 100 recyclable material.</li> </ul>										
		<ul> <li>Currently, we are using 80% sustainable materials and 20% plastic mater for all our shipments (usage of plastic material is majorly limited to produc that are enclosed in glass containers).</li> </ul>										
Go	overnance, leadership, and oversight											
7.	Statement by the director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)	being a clima enviro satisfa We ha toward	critical to th ate consciou nmental foc ction and bi	e progre is culture otprint, d and equ cen initia cause.	ess of the e with a lrive soc ity. tives to	e industr strong co ial devel	y and th ommitte opment,	ne nation ed to miti , and enh	. We str igate its iance cu	rive to build negative		
		we wai safest	nt to ensure manner pos	that our sible. Ho	r produc owever, t	ts are de this proc	livered t ess lead	to our en s to gene	d custo eration o	r experience, mers in the of waste and		
		impac a cons	cious call to	nted with move to	n the use	ofvirgi	n plastic,	, we as ar	n organi	anding the zation took plastic as a		
		packaging material. Keeping that in focus, we launched our Nykaa 10x10 initiatives in 2020 wit an aim to minimize the virgin plastic usage (both by volume and value) by 10 every year for the next 5 years. We feel proud to that our organization has significantly reduced its dependency on plastic over the last 2-3 years, for a shipments by limiting the virgin plastic usage to 20% (usage of plastic mater										
			orly limited ecycled pap							over 90% of		

material used for packing and use of corrugated boxes made of 100% recyclable material. We still believe we have a long way to go and improve our effort in this area further. With that in mind, our organization aspire to a ratio of **95%:5%** for sustainable and virgin plastic material in the next 10 years. Over a longer horizon of ten years, the initiative intends to involve multiple supplier-partners and look for a solution that eliminates the use of plastic at a consolidated level.

Di	sclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
		Energy of Our org energy of multiple create a <u>Energy of</u> devices of electrici <u>Energy of</u> infrastru <u>Asset Li</u> the assee equipmes Being a consump from op and adop renewab <b>Business</b> We take ESG cor our busin business partner commits Our org manufac	efficiency anization conservate effort in safe work efficient with more ty consur- Optimize ucture to <u>fe Cycle</u> t perform erations la ption ten erations la pti it in ou ble energy <b>s partner</b> ness oper s partners with more ment. anization cturing w	//optimiz is comm ion and o this area cing envi equipment e energy mption. r: We ha mitigate <u>Manager</u> hance by uce wast blishment ds to be lo by explor r busines v source l s: effort to t enablir ations. V align wit e busines has take hich will a	ration: itted to optimizat to conse ronment <u>nt:</u> We h efficient we install the elec: <u>ment (Al</u> continue age. nt spreac nigh. We ing all av ss operat linearly in partner g us to e Ve have t ch our ES ss/vendor n initiatinallows us	reducing ion in or erve our for the ave repla option ed smar trical fire <u>CM):</u> D ally mon l across aim to f ailable o ion and n the en with bu msure a caken stre G guide rs/suppli	g its Scop ur busine electric people. aced elec available t energy e risks. Develope itoring c lindia, we urther r ptions for reduce c suing ye sinesses better e eps to er elines. In iers who ove towa ce the do	pe-2 em ess opera- ity consi ctrical ea- in the n optimiz ed ALCA of electri educe or or use of our depe ars. who der nvironm the con shows e- ards cura evelop sa	issions th ation. We umption a quipment narket to ters at our A to help cal usage tand our e ur carbon alternation ndency o monstrate ent to coor r agreeme ning years xemplary ated form	rough smart have taken and also and help reduce by each electrical footprint ve energy n the non- ss strong nduct ents with s, we aspire ESG ulation fferentiated
		product		gned wit				•		imentally
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies)	value an Corpora	d its grov	rth, and i Respons	n line wit ibility (C	th its Su SR) and	stainabil Enviror	ity agen nment, S	da. Social, and	shareholders I Governance
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on					bility ((	CSR) aı	nd Envi	ronment,	Social, and

sustainability related issues? (Yes/No). If "Yes", provide details

#### ails of Review of NGRBCs by the C 10. De

Subject for Review											ency ( r- pleas			alf year	ly/ Qu	arterly	/ Any	
erformance against pove policies and follow	P1	P2	P3	P4	Ρ5	P6	Ρ7	P8	P9	P1	P2	P3	P4	Ρ5	P6	P7	P8	P9
Performance against above policies and follow up action	Board Remi Relat Mana Resp	d level unerat ionshi ageme onsibil	ion C p Cor nt Co lity &	mitte ommi nmitt ommitt Envir	es nar ittee ee, A itee, a	mely, (NRC udit C and C	Nomii ), Sta Comm orpor	nation keholo ittee, ate So	and ders' Risk ocial	Quar	terly/	Half y	early/	Annua	ally			
Compliance with statutory requirements of relevance to the principles, and rectification of any non- compliances	nents of relevance principles, and ation of any non-								atutory	v and r	egulat	tory re	equire	ments				

K

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No).

If "Yes", provide name of the agency.

P1	P2	P3	P4	P5	P6	P7	P8	P9
Yes	Yes	Yes	Yes	Yes	Yes	NA	NA	Yes

Note: HSE Audit completed for all the offices (10 locations) from External HSE auditors. These audits covered HSE policy, practices, working conditions, and future action plans initiated under HSE.

12. If Answer to Question (1) Above is "NO", i.e., not all Principles are covered by a Policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	NA								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA								
The entity does not have the financial or human and technical resources available for the task (Yes/No)	NA								
It is planned to be done in the next financial year (Yes/No)	NA								
Any Other Reason (please specify)	NA								

Note: NA-Not Applicable

#### Section C: Principle Wise Performance Disclosure

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent, and Accountable

#### **Essential Indicators**

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Total number of training and awareness programs held		Topics/ Principles covered under training and its impact	%age of persons in respective category covered by the awarenes programmes	
Board of Directors	3	Training sessions on: (i) Amendment in CSR Rules introduced vide Companies (Corporate	100%	
Key Managerial Personnel	3	Social Responsibility Policy) Amendment Rules, 2022 (ii) Amendment of the Legal Metrology Act, 2009 (iii) Other Legal/Regulatory updates	100%	
Employees other than BoD and KMPs	190	Training cum capacity building sessions on: Prevention of Sexual Harassments (POSH); Annual Information Security Awareness Training; Basic Secure Application Development Training; Body Language; Advanced Secure Application Development Training – Java; PHP; Excel advanced; Nykaa - Listening Skills; Phishing Awareness Training; Advanced Analytics; Business Acumen and communication; Customer Centricity; Finance Gurukul; Negotiation Skills; Project Management and Stakeholder Management and Strategy; Respectful Workplace and Leadership Best practices.	100%	
Workers	41	Training cum capacity building session on: Fire Safety Training and Mock Drill Sessions across our warehouses.	100%	

Note: BoD are briefed about the policies and Code of Conduct from time to time.

2. Details of fines/ penalties/ punishment/ award/ compounding fees/ settlement amount paid in proceedings financial year, in the following format:

		Monetary			
	NGRBC Principle	Name of the Regulatory/ enforcement agencies/ judicial institutions	Amount (in ₹)	Brief of Case	Has an appeal been preferred? (yes/ No)
Penalty/ Fine			NI'I		
Settlement	-		Nil		
Compounding Fee	9	Legal Metrology Act 2009	3,95,000	Labelling violation	No
		Non-Monetary			
	NGRBC Principle	Name of the Regulatory/ enforcement agencies/ judicial institutions	Amount (in ₹)	Brief of Case	Has an appeal been preferred? (yes/ No)
Imprisonment			Nil		
Punishment					

monetary or non-monetary action has been appealed.

-	Case Details	Name of the regulatory/ er
	NA	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide web-link to the policy.

Yes, Company's 'Anti-Corruption and Anti-Bribery Policy' covers directors, officers, and employees working for the Company and its subsidiaries or affiliates, together referred to as "the Company" or "Our Company" or "Nykaa"). The policy further applies to anyone who acts for the Company, including employees (direct/indirect), contractors, suppliers, and directors.

Web-link: https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Anti-Corruption-andAnti-Bribery-Policy.pdf

enforcement agency for the charges of bribery/ corruption:

	Current Financial Year 2022-23	Previous Financial Year 2021-22
Directors	-	-
Key Managerial Personnel (KMPs)	-	-
Employees	-	-
Workers	-	-

6. Details of complaints with regard to conflict of interest:

	Current Financial Year 2022-23		Previous Financial Year 2021-22	
	Number	Remark	Number	Remark
Number of complaints received in relation to issues of Conflict of Interest of the Directors	-	-	-	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	-	-	-	-

The corrective actions used for Legal Metrology Notices include checking the artwork labeling, correcting the website catalog template, training the audit team and providing a checklist to prevent the onboarding of incorrectly labeled products.



# (by the entity or by directors/ KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the

# 3. Of the instances disclosed in Question 2 above detail of the Appeal/ Revision preferred in cases where

nforcement agencies/ judicial institutions

# 5. Number of Directors/ KMPs/ employees/ workers against whom disciplinary action was taken by any law

# 7. Provide details of any corrective action taken or underway on issues related to fines/ penalties/ action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

### Leadership Indicators

1. Awareness programmes conducted for the value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics/ Principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
--	--	--

Nykaa conducted awareness trainings for workers on fire safety, POSH, and skill development. Fire and safety trainings are held at the warehouses on quarterly basis, and monthly trainings are held for the security guards to update rules and regulations.

#### 2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No). If "Yes", provide details of the same.

Yes, Nykaa has Code of Conduct for its Board and Senior Management which contains guidelines on "Conflict of Interest". Nykaa is committed to upholding the highest moral and ethical standards and does not tolerate bribery or corruption in any form. In case of any potential or actual conflict of interest the concerned person must immediately reach out on <u>speakup@nykaa.com</u>.

The Policy is available on the Company website https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/ pdfs/10-11/Code-of-Conduct-for-Board-and-Senior-Management.pdf

#### Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

#### **Essential Indicators**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current Financial Year 2022-23	Previous Financial Year 2021-22	Details of improvements in environmental and social impacts
R&D	-	-	
Capex	3.74%	NA	The Company has invested in energy saving equipment's to bring down its carbon footprints. Further, to ensure safe working conditions the Company has installed fire safety and security systems at its premises.

Last year the Company was in nascent stages of its ESG journey and therefore no data management systems were in place to capture this information.

#### Does the entity have procedures in place for sustainable sourcing? (Yes/No). 2. a.

#### b. If "Yes", what percentage of inputs were sourced sustainability?

Yes, the Company has certain ESG aspects covered as part of the business agreement signed off by the participating vendor/ supplier, which clearly states sustainable parameters for procuring and sourcing. Currently, the Company is in process of developing an exclusive Sustainable Sourcing Policy document at group level. However, in practice Nykaa embarked on the journey of sustainable procurement and supply chain since 2019, such as more than 80% of our packaging material are sourced from small and medium scale enterprises to drive social responsibility objectives and adopt bio-degradable or eco-friendly products as packaging material to eliminate usage of single-use plastics.

### 3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life for:

#### a. Plastics (including packaging), b. E-waste, c. Hazardous waste, d. Other waste

- All the generated plastic waste is being recycled through authorized vendor as per the plastic waste management rules.
- All the generated e-waste has been safely disposed to pollution board authorized vendors.
- Other waste like expired products collected and disposed to authorized vendor for incineration.

# 4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If "Yes", whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Board? If "Not", provide steps taken to address the same.

Yes, the Company and its subsidiaries comply with Extended Producer Responsibility (EPR) since April 2021 and received the certificate from Central Pollution Control Board (CPCB) as a 'Brand Owner and Importer' and has signed agreements with authorized recyclers for collecting the waste from the field across different states. In the Financial Year 2023, the Company has achieved the EPR target for FY 2023 as per CPCB guidelines, through an authorised recycler. The Company has developed a health, safety, and environment framework that is aimed at ensuring safety at the workplace, the safety of warehousing and logistical operations, road safety, and proper management of scrap/waste generated by our operations.

#### Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/ Assessment (LCA) for any of its products (for manufacturing industries) or for its services (for service industry)? If "Yes", provide details in the following format:

NIC Code	Name of product/ service	% of Total Turnover contributed	Boundary for which the Life cycle perspective/ assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/ No) If "Yes", provide web-link
Presently, no products are subjecte	d to a life cycle asse	essment. However, I	Nykaa is in discussi	on with an external a	agency to conduct

Prese Life Cycle Assessment for its products and/or services in FY 2024.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of means, briefly describe the same along with action-taken to mitigate the same.

#### Name of Product/ Service

Nykaa acknowledges its responsibility towards the wellbeing of aspect of the creation, design, and execution of our products. T and environmentally friendly formulations following existing regu consciously curated formulations are manufactured employing and packed in environmentally acceptable packaging. The prod designs create a great experience with consumers for their purcl Paraben-free, Mineral oil free, Cruelty free, Vegan, Natural acti

#### 3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material					
	Current Financial Year 2022-23	Previous Financial Year 2021-22				
	Not Applicable					

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	Current Fi	nancial Year 20	)22-23	Previous Fi	nancial Year 20	)21-22
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	NA	247	NA	NA	NA	NA
E-Waste	NA	NA	NA	NA	NA	NA
Hazardous Waste	NA	NA	NA	NA	NA	NA
Other Waste	NA	NA	NA	NA	NA	NA
NA: Net Available	NA	INA	NA	NA .	NA	

NA: Not Available

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category

Indicate Product Category

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your products/ services, as identified in the Life Cycle Perspective/ Assessments (LCA) or through any other

	Description of the risk/ concern	Action Taken
f society and environment and	makes it a guiding p	principle in every
The design of our products is ba	sed on ethically sou	urced ingredients
ulatory frameworks that are ext	ensively tested for s	safety in use. The
low carbon footprint production	n practices followin	g GMP practices
ducts are tested with real cons	umers before laund	h to ensure that
chase. As a socially responsible	brand, most of our	product design is
tives, etc.		· · · · · · · · · · · · · · · · · · ·

Reclaimed products and their packaging materials as % total products sold in respective category

Not Applicable

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

#### **Essential Indicators**

1. a. Details of measures for the well-being of Employees:

		% of employees covered by									
Category	Total (A)	Health In	surance	Accident I	nsurance	Maternity	Benefits	Paternity	Benefits	Day Care	Facilities
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanen	t Employees										
Male	995	995	100%	995	100%	NA	NA	995		Company	
Female	630	630	100%	630	100%	630	100%	NA	NA	process	Creche
Total	1,625	1,625	100%	1,625	100%	630	39%	995	61%	service pr	
Other tha	n Permanen	t Employee	25								
Male	138	138	100%	NA	NA	NA	NA	NA	NA		NA
Female	639	639	100%	NA	NA	NA	NA	NA	NA		
Total	777	777	100%	NA	NA	NA	NA	NA	NA		

NA: Not Applicable

#### b. Details of measures for the well-being of Workers:

			% of workers covered by								
Category	- Total (A)	Health Ins	surance	Accident I	nsurance	Maternity	Benefits	Paternity	Benefits	Day Care F	acilities
Category		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanen	t Workers										
Male											
Female					No	ot Applicab	le				
Total											
Other tha	n Permanen	t Workers									
Male	3,617	3,617	100%	3,617	100%	NA	NA	NA	NA	NA	NA
Female	139	139	100%	139	100%	139	100%	NA	NA	NA	NA
Total	3,756	3,756	100%	3,756	100%	139	4%	NA	NA	NA	NA

NA: Not Applicable

#### 2. Details of retirement benefits, for Current FY 2022-23 and Previous FY 2021-22

	Current	Current Financial Year 2022-23			Previous Financial Year 2021-22				
Benefits	No. of employees covered as % of total employees	No. of workers covered as % of total workers	Deducted and Deposited with the authority (Yes/ No/ NA)	No. of employees covered as % of total employees	No. of workers covered as % of total workers	Deducted and Deposited with the authority (Yes/ No/ NA)			
PF	100%	100%	Yes	100%	100%	Yes			
Gratuity	100%	100%	Yes	100%	100%	Yes			
ESI*	0.8%	100%	Yes	0.7%	100%	Yes			

\*Applicable to employees as per the threshold limit prescribed under the Employees State Insurance Act, 1948

#### 3. Accessibility of Workplaces

Are the premises/ offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If "Not", then whether any steps are being taken by the entity in this regard.

At Nykaa, we endeavor that all our office premises are accessible for differently abled individuals, and we are continuously working towards improving infrastructure for ensuring devised experience for everyone at our premises.

### 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, please provide the web-link of the policy.

Nykaa ensures there is no discrimination in the organization and has laid down Equal opportunity guidelines in Company's code of conduct. We have zero tolerance for any type of discrimination in the entire value chain based on gender, caste, color, creed, disability, or any attribute that is unlawful or discriminatory in nature. Further, the Company is in the process of creating Equal Opportunity Policy.

#### 5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent E	Permanent Workers		
	Return to Work Rate	Retention Rate	Return to Work Rate	Retention Rate
Male	100%	85%	NA	NA
Female	94%	97%	NA	NA
Total	98%	90%	NA	NA

NA: Not Applicable

### 6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If "Yes", give details of the mechanism in brief:

Permanent Workers	Employees and
Other than Permanent Workers	(employee.grie
Permanent Employees	( <u>Posh@nykaa</u> .
Other than Permanent Employees	workplace.

## 7. Membership of employees and workers in association(s) or Unions recognized by the listed entity:

	Cu	rrent Financial Year 20	22-23	Pre	evious Financial Year 20	21-22
Category	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of Association(s) or Unions (B)	Percentage (%) (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of Association(s) or Unions (D)	Percentage (%) (D/C)
Total Permanent Employees	-	-	-	-	-	-
- Male	-	-	-	-	-	-
- Female	-	-	-	-	-	-
Total Permanent Workers	-	-	-	-	-	-
- Male	-	-	-	-	-	-
- Female	-	-	-	-	-	-

Note: Company has no recognized Trade Union or any other associations.

#### 8. (a) Details of training given to employees and workers on "Health and Safety Measures"

	Current Fi	nancial Year 20	nancial Year 20	2021-22 <sup>#</sup>		
Category	Total (A)	Number (B)	Percentage (%) (B/A)	Total (C)	Number (D)	Percentage (%) (D/C)
Employees						
Male	995	305	31%	-	-	-
Female	630	65	10%	-	-	-
Total	1,625	370	23%	-	-	-
Workers						
Male	3,756	3,756	100%	-	-	-
Female	-	-	0%	-	-	-
Total	3,756	3,756	100%	-	-	-

<sup>#</sup>Last year Company was in nascent stages of its ESG journey and therefore no data management systems were in place to capture trainings given to employees and workers on "Health and Safety Measures". The Company has separate email ID which shares regular HSE related updates to all the employees on timely basis.

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d workers have access to several forums such as employee grievances <u>ievances@nykaa.com</u>), speakup (<u>speakup@nykaa.com</u>) & POSH a.com) where they can highlight matters or concerns faced at the

### (b) Details of training given to employees and workers on "Skill Upgradation"

	Current Fi	nancial Year 20	22-23	Previous Financial Year 2021-22			
Category	Total (A)	Number (B)	Percentage (%) (B/A)	Total (C)	Number Percentage (%) (D) (D/C)		
Employees							
Male	995	759	76%	910	Have conducted 17 unique		
Female	630	401	64%	607	training programs covering ~1,900 participants for functional		
Total	1,625	1,160	72%	1,517	& skill building sessions.		
Workers							
Male	NA	NA	NA	NA	NA NA		
Female	NA	NA	NA	NA	NA NA		
Total	NA	NA	NA	NA	NA NA		

Note: Total represents headcount of employees as at the year end, while the number of trainings is cumulative

### 9. Details of Performance and Career Development reviews of employees and workers:

	Current Fi	nancial Year 2022	2-23	ancial Year 2021-22		
Category	Total (A)	Number (B)	Percentage (%) (B/A)	Total (C)	Number (D)	Percentage (%) (D/C)
Employees						
Male	995	878	88%	910	727	80%
Female	630	536	85%	607	447	74%
Total	1,625	1,414	87%	1,517	1,174	77%
Workers						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
Total	-	-	-	-	-	-

Note: Out of the total permanent employees, some employees may be out of performance review cycle due to time-bound criteria i.e., prohibition or resignation period. Worker's performance review and development is managed by the Consultants.

### 10. Health and Safety Management System:

a.	Whether an occupational health and safety management system has been implemented by the entity? (Yes/No) If "Yes", then coverage of the system.	Yes. The Company has a "Health, Safety, and Environment (HSE) Policy", which aims to provide safe and healthy working environment to all its employees, customers, business partners, suppliers, and visitors. In accordance with the policy, a HSE implementation strategy has been devised for FY 2023-24 to ensure effective health and safety management systems across NYKAA's diversified businesses.
b.	What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis of the entity?	The Company's entire process is non-hazardous, and Company is in process of developing Job Safety Analysis (JSA)/ Risk Assessment and HAZOP assessment mechanism to capture activities and work-related hazards along with its associated controls. From FY'24, severity calculation for both routine and non-routine work-related hazards and risks will be estimated.
c.	Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks? (Yes/No)	Yes, Zero workplace incidents were reported till March' 2023. Since the Company is expanding number of business operating units, we are reviewing our OHS systems to identify gaps, if any and strengthen the incident reporting mechanism and redressal mechanism.
d.	Do the employees/ workers of the entity have access to non-occupational medical and healthcare services? (Yes/ No)	No. However the Company has tie-up with Doctor, since our business process is non-hazardous, we do not have in-house health care center, however first aid boxes are available at accessible workplaces at Nykaa.

### 11. Details of safety related incidents, in the following format:

Safety Incidents/ Number	Category	Current Financial Year 2022-23	Previous Financia Year 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours	Employees	-	-
worked)	Workers	-	-
Total recordable work-related injuries	Employees	-	-
	Workers	-	-
Number of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

12. Describe the measures taken by the entity to ensure a safe and healthy work place. Measures taken by NYKAA are:

- 1. Infrastructure Measures:
  - Fire hydrant system etc.,
  - •
- 2. Operational Measures:
  - Providing safety trainings to the employees and workers •
  - check readiness during emergency situations.
  - Initiated HSE audits to identify the hazards and risks
  - First aid boxes installed at all our workplaces •
- 3. Future Strategies:
  - SOP for employee based HSE training modules will be developed •
  - SOP and guidelines on Mock drills will be developed and will strengthen the process •

## 13. Number of complaints on the following made by employees and workers:

	Cur	rent Financial Year 20	)22-23	Previous Financial Year 2021-22			
	Filed	Pending Resolution at end of year	Remark	Filed	Pending Resolution at end of year	Remark	
Working Conditions	-	-	No complaints	-	-	No complaints	
Health and Safety	-	-	No complaints	-	-	No complaints	

#### 14. Assessment for the Year (2022-23):

	% of plants and offices that were (by entity or statutory authoriti
Health and Safety Practices	HSE Audit completed for all
Working Conditions	covered HSE policy, practice

# 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risk/ concerns arising from assessment of health and safety practices and working conditions.

Zero workplace incidents reported till March' 2023. The Company has voluntarily decided to review and strengthen its incident reporting mechanism in FY 2024 as the number of business operating units have increased multifold.

 $(\mathbf{R})$ 

Installation of safety systems in all the offices likes Smoke detectors, public addressing systems, Sprinklers,

Fire systems installation is planned for all the new warehouses and will device separate plan for old warehouses.

Mock drills being carried in offices regularly along with building management team which helps to cross

#### re assessed ties or third party)

the offices (10 locations) from External HSE auditors. These audits ces, working conditions, and future action plans initiated under HSE.

#### Leadership Indicators

#### 1. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The company ensures its vendors and other value chain partners comply with statutory dues through its contract processes and checks. At warehouses, Nykaa has appointed a third-party agency to ensure compliance of statutory dues and provide monthly status report to the company.

2. Provide the number of employees/ workers having suffered high consequence work-related injury/ ill-health/ fatalities (as reported in Qs. 11 of Essential Indicators above), who have been/ are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total Number of a wor	ffected employees/ kers	No. of employees/ workers that are rehabilitated or whose family member have been placed in suitable employment		
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22	
Employees	-	-	NA	NA	
Workers					

#### Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

### **Essential Indicators**

### 1. Describe the process for identifying key stakeholder groups of the entity.

The Company has an internal process of identifying key stakeholders and mapping them as internal and external stakeholders. We categorize our stakeholders as Customers, Investors, Brand Partners, Employees, Channel Partners, Communities, Regulators and Environment. We also have our Stakeholders' Relationship Committee. In addition to this, the Company has also identified disadvantaged, vulnerable, and marginalized stakeholders.

#### 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Identified as Vulnerable or Marginalized Group (Yes/No)	Channels of Communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during each engagement
Employees	No	Email, noticeboards, and internal portals (HRMS)	Regularly	Talent management, employee satisfaction, and training & development awareness, and capacity development sessions
Vendors/ Value Chain Partners/ Brand Partners		Emails, notice boards, calls and meetings, management reviews, and relationship meetings	Regularly	Vendor Selection, Onboarding, Work execution, invoice processing and payments, business scaling, ideas to attract customers, and brand partnerships
Customers	No	Website, Email, Newsletters, Brochures, social media platforms, helpline, and store visits	Regularly	Identifying opportunities to improve customer service and products, retain them, improve overall experience.
Shareholders/ Investors	No	Email, Newspaper advertisements and portals of regulatory bodies	Quarterly	Financial Results, Financial Statements and matters requiring approval of shareholders as per applicable laws.
Regulatory bodies like SEBI, NSE, BSE and MCA	No	Respective Portal for regulatory filings	Regularly	Financial Results, Financial Statements, Press Release and matters to be reported / filed with regulatory bodies as per applicable laws.
Communities and NGOs/ Implementation Agencies	Yes	Various collaborations with NGOs, direct consultations, field-visits & trainings, digital platforms, volunteering work, including e-volunteering, reviewing programme achievements and impacts.	Regularly	To understand concerns of communities our business operates in, the underprivileged as well as society at large. Implement programmes that help drive inclusive growth and equitable development among relevant communities in education, upskilling and entrepreneurship.

### Leadership Indicators

- 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and The Company has a board level CSR and ESG Committee to oversee socio-economic and environmental topics of the Company in a consultative and inclusive manner.
- 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topic? (Yes/No)

into policies and activities of the entity.

Yes, stakeholder engagement plays a critical role in identifying and managing key social and environmental material topics of the Company that impact and/or impacted by the Company's activities. The Company time to time, engages with its identified stakeholders to gauge their perception and aspirations.

marginalized stakeholder groups.

Yes, the Company engages with the disadvantaged, vulnerable and marginalized stakeholders through its CSR programs. The Company has generated employment and livelihood opportunities for the locals which include marginalized sections of society, by setting up new warehouses. The Company encourages NGO partners to identify specific needs of the marginalized and vulnerable stakeholders through "need assessment surveys" to facilitate customized CSR initiatives to empower and drive inclusiveness for all stakeholders.

### Principle 5: Businesses should respect and promote human rights

#### **Essential Indicators**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

	Current Fir	nancial Year 202	2-23	Previous Financial Year 2021-22				
Category	Total (A)	Number (B)	Percentage (%) (B/A)	Total (C)	Number (D)	Percentage (%) (D/C)		
Employees								
Permanent	1,625	1,625	100%	1,517	76	5%		
Other than permanent	777	777	100%	270	270	100%		
Total Employees	2,402	2,402	100%	1,787	346	19%		
Workers								
Permanent	-	-	-	-	-	-		
Other than permanent	3,756	427	11%	3,732	-	0%		
Total Workers	3,756	427	11%	3,732	-	0%		

Note: FY 2021-22 data is slight low as Nykaa was in nascent stage of ESG journey

### 2. Details of minimum wages paid to employees and workers, in the following format:

		Current Fir	nancial Year	2022-23		Previous Financial Year 2021-22					
Category	Total (A)	Equal to Minimum Wage			More than Minimum Wage		Equal to Minimum Wage		More than Minimum Wage		
	Iotal (A)	Number (B)	% (B/A)	Number (C)	% (C/A)	Total (D) -	Number (E)	% (E/D)	Number (F)	% (F/D)	
Employees											
Permanent	1,625	-	-	1,625	100%	1,517	-	-	1,517	100%	
- Male	995	-	-	995	100%	910	-	-	910	100%	
- Female	630	-	-	630	100%	607	-	-	607	100%	
Other than Permanent	777	NA	NA	NA	NA	NA	NA	NA	NA	NA	
- Male	138	NA	NA	NA	NA	NA	NA	NA	NA	NA	
- Female	639	NA	NA	NA	NA	NA	NA	NA	NA	NA	

# social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

### If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated

### 3. Provide detail of instances of engagement with, and actions taken to, address the concerns of vulnerable/



		Current Fi	nancial Year	2022-23		Previous Financial Year 2021-22				
Category	T . 1(A)			More Minimur		T . L(D)	Equal to Minimum Wage		More than Minimum Wage	
	Total (A)	Number (B)	% (B/A)	Number (C)	% (C/A)	Total (D) –	Number (E)	% (E/D)	Number (F)	% (F/D)
Workers										
Permanent	-	-	-	-	-	-	-	-	-	-
- Male	-	-	-	-	-	-	-	-	-	-
- Female	-	-	-	-	-	-	-	-	-	-
Other than Permanent	3,756	178	5%	3,578	95%	3,732	102	3%	3,629	97%
- Male	3,617	175	5%	3,442	95%	3,640	100	3%	3,539	97%
- Female	139	3	3%	136	98%	92	2	2%	90	98%

Note: Other than Permanent category consists of fixed term contractors (FTCs) and interns. The professional fees / stipends paid to them are not comparable to the salaries paid to employees.

#### 3. Details of remuneration/ salary/ wages, in the following format:

		Male	Female		
	Number	Median salary/ wage of respective category	Number	Median salary/ wage of respective category	
Board of Directors (BoD)	6	Refer Director's	4	Refer Director's	
Key Managerial Personnel	2	Report	1	Report	
Employees other than BoD and KMP	995	12.58 Lacs	630	10.19 Lacs	
Workers	3,617	1.73 Lacs	139	1.86 Lacs	

#### 4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, Nykaa's Human Resource (HR) department is responsible to address concerns and issues related to human rights across all levels. In addition, the POSH Committee handles issues and concerns on harassment at Nykaa.

#### 5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Nykaa is committed to providing a safe and positive work environment. Employees have access to several forums such as employee grievances (employee.grievances@nykaa.com), speakup (speakup@nykaa.com) & POSH (Posh@nykaa.com) where they can highlight matters or concerns faced at the workplace.

#### 6. Number of complaints on the following made by employees and workers:

	Curren	t Financial Year 20	22-23	Previous Financial Year 2021-22			
	Filed during the year	Pending resolution at end of year	Remark	Filed during the year	Pending resolution at end of year	Remark	
Sexual Harassment	1	-	-	-	-	-	
Discrimination at workplace	-	-	-	-	-	-	
Child Labour	-	-	-	-	-	-	
Forced Labour/ Involuntary Labour	-	-	-	-	-	-	
Wages	-	-	-	-	-	-	
Other human rights related issues	-	-	-	-	-	-	

#### 7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Nykaa encourages all employees to ask questions and raise issues without fear of retaliation and is committed to treating reports seriously and investigating them thoroughly and fairly. Employees may always share their concerns through the email ID (speakup@nykaa.com) as provided in the employee grievance redressal policy.

Nykaa does not tolerate retaliation against anyone who makes a good faith report of suspected misconduct or otherwise assists with an investigation or audit.

# 8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. During the onboarding process of any business or vendor partnership, an undertaking is taken to ensure compliance with statutory requirements, human rights, and ethical business conduct.

#### 9. Assessment for the FY 2022-23:

% of plants and offices that were
100%
100%
100%
100%
100%
_

the assessments at Qs. 9, above. Nil.

#### Leadership Indicators

#### 1. Details of a business process being modified/ introduced as a result of addressing human rights grievances/ complaints.

Nykaa is committed to providing a safe and positive work environment. In keeping with this philosophy, the organization envisages a Whistle-Blower Policy, Code of Conduct, Employee Grievance Redressal Policy. This is achieved through a well-established grievance resolution mechanism.

2. Details of the scope and coverage of any Human Rights due-diligence conducted.

The Company is committed to protecting and respecting Human Rights. In this regard, the Company has partnered with a Third-Party to carry out a human rights assessment on issues relating to labour, child labour, equal remuneration and discrimination, including remedying rights violations in case they are identified.

#### 3. Is the premise/ office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

At Nykaa, we endeavor that all our office premises are accessible for differently abled individuals, and we are continuously working towards improving infrastructure for ensuring devised experience for everyone at our premises.

#### 4. Details on assessment of Value Chain Partners:

% o	f value chain partners
	esently Company doe
we	re conducted in FY2
i)	Our supply chain te
	vendors ensuring co
ii)	Central team at w
	background checks
iii)	Regular briefing tim at all warehouses to
	Pre wei i) ii)

### 5. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessment at Qs. 4 above.

One of our vendor contract is being terminated with 3-month notice period as the vendor premise is not safe for work and business risk is involved, for example fire safety, water logging, unsafe working environment for workers and employees.



re assessed (by entity or statutory authorities or third parties)

#### 10. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from

#### (by value of business done with such partners) that were assessed:

bes not maintain quantitative information, however below assessments 23 of our value chain partners.

eam has visited all its contract manufacturing vendors and packaging compliance with safe and healthy working conditions.

arehouse keeps a vigil by verifying KYC details and performing to ensure prevention of child labor.

me to time is provided at warehouses and a compliant box is installed o raise any violation.

#### Principle 6: Businesses should respect and make efforts to protect and restore the environment

#### **Essential Indicators**

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format: (in terms of Gigajoules-GJ)

Parameter	Current Financial Year 2022-23 (GJ)	Previous Financial Year 2021-22
Total Electricity Consumption (A)	14,400	-
Total Fuel Consumption (B)	2,600	-
Energy consumption through Other Sources (C)	-	-
Total Energy Consumption (A+B+C)	17,000	-
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	0.0000004	-

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

The Company was in early stages of its ESG journey therefore data management systems were being implemented, i.e., no data available for FY 2021-22

#### 2. Does the entity have any sites/ facilities identified as designated consumers (DCs) under the Performance, Achieve, and Trade (PAT) Scheme of the Government of India? (Yes/No)

If "Yes", disclose whether targets set under the PAT Scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable.

#### 3. Provide details of the following disclosures related to water, in the following format:

Note: The data reported below in the table highlights only the water consumed for 'domestic consumption purposes' and not used in manufacturing of goods and services.

Parameter	Current Financial Year 2022-23	Previous Financial Year 2021-22
Water withdrawal by source (in kilo-litres)		
(i) Surface Water	-	-
(ii) Groundwater	16,306	-
(iii) Third Party Water (Tanker)	590	-
(iv) Seawater/ Desalinated water	-	-
(v) Others (Water Cans and Municipal Supply System)	27,859	-
Total Volume of water withdrawal (in KL) (i + ii + iii + iv + v)	44,755	-
Total volume of water consumption (in KL)	44,755	-
Water intensity per rupee of turnover (water consumed/ turnover)	0.0000010	-

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

The Company was in nascent stages of its ESG journey therefore data management systems were being implemented, i.e., no data available for FY 2021-22. At our workplace, all the water usage in FY-23 was for domestic purposes only. Groundwater consumption is computed above is on theoretical basis and we further decided to install the water meters in FY-24 to track actual consumption and optimize our consumption.

# 4. Has the entity implemented a mechanism for Zero Liquid Discharge (ZLD)? If "Yes", provide details of its coverage and implementation.

Not Applicable. Since Nykaa doesn't use water for manufacturing products.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	Current Financial Year 2022-23	Previous Financial Year 2021-22
NOx	Ox		
SOx			
Particulate Matter (PM)		All the DG sets used for offices are under building management system. The DG sets in warehouses are being controlled by Nykaa and which is used as backup power. However, the emission monitoring for DG sets will commence from FY 2024.	
Persistent organic pollutant (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutant (HAP)			
Others-please specify			
Note: Indicate if any independent assessment/ eva external agency.	aluation/ assurance has been o	carried out by an external agenc	y? (Yes/No). If "Yes", name the

### 6. Please provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity, in the following format:

#### Parameter

Total Scope 1 Emissions (Break-up of the GHG into CO2, CH4 N2O, HFCs, PFCs, SF6, NF3, if available) Total Scope 2 Emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) Total Scope 1 and Scope 2 emissions per rupee of turnover 0.0000001 NA Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency.

\*Scope-1 emission includes fuel like diesel consumption only for the FY 2022-23

The Company was in nascent stages of its ESG journey therefore data management systems were being implemented, i.e., no data available for FY 2021-22

# 7. Does the entity have any project related to reducing Greenhouse gas emissions? If "Yes", then provide details.

Since Company is not into direct manufacturing process. We will start capturing the data whichever is applicable based on our business mode of operations under Scope-1 and Scope-2. After examining the data, Company will make appropriately prepare actions plans to achieve GHG emission targets.



Please specify unit	Current Financial Year 2022-23	Previous Financial Year 2021-22
4, Metric tonnes of CO2 equivalent	182*	NA
Metric tonnes of CO2 equivalent	2,840	NA
	0.000001	NA

### 8. Provide details related to waste management by the entity, in the following format:

Parameter	Current Financial Year 2022-23	Previous Financial Year 2021-22
Total Waste Generated (in m	etric tonnes)	
Plastic Waste (A)	_#	-
E-Waste (B)	4	-
Bio-medical Waste (C)	-	-
Construction and Demolition Waste (C&D) (D)	-	-
Battery Waste (E)	-	-
Radioactive Waste (F)	-	-
Other Hazardous Waste generated (G) (Please specify, if any)	-	-
Other Non-Hazardous Waste generated (H) (Please specify, if any)	54	-
Total Waste Generated (A+B+C+D+E+F+G+H)	58	-

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

#### **Category Waste Name:**

(i) Recycled	The Company has started re-	cycling and/or reusing paper
(ii) Re-used	and other packaging waste g	
(iii) Other recovery operations	quantity details will be measu	ured from FY2024
Total		
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category Waste Name:		
(i) Incineration	54	-

Total	58	-
(iii) Other disposal operations	4*	-
(ii) Landfilling	-	-
(I) Incineration	54	-

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency. No

\*E-waste disposed through CBCP authorized vendor

The Company was in nascent stages of its ESG journey therefore data management systems were being implemented, i.e., no data available for FY 2021-22

<sup>#</sup>Plastic waste generated within the premises are not presently quantifiable and will be stared from FY24 onwards, however Company is fulfilling the annual EPR compliance.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Considering the nature of the business the Company does not generate any hazardous or toxic waste.

10. If the entity has operations/ offices in & around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones, etc.) where environmental approvals/ clearances are required, please specify details in the following format:

S. №.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval/ clearance are being complied with? (Yes/No) If "No", the reasons thereof and corrective action taken, if any.
1.	Warehouse operation located at Baprour village, Patiala (Punjab)	Storage and logistics	Yes, instead of Landlord has obtained requisite approvals/clearance for one of our warehouses taken on lease.

#### 11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year 2022-23:

Name and brief of the project	EIA Notification No.	Date	/	Results communicated in public domain (Yes/ No)	Relevant Web-link
		No	t Applicable		

S. No.	Specify the law/ regulation/	Provide details of the non
5.140.	guidelines which is not compliant	compliance

Yes, Nykaa has complied with all applicable environmental law/regulations / guidelines in India. No fine/penalty/action was initiated against the entity under any of the applicable environmental laws/regulation/guidelines.

#### Leadership Indicators

Renewable sources, in the following format: (in terms of Gigajoules-GJ)

Parameter	Current Financial Year 2022-23 (GJ)	Previous Financia Year 2021-22
From Renewable Sources		
Total electricity consumption (A)	-	
Total fuel consumption (B)	-	
Energy consumption through other sources (C)	-	
Total energy consumed from renewable sources (A+B+C)	-	
From Non-Renewable Sources		
Total electricity consumption (D)	14,400	
Total fuel consumption (E)	2,600	
Energy consumption through other sources (F)	_,	
Total energy consumed from renewable sources' with 'Total energy consumed from non-renewable sources (D+E+F)	17,000	
external agency. No The Company was in nascent stages of its ESG journey therefore data management systems were b 2021-22	external agency? (Yes/No	o data available for F
The Company was in nascent stages of its ESG journey therefore data management systems were b 2021-22 Provide the following details related to water discharge:	being implemented, i.e., no Current Financial	Previous Financia
The Company was in nascent stages of its ESG journey therefore data management systems were b 2021-22 Provide the following details related to water discharge: Parameter	being implemented, i.e., no	
The Company was in nascent stages of its ESG journey therefore data management systems were b 2021-22 Provide the following details related to water discharge: Parameter Water discharge by destination and level of treatment (in kilo-litres)	being implemented, i.e., no Current Financial	Previous Financia
The Company was in nascent stages of its ESG journey therefore data management systems were b 2021-22 Provide the following details related to water discharge: Parameter Water discharge by destination and level of treatment (in kilo-litres) (i) To Surface Water	being implemented, i.e., no Current Financial	Previous Financia
The Company was in nascent stages of its ESG journey therefore data management systems were b 2021-22 Provide the following details related to water discharge: Parameter Water discharge by destination and level of treatment (in kilo-litres) (i) To Surface Water - No treatment	being implemented, i.e., no Current Financial	Previous Financia
The Company was in nascent stages of its ESG journey therefore data management systems were b 2021-22 Provide the following details related to water discharge: Parameter Water discharge by destination and level of treatment (in kilo-litres) (i) To Surface Water - No treatment - With treatment-please specify level of treatment	being implemented, i.e., no Current Financial	Previous Financia
The Company was in nascent stages of its ESG journey therefore data management systems were b 2021-22 Provide the following details related to water discharge: Parameter Water discharge by destination and level of treatment (in kilo-litres) (i) To Surface Water - No treatment - With treatment-please specify level of treatment	being implemented, i.e., no Current Financial	Previous Financia
The Company was in nascent stages of its ESG journey therefore data management systems were b 2021-22 Provide the following details related to water discharge: Parameter Water discharge by destination and level of treatment (in kilo-litres) (i) To Surface Water - No treatment - With treatment-please specify level of treatment (ii) To Ground Water - No treatment	Current Financial Year 2022-23	Previous Financia Year 2021-22
The Company was in nascent stages of its ESG journey therefore data management systems were b 2021-22 Provide the following details related to water discharge: Parameter Water discharge by destination and level of treatment (in kilo-litres) (i) To Surface Water - No treatment - With treatment-please specify level of treatment (ii) To Ground Water - No treatment - With treatment-please specify level of treatment	Current Financial Year 2022-23	Previous Financia Year 2021-2 s and warehouses,
The Company was in nascent stages of its ESG journey therefore data management systems were b 2021-22 Provide the following details related to water discharge: Parameter Water discharge by destination and level of treatment (in kilo-litres) (i) To Surface Water - No treatment - With treatment-please specify level of treatment (ii) To Ground Water - No treatment - With treatment-please specify level of treatment	Current Financial Year 2022-23	Previous Financia Year 2021-2 s and warehouses, umed is only for
<ul> <li>The Company was in nascent stages of its ESG journey therefore data management systems were be 2021-22</li> <li>Provide the following details related to water discharge:</li> <li>Parameter</li> <li>Water discharge by destination and level of treatment (in kilo-litres)</li> <li>(i) To Surface Water <ul> <li>No treatment</li> <li>With treatment-please specify level of treatment</li> </ul> </li> <li>(ii) To Ground Water <ul> <li>No treatment</li> <li>With treatment-please specify level of treatment</li> </ul> </li> <li>(iii) To Seawater <ul> <li>No treatment</li> </ul> </li> <li>With treatment-please specify level of treatment</li> </ul>	Current Financial         Year 2022-23         At Nykaa offices         the water consu         'domestic purport	Previous Financia Year 2021-2 s and warehouses, umed is only for ose' and not for
The Company was in nascent stages of its ESG journey therefore data management systems were be 2021-22 Provide the following details related to water discharge: Parameter Water discharge by destination and level of treatment (in kilo-litres) (i) To Surface Water - No treatment - With treatment-please specify level of treatment (ii) To Ground Water - No treatment - With treatment-please specify level of treatment (iii) To Seawater - No treatment - With treatment-please specify level of treatment (iii) To Seawater - No treatment - With treatment-please specify level of treatment	Current Financial Year 2022-23 At Nykaa offices the water consu 'domestic purpo manufacturing services. Therefo	Previous Financia Year 2021-2 and warehouses, umed is only for ose' and not for of goods and ore, the question
The Company was in nascent stages of its ESG journey therefore data management systems were be 2021-22  Provide the following details related to water discharge: Parameter  Water discharge by destination and level of treatment (in kilo-litres) (i) To Surface Water  No treatment With treatment-please specify level of treatment	Current Financial         Year 2022-23         At Nykaa offices         the water consul         'domestic purpor         manufacturing	Previous Financia Year 2021-2 and warehouses, umed is only for ose' and not for of goods and ore, the question
The Company was in nascent stages of its ESG journey therefore data management systems were b 2021-22 Provide the following details related to water discharge: Parameter Water discharge by destination and level of treatment (in kilo-litres) (i) To Surface Water - No treatment - With treatment-please specify level of treatment (ii) To Ground Water - No treatment - With treatment-please specify level of treatment (iii) To Seawater - No treatment - With treatment-please specify level of treatment (iii) To Seawater - No treatment - With treatment-please specify level of treatment (iv) Sent to Third Parties	Current Financial Year 2022-23 At Nykaa offices the water consu 'domestic purpo manufacturing services. Therefo	Previous Financia Year 2021-2 and warehouses, umed is only for ose' and not for of goods and ore, the question
The Company was in nascent stages of its ESG journey therefore data management systems were b 2021-22 Provide the following details related to water discharge: Parameter Water discharge by destination and level of treatment (in kilo-litres) (i) To Surface Water - No treatment - With treatment-please specify level of treatment (ii) To Ground Water - No treatment - With treatment-please specify level of treatment (iii) To Seawater - No treatment - With treatment-please specify level of treatment (iv) Sent to Third Parties - No treatment - With treatment-please specify level of treatment (iv) Sent to Third Parties - No treatment - With treatment-please specify level of treatment	Current Financial Year 2022-23 At Nykaa offices the water consu 'domestic purpo manufacturing services. Therefo	Previous Financia Year 2021-2 and warehouses, umed is only for ose' and not for of goods and ore, the question
The Company was in nascent stages of its ESG journey therefore data management systems were b 2021-22 Provide the following details related to water discharge: Parameter Water discharge by destination and level of treatment (in kilo-litres) (i) To Surface Water - No treatment - With treatment-please specify level of treatment (ii) To Ground Water - No treatment - With treatment-please specify level of treatment (iii) To Seawater - No treatment - With treatment-please specify level of treatment (iii) To Seawater - No treatment - With treatment-please specify level of treatment (iv) Sent to Third Parties - No treatment	Current Financial Year 2022-23 At Nykaa offices the water consu 'domestic purpo manufacturing services. Therefo	Previous Financia Year 2021-2 and warehouses, umed is only for ose' and not for of goods and ore, the question
The Company was in nascent stages of its ESG journey therefore data management systems were be 2021-22  Provide the following details related to water discharge:  Parameter  Water discharge by destination and level of treatment (in kilo-litres) (i) To Surface Water  No treatment No treatment-please specify level of treatment (ii) To Ground Water No treatment With treatment-please specify level of treatment (iii) To Seawater No treatment No tre	Current Financial Year 2022-23 At Nykaa offices the water consu 'domestic purpo manufacturing services. Therefo	Previous Financia Year 2021-2 and warehouses, umed is only for ose' and not for of goods and ore, the question

2.

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency. No



Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and Rules thereunder (Yes/ No). If "Not", provide details of all such non-compliances, in the

> Any fines/ penalties/ action taken by regulatory agencies such as Corrective action taken, if any pollution control board or by courts

# 1. Provide break up of the total energy consumed (in Joules or multiples) from Renewable Energy and Non-

For each facility/ plant located in areas of water stress, provide the following information:

- Name of area: Bengaluru, Dwarka, Gurgaon, Delhi, Haryana, and Punjab i.
- Nature of operations: Offices and Warehouses ii.

iii. Water withdrawal, consumption, and discharge in the following format:

At Nykaa offices and warehouses, the water consumed is only for 'domestic purpose' and not for manufacturing of goods and services. Therefore, the question is not applicable.

Parameter	Current Financial Year 2022-23	Previous Financial Year 2021-22
Water withdrawal by source (in kilo litres)		
(i) Surface Water	-	-
(ii) Ground Water	7,281	-
(iii) Third Party Water	590	-
(iv) Seawater/ Desalinated Water	-	-
(v) Others	7,025	-
Total volume of water withdrawal (in KL)	14,896	-
Total volume of water consumption (in KL)	14,896	-
Water intensity per rupee of turnover (Water consumed/ turnover)	0.000003	-
Water discharge by destination and level of treatment (in Ki	o litres)	
(i) To Surface Water	-	-
- No treatment	-	-
<ul> <li>With treatment-please specify level of treatment</li> </ul>	-	-
(ii) To Ground Water	-	-
- No treatment	-	-
<ul> <li>With treatment-please specify level of treatment</li> </ul>	-	-
(iii) Sent to Third Party Water	-	-
- No treatment	-	-
<ul> <li>With treatment-please specify level of treatment</li> </ul>	-	-
(iv) Into Seawater	-	-
- No treatment	-	-
- With treatment-please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment-please specify level of treatment	-	-

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency. No

At our workplace, all the water usage in FY 2023 was for domestic purposes only. The withdrawal computed above is on theoretical basis and we further decided to install the water meters in FY 2024 to track actual consumption and optimize our consumption.

4. With respect to the ecologically sensitive areas reported in Qs. 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

Not Applicable.

5. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/ effluent discharge/ waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along with summary)	Outcome of the Initiative
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At Nykaa, we strive to positively contribute towards a sustainable ecosystem by ensuring the highest level of responsibility and transparency in our business operations. Adhering to all environmental compliances, we constantly innovate and work towards mitigating environmental risks and upgrading our existing measures. For instance, all warehouses/ offices/ store premises are equipped with energy efficient solutions (LED)-to increase our sustainability footprint. Further, the company has reduced its air shipments by shifting from national to regional fulfillment centers for deliveries of our products. Various initiatives to eliminate plastic usage have been initiated such replacing plastic with paper as a packaging material, reducing use plastic bubble by decreasing width dimension, re-use of RTO packaging material, and regular training of manpower on plastic management; all above efforts resulted in usage of 80% paper packaging and 20% plastic packaging for all our shipments. Various initiatives at warehouses such as transitioning from paper to digital systems ('paperless picking'), smart and bulk picking with the use of handheld devices has been initiated. Every year warehouses are encouraged to conduct tree plantation drives outside warehouse area.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

#### **Essential Indicators**

- 1. (a) Number of affiliations with trade and industry chambers/ associations. 4
  - such body) the entity is member of/ affiliated to.

S. No.	Name the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/ National)
1.	FICCI-Federation of Indian Chambers of Commerce and Industry	National
2.	IBHA-Indian Beauty Health Association of India	National
3.	CII-Confederation of Indian Industries	National
4.	RAI-Retailers Association of India	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the Case	Corrective action taken	
	No such case observed in the reporting period.		

#### Leadership Indicators

1. Details of public policy positions advocated by the entity:

	S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain (Yes/No)	Frequency of Review by Board	Web Link, if available
Not Applicable						

Principle 8: Businesses should promote inclusive growth and equitable development

#### **Essential Indicators**

1. Details of Social Impact Assessments (SIA) projects undertaken by the entity based on applicable laws, in the current financial year 2022-23:

Name and brief detail of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/No)	Relevant web-link
			Not Applicable		

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. N₀.	Name of the project for which R&R is ongoing	State	District	No. of project affected families (PAFs)	%of PAFs covered by R&R	Amounts paid to PAFs in the FY (in ₹)
Not Applicable						

3. Describe the mechanisms to receive and redress grievances of the community.

The Company has a robust Vigil Mechanism/Whistle Blower Policy which encompasses grievance redress mechanism for all its stakeholders including Communities and NGOs/ Implementation agencies they anonymously raise actual or suspected concerns regarding incidents of wrongdoing, fraud or any unethical practices and write us to nykaa@tip-offs.in or call us on toll free number 1800 210 8988.

4. Percentage of input material (input to total inputs by value) sourced from suppliers:

	Current Financial Year 2022-23	Previous Financial Year 2021-22
Directly sourced from MSMEs/ Small producers	17% from 842 MSME vendors	NA
Sourced directly from within the district and neighboring districts	in the district and At our warehouses we recruit workers from nearby area and provide emplo to locals, we don't track quantitative details.	



# (b) List the top 10 trade and industry chambers/ associations (determined based on the total numbers of

### Leadership Indicators

#### 1. Details of beneficiaries of CSR Projects:

S. N₀.	CSR Project	No. of persons benefited from CSR Projects	% beneficiaries from vulnerable & marginalized groups
1.	Beauty training program for young women with Labournet in Bengaluru - Karnataka and Guwahati- Assam	58 women were benefited as of March 2023	100%
2.	Nykaa Chair in Consumer Technology at IIM-Ahmedabad	Evaluation in progress	0%
3.	Capacity building for Anushka Foundation for Eliminating Clubfoot among children	Project initiated in March 2023, approximately 100 children expected to be benefited.	100%
4.	Partnership for alternate education with Project Rangeet	Project initiated in March – approximately 15,000 student are expected to be benefited.	100%
5.	Slum Soccer - Homeless World Cup	Project initiated in March 2023, approx. 50 children are expected to be benefited.	100%
6.	Sponsoring India Deaf Cricket Association	Project initiated in March 2023, approximately 180 young women with hearing disabilities are expected to be benefited.	100%

The above initiatives were taken up by Nykaa Foundation, a Section 8 Company which oversee Companies CSR activities.

#### Principle 9: Business should engage with and provide value to their consumers in a responsible manner

#### **Essential Indicators**

#### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company has a grievance mechanism to receive and respond consumer complaints. All customer complaints received through available channels are registered in the CRM system using a unique tracking ticket number and final resolution is provided to the customer via email, phone, app notification and/or SMS.

#### 2. Turnover of products and/services as a percentage of turnover from all products/services that carry information about:

	As percentage to total turnover
Environmental and social parameters relevant to the product	0%
Safe and responsible usage	100%*
Recycling and/or safe disposal	0%

\*wherever required, a disclaimer for safe and responsible usage is added on the packaging

#### 3. Number of consumer complaints in respect of the following:

	Current Financial Year 2022-23			Previous Financial Year 2021-22		
	Received	Pending at end of year	Remarks	Received	Pending at end of year	Remarks
Data Privacy	Nil	Nil	-	Nil	Nil	-
Advertising	Nil	Nil	-	Nil	Nil	-
Cyber-security	Nil	Nil	-	Nil	Nil	-
Delivery of essential services	Nil	Nil	-	Nil	Nil	-
Restrictive Trade Practices	Nil	Nil	-	Nil	Nil	-
Unfair Trade Practices	Nil	Nil	-	Nil	Nil	-
Others	9,684	-	All consumer complaints have been closed	22,019	-	All consumer complaints have been closed

#### 4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary Recalls	Nil	No such instances of forced nor voluntary
Forced Recalls	Nil	recall during reporting period.

Yes. Nykaa has Data Privacy Policy in place. Please refer to: <u>https://www.nykaa.com/policy#privacy-policy</u>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of penalty/ action taken by regulatory authorities on safety of products/ services.

The Company proactively monitors compliance with applicable statutory and regulatory provisions. Where necessary, the Company communicates with its users and has considered/availed appropriate legal remedies.

Company also has Incident Management and Reporting mechanism in place for any unauthorized access, use, disclosure, modification, or destruction of information.

#### Leadership Indicators

1. Channels/ platforms where information on products and services of the entity can be accessed (provide web link, if possible)

Current information on products and services of the entity can be accessed from the following channels:

1. Website: https://www.nykaa.com/

2. Nykaa Retail Stores.

3. General Trade Stores and Modern Trade Stores where Nykaa products are available.

4. Nykaa App

# 2. Steps taken to inform and educate consumers about safe and responsible usage of products and/ or services.

The Company has various measures to inform and educate its consumers about safe and responsible usage of its products and services such as:

- Step 1: Awareness sessions by beauty bloggers
- Step 2: Tie-ups with Cosmetic experts for giving awareness session for skin care and hygiene

In addition to above, "Conscious at Nykaa" is a dedicated tab on the Nykaa app and website that houses a compelling curation of Cruelty-Free, Vegan, and Clean products across brands, categories, and price points - over 130 power brands and 30,000 products. These brands are certified by BUREAU VERITAS, Leaping Bunny and/or any other authorized and regulated body as cruelty-free. Nykaa generates contents such as buying guides and editorial articles as information sharing avenues with the customers.

- 3. Mechanism in place to inform consumers of any risk of disruption/ discontinuation of essential services. Not applicable, no essential services are provided by Nykaa.
- 4. Does the entity display product information on the product over and above what is mandated as per the local laws? (Yes/ No/ Not Applicable). If "Yes", provide details in brief. Did your entity carry out any survey with regard to customer satisfaction relating to the major products/ services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/ No).

All required information is displayed on its products label which are mandated as per industry requirements and norms. Nykaa also displays logo and/or information on additional parameters like cruelty-free, vegan, and clean as part of its "Conscious at Nykaa" initiative..

Nykaa has extensive rating and review mechanism on its website (Nykaa.com) for our products to gather feedback from our customers and to gauge their level of satisfaction.

- 5. Provide the following information relating to data breaches:
  - (a) Number of instances of data breaches along-with impact: Nil
  - (b) Percentage of data breaches involving personally identifiable information of customers.

Nil



# essential services, cyber security, and data privacy of customers; re-occurrence of instances of product recalls,

# Independent Auditor's Report

To the Members of FSN E-Commerce Ventures Limited

## Report on the Audit of the Standalone Financial **Statements**

#### Opinion

We have audited the accompanying standalone financial statements of FSN E-Commerce Ventures Limited ("the Company") which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Basis for Opinion**

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter		
Impairment of investments in subsidiaries and associate, and loans financial statements)	ans to subsidiaries (refer Note 8, Note 9 and Note 17 in the standalone		
The Company has investment of ₹ 4,196.27 million in	Our audit procedures included the following:		
subsidiaries and ₹ 416.50 million in associate and has outstanding loans receivable of ₹ 9,253.69 million from subsidiaries as at March 31, 2023 (as described in Note 8, Note 9 and Note 17 of standalone financial statements).	<ul> <li>Obtained the audited financial statements of subsidiaries and associate as on March 31, 2023 from the management and assessed impairment indicators in accordance with Ind AS 36.</li> </ul>		
As per requirement of Ind AS 36 "Impairment of assets", the management reviews at each reporting period whether there are any indicators of impairment of the investments in subsidiaries and associate and where impairment indicators exist, such investments are tested for impairment using discounted cash-flow models by which recoverable value of each investment is compared to the carrying value as at balance sheet date. A deficit between the recoverable value / value in use and the carrying value would result in impairment.	<ul> <li>Assessed the Company's valuation methodology applied in determining the recoverable amount.</li> </ul>		
	<ul> <li>Assessed the assumptions used in determining cash flow forecasts, discount rates, expected growth rates and terminal growth rates used.</li> </ul>		
	• Where the Company used the work of an external specialist, we assessed competence, professional qualification, objectivity and independence of such specialist. We obtained and read the report of external specialist to understand the work performed		
	on testing of key assumptions and estimates and their outcome of testing.		

#### Key audit matters

The value in use of the underlying businesses is determined based on the discounted cash flow projections. Discounted cash flow model has significant judgment and estimation in respect of cash flow forecasts and discount rate. Changes in certain methodologies and assumptions can lead to significant changes in the assessment of the recoverable value.

Due to the level of judgements involved in the assumptions used for computation of recoverable amount / value in use, the impairment assessment of the Company's interest in certain subsidiaries (including loans given) and associate, is determined to be a key audit matter in our audit of the standalone financial statements

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Annual report ('Other Information') but does not include the standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

#### Responsibilities of Management for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect considered material if, individually or in the aggregate, they to the preparation of these standalone financial statements could reasonably be expected to influence the economic that give a true and fair view of the financial position, financial decisions of users taken on the basis of these standalone performance including other comprehensive income, cash financial statements flows and changes in equity of the Company in accordance As part of an audit in accordance with SAs, we exercise with the accounting principles generally accepted in India, professional judgment and maintain professional skepticism including the Indian Accounting Standards (Ind AS) throughout the audit. We also: specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, Identify and assess the risks of material misstatement as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate



#### How our audit addressed the key audit matter

- Involved our internal valuation specialist to evaluate the adequacy of the assumptions used in impairment analysis.
- Assessed the recoverable value by performing sensitivity testing of key assumptions used.
- Discussed the budgeted and actual performance for the year to evaluate the inputs and assumptions used in the cash flow forecasts.
- Tested the arithmetical accuracy of the computation of recoverable amount.
- Assessed the disclosures provided by the Company in relation to its annual impairment test in notes to the standalone financial statements.
- 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- In preparing the standalone 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 standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone 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

of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures and whether the standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because

the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### 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 Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid/ provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 45 (B) to the financial statements;
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- (iv) (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 55(v) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any

#### For S.R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

#### per Nilangshu Katriar

Partner Membership Number: 058814 UDIN: 23055814BGYZOL6284

Place of Signature: Mumbai Date: May 24, 2023



guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 55(vi) to the standalone financial statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- (v) No dividend has been declared or paid during the year by the Company.
- (vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from April 1, 2023, reporting under this clause is not applicable.

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

Re: FSN E-Commerce Ventures Limited (the "Company")

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including situation of Property, Plant and Equipment, except for quantitative and description details, which are pending updation in the records maintained by the company.
  - (B) The Company has maintained proper records showing full particulars of intangibles assets reflected in the books.
  - (b) The Company has a programme of physical verification of Property, Plant and Equipment to cover all the items in phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Pursuant to such a programme, verification of Property, Plant and Equipment has commenced during the year and is in progress as of reporting date. Hence, we are unable to comment on the discrepancies, if any, that may arise upon such verification.
  - (c) According to information and explanations given by the management and based on the examination of the financial statements there is no immovable property held in the name of the Company. In respect of immovable properties that have been taken on lease and disclosed as property, plant, and equipment in the financial statement, based on our examination of the lease agreements, the lease agreements are in the name of the

Company, where the Company is the lessee in the agreement.

- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed upon such verification. In our opinion the coverage and the procedure of such verification by the management is appropriate.
  - (b) As disclosed in note 25 to the financial statements, the Company has been sanctioned working capital limits in excess of ₹ 5 crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the audited / unaudited books of accounts of the Company.
- (iii) (a) During the year, the Company has provided loans and stood guarantees to its subsidiaries as follows:

		(₹ in million)
Particulars	Guarantees	Loans
Aggregate amount granted/ provided during the year	2,850.00	9,910.00
Balance outstanding as at March 31, 2023 in respect of above cases	6,390.00	9,253.69

During the year, the Company has not provided advances in the nature of loans and security to companies, firms, Limited Liability Partnerships or any other parties.

- (b) During the year the investments made, guarantees provided and the terms and conditions of the grant of all loans and guarantees to its subsidiaries are not prejudicial to the Company's interest. During the year the Company has not provided advances in the nature of loans and security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order in respect of advances in the nature of loans and security given is not applicable to the Company.
- (c) In respect of loan of ₹ 9,660.00 million granted by the Company to its Subsidiaries, repayable on demand, the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are in accordance with that.

- the same parties.
- 2013 (the 'Act'):

			(₹ in million)	
Particulars	All Parties	Promoters	<b>Related Parties</b>	
Aggregate amount of loans/ advances in nature of loans				
- Repayable on demand	9,660.00	-	9,660.00	
Percentage of loans/ advances in nature of loans to the total loans	97.48%	-	97.48%	

- commented upon.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- requirement to report on clause 3(vi) of the Order is not applicable to the Company.
- the date they became payable.
  - that have not been deposited on account of any dispute, are as follows:

					(< in million)
Name of the statute	Nature of the dues	Amount	Period to which the amount relates	Forum where the dispute is pending	Remarks, if any
Delhi Value Added Tax, 2002	DVAT	6.15	April 2016 to March 2017	CIT Appeals	-
Maharashtra Value Added Tax, 2022	MVAT	20.49	April 2016 to March 2017	Deputy Commissioner of Sales Tax	-
Central Goods and Service Tax Act, 2017	GST	0.39	April 2017 to March 2018	Joint Commissioner of Sales tax (SGST) (Appeal)-I Appellate Authority	-

- report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
  - government authority.



(d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability

(e) There were no loans or advance in the nature of loan granted to companies which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to

(f) As disclosed in note 9 and note 17 to the financial statements, the Company has granted loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to subsidiaries. Of these, following are the details of the aggregate amount of loans or advances in the nature of loans granted to promoters or related parties as defined in clause (76) of section 2 of the Companies Act,

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made, guarantees and securities given have been complied with by the Company. The Company has not advanced loans to directors to which provisions of section 185 of the Act apply and hence not

deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable.

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from

(b) According to records of the Company, dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues

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

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

(₹ in million)

- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associate.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate company. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
  - (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
  - (b) During the year, no report under sub-section (12) of section 143 of the Act, 2013 has been filed by the secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
  - (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) In our opinion, the Company is not a nidhi company as per the provisions of the Act. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
  - (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi)(a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
  - (b) The Company has not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.
  - (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
  - (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii)The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xviii)The Joint statutory auditor of the company has resigned during the year, and we have taken into consideration the issues, objections or concerns raised by the previous auditors.
- (xix) On the basis of the financial ratios disclosed in note 52 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the

future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub

#### For S.R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

#### per Nilangshu Katriar

Partner Membership Number: 058814 UDIN: 23055814BGYZOL6284

Place of Signature: Mumbai Date: May 24, 2023

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section 5 of section 135 of the Act. This matter has been disclosed in note 54 to the standalone financial statements.

(b) All amounts that are unspent under section (5) the section 135 of Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act. This matter has been disclosed in the note 54 to the standalone financial statements.

### Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of FSN **E-Commerce Ventures Limited**

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of FSN E-Commerce Ventures Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

# Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls

over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 over financial reporting with reference to these standalone financial statements.

#### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone **Financial Statements**

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

### Inherent Limitations of Internal Financial Controls **Over Financial Reporting With Reference to** Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these In our opinion, the Company has, in all material respects, standalone financial statements, including the possibility adequate internal financial controls over financial reporting of collusion or improper management override of controls, with reference to these standalone financial statements and material misstatements due to error or fraud may occur such internal financial controls over financial reporting with and not be detected. Also, projections of any evaluation reference to these standalone financial statements were of the internal financial controls over financial reporting operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established with reference to standalone financial statements to future periods are subject to the risk that the internal financial by the Company considering the essential components control over financial reporting with reference to these of internal control stated in the Guidance Note issued by standalone financial statements may become inadequate the ICAI.

#### For S.R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

#### per Nilangshu Katriar

Partner Membership Number: 058814 UDIN: 23055814BGYZOL6284

Place of Signature: Mumbai Date: May 24, 2023



because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

# **Balance Sheet**

as at March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
Non-current assets		470.00	00.47
Property, plant and equipment	4	173.33	88.16
Right of use assets	5	76.17	67.11
Intangible assets	6	4.18	9.29
Intangible assets under development	7	8.86	-
Financial assets	0	4 ( 4 0 7 7	2 70 4 00
Investments	8	4,612.77	3,794.80
Loans	9	2,184.35	3,019.76
Other financial assets	10	108.08	265.21
Deferred tax assets (net)	11	39.97	74.51
Non current tax assets (net)	11	53.94	68.81
Other non current assets	12	5.07	1.62
Total non-current assets (A)		7,266.72	7,389.27
Current assets			
Inventories	13	485.25	725.45
Financial assets			
Trade receivables	14	586.04	206.53
Cash and cash equivalents	15	112.62	317.74
Bank balance other than cash and cash equivalents	16	407.04	1,885.53
Loans	17	7,069.34	2,060.75
Other financial assets	18	1,724.81	4,103.08
Other current assets	19	211.22	216.05
Total current assets (B)		10,596.32	9,515.13
Total Assets (A+B)		17.863.04	16,904.40
Equity and liabilities			
Equity			
Equity share capital	20	2.852.45	474.11
Other equity	21	13,640.29	15,025.36
Total equity (A)		16,492.74	15,499.47
Liabilities			
Non-current liabilities:			
Financial liabilities			
Lease Liabilities	22	124.02	147.30
Other financial liabilities	23	294.40	242.40
Long-term provisions	24	12.94	12.40
Total non-current liabilities (B)	2-7	431.36	402.10
Current liabilities:		-102.00	-102.20
Financial liabilities			
Borrowings	25	354.68	313.27
	26	74.85	53.54
	27	74.05	55.54
Irade payables	27	9.98	34.86
<ul> <li>Total outstanding dues of Micro enterprise and small enterprises</li> <li>Total outstanding dues of creditors other than Micro enterprises and small</li> </ul>		27.30	131.30
		27.50	101.00
enterprises	20	200.45	AA A 70
Other financial liabilities	28	299.45	414.72
Short-term provisions	29	20.59	16.62
Contract liabilities	30	3.28	2.26
Other current liabilities	31	148.81	36.26
Total current liabilities (C)		938.94	1,002.83
Total liabilities (B+C)		1,370.30	1,404.93
Total equity and liabilities (A+B+C)		17,863.04	16,904.40

The accompanying notes are an integral part of the Financial Statements

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

per Nilangshu Katriar Partner

Membership No: 058814

For and on behalf of the Board of Directors of **FSN E-Commerce Ventures Limited** 

Milan Khakhar

DIN No. 00394065

Company Secretary ACS M. No. F6144

Director

Sujeet Jain

Falguni Nayar Executive Chairperson, Managing Director & CEO DIN No. 00003633

P Ganesh Chief Financial Officer

Place: Mumbai Date: May 24, 2023

Place: Mumbai Date: May 24, 2023 Statement of Profit and Loss

for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from operations	32	2,177.99	1,876.99
Other Income	33	1,286.86	1,157.07
Total Income		3,464.85	3,034.06
Expenses			
Cost of material consumed	34	589.11	720.67
Purchase of traded goods	35	210.09	193.99
Changes in inventories of finished goods and stock-in-trade	36	57.65	(326.25)
Employee benefits expense	37	365.22	287.93
Finance costs	38	74.51	58.87
Depreciation and amortisation expense	39	70.63	46.84
Other expenses	40	1,291.37	835.09
Total Expenses		2,658.58	1,817.14
Profit before tax		806.27	1,216.92
Tax expense:			
Current tax	11	157.90	64.46
Deferred tax	11	35.28	117.33
Total tax expense		193.18	181.79
Profit after tax		613.09	1,035.13
Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit or loss			
Remeasurement (loss)/ gain of defined benefit liability		(2.94)	0.51
Income tax effect on above		0.74	(0.13)
Fair valuation of investments measured through OCI		-	(13.19)
Income tax effect on above		-	(6.25)
Other comprehensive (loss) for the year, net of tax		(2.20)	(19.06)
Total Comprehensive Income for the year		610.89	1,016.07
Earnings per share of face value Re 1/- each			
Basic	41	0.22	0.37
Diluted	41	0.21	0.37

The accompanying notes are an integral part of the Financial Statements

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

per Nilangshu Katriar Partner Membership No: 058814

Place: Mumbai Date: May 24, 2023

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For and on behalf of the Board of Directors of FSN E-Commerce Ventures Limited

#### Falguni Nayar

Executive Chairperson, Managing Director & CEO DIN No. 00003633

#### P Ganesh

Chief Financial Officer

Place: Mumbai Date: May 24, 2023

# Milan Khakhar

Director DIN No. 00394065

Sujeet Jain

Company Secretary ACS M. No. F6144

# Statement of Cash flows

for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flows from Operating activities		
Profit before tax as per Statement of Profit & Loss	806.27	1,216.92
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant & equipment and right of use assets	61.83	39.48
Amortisation of intangible assets	8.80	7.36
Interest expense and other finance costs	73.95	58.87
Unrealised foreign exchange loss/(gain) (net)	0.06	(0.14)
Share based expense	21.35	35.82
Provision for gratuity expense	5.34	1.19
Provision for compensated expense	4.52	4.84
Expected credit (loss)/credit impaired	2.49	(5.53)
Fair value of put option liability	52.00	(260.36)
Commission on financial guarantee	(45.47)	(58.54)
Interest income	(738.64)	(440.20)
Liabilities no longer required written back	(0.05)	-
Gain on cancellation of lease	(0.88)	-
Operating profit before working capital changes	251.57	599.71
Working capital Adjustments:		
(Increase) / Decrease in trade receivables	(382.00)	400.58
Decrease / (Increase) in inventories	240.20	(393.27)
(Increase)/ Decrease in current financial asset	57.17	(15.51)
Increase / (Decrease) in non-current financial assets	47.51	(25.48)
Decrease/ (Increase) in other current assets	4.83	(26.77)
(Decrease) / Increase in trade payables	(128.90)	51.99
(Decrease) in provisions	(8.29)	(3.11)
(Decrease) / Increase in current financial liabilities	(91.55)	241.64
Increase/ (Decrease) in other current liabilities	113.57	(41.64)
Cash generated from operations	104.11	788.14
Payment of taxes (net)	(143.03)	(67.95)
Net cash flow (used in)/ from operating activities (A)	(38.92)	720.19
Cash flows from Investing activities		
Purchase of property, plant and equipment and other intangible assets (net off capital advance)	(122.64)	(46.36)
Investment redeemed / (placed) in fixed deposits	3,933.36	(4,330.38)
Purchase of investments	(328.85)	-
Investment in associate	(416.50)	
Loans to subsidiaries (net)	(4,137.06)	
Interest received	692.88	372.73
Net cash flows (used in) investing activities (B)	(378.81)	(9,441.88)

# Statement of Cash flows

for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flows from Financing activities		
Proceeds from issue of equity shares/ shares pending allotment including security premium (net off expenses)	288.36	8,727.28
Proceeds from issue of preference shares	-	1.58
Proceeds from current borrowings (net)	41.41	69.73
Interest paid on borrowings	(52.49)	(38.45
Rental income on sub lease	25.60	39.45
Principal payment of lease liabilities	(68.53)	(53.04
Interest paid on lease liabilities	(21.74)	(19.95
Net cash flows from financing activities (C)	212.61	8,726.60
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(205.12)	4.91
Cash and cash equivalents at the beginning of the year	317.74	312.83
Cash and cash equivalents at the year end (Refer note 15)	112.62	317.74

# Note:

- 1. Non cash transactions relating to investing and financing activities. (Refer Note: 18, 28, 42)
- approval dated November 2, 2022 in the ratio of 5 bonus shares for every 1 share held.
- Statement of Cash Flows.

The accompanying notes are an integral part of the Financial Statements

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

#### per Nilangshu Katriar

Partner Membership No: 058814

Place: Mumbai Date: May 24, 2023 Place: Mumbai Date: May 24, 2023 R

2. The Company has issued 2,373,563,075 bonus shares of face value of ₹ 1 each during the year vide shareholders'

3. The above Statement of Cash Flow has been prepared under the indirect method as set out in Ind AS 7 on

For and on behalf of the Board of Directors of FSN E-Commerce Ventures Limited

Falguni Nayar Executive Chairperson, Managing Director & CEO DIN No. 00003633

### P Ganesh Chief Financial Officer

# Milan Khakhar

Director DIN No. 00394065

# Sujeet Jain

Company Secretary ACS M. No. F6144

# Statement of Changes in Equity

for the year ended March 31, 2023 (Amount in ₹ Million, unless otherwise stated)

# A. Equity share capital:

# Equity shares issued, subscribed and fully paid

	No. of shares	Amount
As at April 01, 2021 <sup>(1)</sup>	15,057,237	150.57
lssue of equity shares of face value of ₹ 10 each	60,130	0.60
Conversion of Optionally Convertible Redeemable Preference Shares ('OCRPS') <sup>(1)</sup>	450,528	4.51
Split of shares <sup>(2)</sup>	140,111,055	-
Issue of bonus shares <sup>(3)</sup>	311,357,900	311.36
lssue of equity shares of face value of ₹ 1 each	7,068,026	7.07
As at March 31, 2022 <sup>(4)</sup>	474,104,876	474.11
lssue of equity shares of face value of ₹ 1 each	4,778,769	4.78
Issue of bonus shares <sup>(5)</sup>	2,373,563,075	2,373.56
As at March 31, 2023	2,852,446,720	2,852.45

<sup>(1)</sup> Equity shares of face value of ₹ 10 each.

<sup>(2)</sup> Equity shares of face value of ₹ 10 each of the Company were sub-divided into equity shares of face value of ₹ 1 each pursuant to approval of the shareholders at Extra Ordinary General Meeting held on July 16, 2021.

<sup>(3)</sup> The Company has issued 311,357,900 bonus shares of face value of ₹ 1 each during the previous year vide shareholders' approval dated July 16, 2021 in the ratio of 2 bonus shares for every 1 share held.

 $^{(4)}$  Equity shares of face value of  $\overline{<}\ 1$  each.

<sup>(5)</sup>The Company has issued 2,373,563,075 bonus shares of face value of ₹ 1 each during the year vide shareholders' approval dated November 02, 2022 in the ratio of 5 bonus shares for every 1 share held.

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## for

Initial stat         Initial stat<		Instruments	Share application	Ľ	Reserves & Surplus	S	Employee share	Other	Tatel attain
·         (283.84)         5,666.58         ·         89.37         (14.47)         5,4           ·         1055.13         ·	Particulars	classified as Equity	money pending allotment	Retained Earnings	Securities premium	Capital reserve	options scheme reserve	Comprehensive Income (OCI)	equity
.       1,035,13       .<	As at April 01, 2021	3.27		(283.84)	5,666.58	•	89.37	(14.47)	5,460.91
.       .       .       .       (19,06)       .         .       .       .       .       .       .       .       .         . <td< td=""><td>Net profit for the year</td><td></td><td></td><td>1,035.13</td><td></td><td></td><td>1</td><td></td><td>1,035.13</td></td<>	Net profit for the year			1,035.13			1		1,035.13
.         1,035.13         .         (11.06)         1,0           .	Other comprehensive income	1	ı	I	1	1		(19.06)	(19.06)
.       (311.36)       .       .       (311.36)       .	Total comprehensive income			1,035.13			•	(19.06)	1,016.07
3.935.00       -       8,975.26       -       -       9,1         8.983.50       -       -       -       143.06       -       9,1         (8,92.55)       -       -       0.10       0.36       -       -       9,1         (8,92.55)       -       -       0.10       0.36       -       -       9,1         -       -       -       (0.10)       0.36       0.36       -       -       (2,9)         -       -       -       (0.10)       0.36       0.36       15,0       -       -       (2,2)       -	Securities premium utilised on issue of bonus shares		I		(311.36)				(311.36)
8,983.60         -         -         143.06         -         9,1           -         -         -         -         -         143.06         -         9,1           -	Securities premium on issue of shares				8,975.26				8,975.26
(8)982.95)     76.52     76.52     (76.52)     (76.52)     (9.9       -     0.0100     0.36     -     -     (8.9       0.65     751.29     14,150.68     0.36     -     -     (2.20)       -     613.09     -     -     (2.20)     6       -     613.09     -     -     (2.20)     6       -     613.09     -     -     (2.20)     6       -     613.09     -     -     (2.20)     6       -     613.09     -     -     (2.20)     6       -     613.09     -     -     (2.20)     6       -     -     296.64)     -     94.02     -     (2.20)       296.64)     -     -     (8.09)     -     -     (2.20)       -     -     -     (8.09)     -     -     (2.20)       -     -     -     (8.09)     -     -     (2.20)       -     -     -     (8.09)     -     -     (2.20)       -     -     -     -     -     (2.20)     -       -     -     -     -     -     -     (2.20)       -     -     -	Addition during the year	1.50	8,983.60		1		143.06		9,128.16
	Shares allotted during the year		(8,982.95)		76.52		(76.52)		(8,982.95)
-       -       (256.22)       -       -       -       (23.591       (33.53)       15.0         -       613.09       -       <	Forfeiture of OCRPS (Refer note 21)	(4.77)			(0.10)				(4.51)
0.65         75.1.29         14,150.68         0.36         15,91         (3.3.33)         15,0           -	Share issue expense				(256.22)		-		(256.22)
.       613.09       . <td>As at March 31, 2022</td> <td></td> <td>0.65</td> <td>751.29</td> <td>14,150.68</td> <td>0.36</td> <td>155.91</td> <td>(33.53)</td> <td>15,025.36</td>	As at March 31, 2022		0.65	751.29	14,150.68	0.36	155.91	(33.53)	15,025.36
.       .       .       .       .       (2.20)       6         .       613.09       .       .       291.86       .       .       220       6         .       .       .       291.86       .	Net profit for the year	1		613.09	1	1	1		613.09
.         613.09         .         .         (2.20)         6           . <td< td=""><td>Other comprehensive income</td><td>-</td><td></td><td></td><td>1</td><td></td><td></td><td>(2.20)</td><td>(2.20)</td></td<>	Other comprehensive income	-			1			(2.20)	(2.20)
.       .       .       291.86       . <td>Total comprehensive income</td> <td></td> <td></td> <td>613.09</td> <td></td> <td></td> <td></td> <td>(2.20)</td> <td>610.89</td>	Total comprehensive income			613.09				(2.20)	610.89
296.45         -         -         94.02         -         33           -         -         (2,373.56)         -         (2,373.56)         -         (2,373.56)         -         (2,373.56)         -         (2,373.56)         -         (2,373.56)         -         (2,373.56)         -         (2,373.56)         -         (2,373.56)         -         (2,373.56)         -         (2,373.56)         -         (2,373.56)         -         (2,373.56)         -         (2,373.56)         -         (2,373.56)         -         -         (2,373.56)         -         -         (2,37.73)         13,66         -         -         -         -         -         -         -         -         (2,37.73)         13,66         -<	Securities premium on issue of shares	1	I		291.86			1	291.86
-         -         (2,373.56)         -         -         (2,373.56)         -         (2,373.56)         -         (2,373.56)         -         (2,373)         -         (2,373)         -         (2,373)         -         (2,373)         -         (2,373)         -         (2,373)         -         (2,373)         -         (2,373)         -         -         (2,373)         -         -         -         -         (2,373)         -         13,64.38         12,141.56         0.36         169.26         (35,73)         13,64.39         13,64.38         13,64.38         13,64.4         -	Addition during the year	1	296.45		I		94.02	1	390.47
(296.64)         -         80.67         -         (20)         -         (20)         -         (20)         -         (2)         -         (2)         -         (2)         -         (2)         -         (2)         -         (2)         -         (2)         -         (2)         -         (2)         -         (2)         -         (2)         -         (2)         - </td <td>Securities premium utilised on issue of bonus shares</td> <td>1</td> <td>I</td> <td>ı</td> <td>(2,373.56)</td> <td>I</td> <td>1</td> <td>1</td> <td>(2,373.56)</td>	Securities premium utilised on issue of bonus shares	1	I	ı	(2,373.56)	I	1	1	(2,373.56)
.     (8.09)     . <td< td=""><td>Shares allotted during the year</td><td>1</td><td>(296.64)</td><td>1</td><td>80.67</td><td></td><td>(80.67)</td><td>1</td><td>(296.64)</td></td<>	Shares allotted during the year	1	(296.64)	1	80.67		(80.67)	1	(296.64)
0.46     1,364.38     12,141.56     0.36     169.26     (35.73)       For and on behalf of the Board of Directors of FSN E-Commerce Ventures Limited     Milan Khal       Falguni Nayar     Executive Chairperson, Milan Khal       Falguni Nayar     Executive Chairperson, DIN No. 00003633     DIN No. 00003633       P Ganesh     Company S     Sujeet Jain       Place: Mumbai     Diffector     Sujeet Jain	Share issue expense	I			(8.09)				(8.09)
For and on behalf of the Board of Directors of FSN E-Commerce Ventures Limited Falguni Nayar Executive Chairperson, Managing Director & CEO DIN No. 00003633 DIN No. 00003633 Dine friancial Officer Place: Mumbai Date: May 24, 2023	As at March 31, 2023	•	0.46	1,364.38	12,141.56	0.36	169.26	(35.73)	13,640.29
rgshu Katriar Palguni Nayar Executive Chairperson, Managing Director & CEO DIN No. 00003633 DIN No. 00003633 CEO DIN No. 00003633 CEO DIN No. 00003633 Placetor & CEO DIN No. 00003633 Placetor & CEO DIN No. 00003633 Placetor & CEO DIN No. 00003633 Discretor & CEO DIN No. 00003633 Placetor & CEO DIN No. 00003633 Placetor & CEO DIN No. 00003633 Discretor & CEO DIN No. 00003633 Placetor & CEO DIN No. 00003633 Placetor & CEO DIN No. 00003633 Placetor & CEO DIN No. 00003633 Discretor & CEO	he accompanying notes are an integral part of the As per our report of even date C <sup>For</sup> S. R. Batliboi & Associates LLP Chartered Accountants CAI Firm Registration No: 101049W/E300004	e Financial Statem 4	ents		For and on beha FSN E-Comme	If of the Board o rce Ventures Lin	f Directors of		
P Ganesh Chief Financial Officer Place: Mumbai Date: May 24, 2023	<b>per Nilangshu Katriar</b> <sup>D</sup> artner Membership No: 058814				<b>Falguni Naya</b> Executive Chair Managing Direc DIN No. 0000	person, tor & CEO 3633		Milan K Directo DIN NI	<b>chakhar</b> or o. 00394065
					<b>P Ganesh</b> Chief Financial	Officer		<mark>Sujeet</mark> . Compa ACS M	<b>Jain</b> ny Secretary No. F6144
	Place: Mumbai Date: May 24, 2023				Place: Mumbai Date: May 24, 2	2023			



Forming part of the Financial Statements as at and for the year ended March 31, 2023

# 1. Corporate Information

FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited, the 'Company' or 'Parent' or 'Holding Company') is a public Company incorporated and domiciled in India. The registered office of the Company is located at 104, Vasan Udyog Bhavan. Sun Mill compound, Tulsi Pipe Road, Lower Parel, Mumbai - 400013.

The Company had converted from a Private Limited Company to a Public Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on July 16, 2021 and consequently the name of the Company was changed to FSN E-Commerce Ventures Limited vide fresh certificate of incorporation issued by ROC on July 28, 2021. The Company had completed its Initial Public Offer (IPO) during the year and accordingly the Company is listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) w.e.f November 10, 2021.

The Company is engaged in the business of manufacturing, selling & distribution of beauty, wellness, fitness, personal care, health care, skin care, hair care products on the online platforms or websites such as e-commerce, m-commerce, internet, intranet as well as through physical stores, stalls, general trade and modern trade etc.

The Board of Directors approved the standalone financial statements for the year ended March 31, 2023 and authorised for issue on May 24, 2023.

# 2. Significant accounting policies

# 2A. Basis of preparation

# i) Statement of compliance:

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

# ii) Historical cost convention:

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

- certain financial assets and liabilities (including derivative instruments) and contingent consideration is measured at fair value
- assets held for sale measured at fair value less cost to sell
- defined benefit plans plan assets measured at fair value

share-based payments.

# iii) New and amended standards adopted by the Company

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective 1 April 2022. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

## iv) New and amended standards issued but not effective

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective 1 April 2023.

The Rules predominantly amend Ind AS 1 -Presentation of financial statements, Ind AS 8 -Accounting policies, changes in accounting estimates and errors and Ind AS 12 - Income taxes.

The amendment in Ind AS 1 requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. Any information disclosed should not obscure material accounting information.

The amendment in Ind AS 8 clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendment in Ind AS 12 requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, **b**) • and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

# 2B. Summary of significant accounting policies

# a) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading •
- Expected to be settled within twelve months after • the reporting period or
- · Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle or due to be settled within twelve months after the reporting period.
- It is held primarily for the purpose of trading. •
- · There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.



The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified period of twelve months as its operating cycle.

# **Property Plant & Equipment**

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

Subsequent expenditure related to an item of Property, Plant & Equipment is included in asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably.

All other repairs and maintenance are charged to the Statement of Profit and Loss for the period during which they are incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

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

# Depreciation on Property, Plant & Equipment:

Depreciation is provided using the straight line method based on useful lives of the assets prescribed in Schedule II to the Companies Act, 2013.

Forming part of the Financial Statements as at and for the year ended March 31, 2023

# Estimated useful lives of the assets are as follows:

Property Plant & Equipment	Useful lives (in years)
Computers & Hardware	3
Furniture & Fixtures	10
Office Equipments	5
Vehicles	8
Plant and Machinery	8
Leasehold improvements	Period of primary lease

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

# c) Intangible assets

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

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

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

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

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or

disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss.

# Amortisation of intangible assets:

Intangible assets are amortised on straight line basis as per the following useful lives:

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

# **Research and development costs**

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

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

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

#### d) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each Balance Sheet date. If there is any indication of impairment based on internal / external factors, an impairment loss is recognised, i.e. wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

independent of those from other assets or groups of assets. When the carrying amount of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

# e) Inventory

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion



of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on first in, first out basis.

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

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

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

#### **f**) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Company as a lessee:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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

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

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

Right-of-use assets are depreciated on a straightline basis over the shorter of the lease term and the estimated useful lives of the assets.

Forming part of the Financial Statements as at and for the year ended March 31, 2023

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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

ii. Lease liabilities:

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

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

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

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

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

# Sub-lease

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

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

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

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

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

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

#### Financial Instruments g)

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

## I. Initial recognition and measurement:

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

### **Financial Assets**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in section (i(l)) Revenue from contracts with customers.

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

# **Financial Liabilities**

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

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

#### II. Subsequent measurement:

#### i. Financial assets

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- · Financial assets at fair value though profit or loss

Financial assets at amortised cost (debt instruments)

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

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

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

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

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

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

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

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

Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

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

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

# Financial assets at fair value through profit or loss (FVTPL)

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

# ii. Financial liabilities

Financial liabilities at fair value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

## Financial liabilities at amortised cost (loans and borrowings)

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

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings Forming part of the Financial Statements as at and for the year ended March 31, 2023

including bank overdrafts, and derivative financial instruments

# III. Derecognition

# **Financial Assets**

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

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

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

# **Financial Liabilities**

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

# IV. Impairment of financial assets:

In accordance with Ind AS 109, the Company applies simplified Expected Credit Loss (ECL) model for measurement and recognition of impairment loss for trade receivables or any



contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind-AS 115 and do not contain significant financing components.

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

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

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

### V. Offsetting of financial instruments

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

#### VI. Investment in subsidiaries and associates

The Company has accounted for its investment in subsidiaries and associates at cost.

## h) Revenue recognition:

#### I. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold, and services rendered is net of variable consideration on account of discounts offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognised only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

The Company identifies the performance obligations in its contracts with customers and

Forming part of the Financial Statements as at and for the year ended March 31, 2023

recognises revenue as and when the performance obligations are satisfied. The specific recognition criteria described below must also be met before revenue is recognised.

i. Sale of products:

Revenue is recognised upon transfer of control of promised products to customer in an amount that reflects the consideration which the Company expects to receive in exchange for products. Revenue from the sale of products is recognised when products are delivered to customer. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers.

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

# ii. Contract balances:

Contract assets

A contract asset is the right to consideration in exchange for products or services transferred to the customer. If the Company performs by transferring products or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional

Trade receivables

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

Contract liabilities

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

## II. Interest income:

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

## **Provisions**

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

# i) Foreign currency transactions

# Functional and presentation currency Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Indian rupee $(\overline{\mathbf{x}})$ , which is E-Commerce Ventures Limited's

functional and presentation currency.

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

## Foreign currency transactions and balances

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange differences

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

# j) Share based payments

Employees (including senior executives) of the Company receive remuneration in the form of sharebased payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/ or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for



equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Expense relating to options granted to employees of the subsidiaries under the Company's share-based payment plan, is cross charged for their share of the ESOP cost by equity settlement.

# Employee benefits

### Short term employee benefits

All short term employee benefits such as salaries, incentives, medical benefits which are expected to be settled wholly within 12 months after the end of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undiscounted basis and charged to the Statement of Profit and Loss.

# Post-employment benefits

## i. Defined Contribution Plans

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

Forming part of the Financial Statements as at and for the year ended March 31, 2023

# ii. Defined Benefit Plans

# Gratuity

The Company has an obligation towards gratuity, a defined benefit plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The gratuity benefits are unfunded.

Gratuity liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period/year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

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

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

# Compensated absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each Balance Sheet date on the basis of an independent actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer the settlement for at least 12 months after the reporting date, regardless of when the actual settlement.

# Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred.

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowing to the extent they are regarded as adjustment to the interest cost.

# m) Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

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

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

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

# n) Income taxes

Tax expense comprises current and deferred tax.

# Current income tax

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

# **Deferred** tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets

and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

# o) Cash and cash equivalents

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

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

Forming part of the Financial Statements as at and for the year ended March 31, 2023

# p) Contingent Liabilities

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

# q) Earnings per share

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

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

# r) Segment reporting

The Company drives synergy across fulfilment models, sales channels and product categories and accordingly the Chief Operating Decision Maker ('CODM') reviews and allocates resources based on Omni business and Omni channel strategy, which in the terms of Ind AS 108 on 'Operating Segments' constitutes a single reporting segment.

# s) Share capital

Equity shares are classified as equity. Incremental costs directly attributable to the issue of equity shares are recognised as a deduction from equity.

# 3. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and

the disclosure of contingent liabilities, at the end of the reporting period. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

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

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

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

### Estimates and assumptions:

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

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial period/year end. The lives are based on historical experience with similar assets.

## b. Fair Value measurement of financial instruments

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

## c. Estimation of defined benefit obligation and compensated absences

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

Future salary increases are based on expected future inflation rates. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at interval in response to demographic changes.

# d. Income taxes

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



# e. Deferred Taxes

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

# f. Business combination

In accounting for business combinations, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets acquired (including useful life estimates), liabilities assumed, and contingent consideration assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.

# g. Provision

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

Forming part of the Financial Statements as at and for the year ended March 31, 2023

## h. Impairment of financial assets

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

#### Provision for expected credit losses of trade i. receivables and contract assets

The Company uses a simplified approach to determine impairment loss allowance on the portfolio of trade receivables. This is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forwardlooking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may

not be representative of customer's actual default in the future.

#### Leases – Estimating the incremental borrowing j. rates

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities.

The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the rightof-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

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

## k. Other estimates

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

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

## 4 Property, Plant and Equipment

Particulars	Computers & Hardware	Furniture & Fixtures	Office equipments	Vehicles	Plant & Machinery	Leasehold improvements	Total
Cost							
As at April 1, 2021	6.50	51.99	12.17	4.40	3.15	22.46	100.67
Additions	3.04	31.88	4.14	-	-	-	39.06
Disposals	-	-	-	-	-	-	-
As at March 31, 2022	9.54	83.87	16.31	4.40	3.15	22.46	139.73
Additions	7.75	76.50	10.39	5.70	-	7.10	107.44
Disposals	-	-	-	-	-		-
As at March 31, 2023	17.29	160.37	26.70	10.10	3.15	29.56	247.17
Accumulated depreciation							
As at April 1, 2021	5.05	8.13	1.42	4.33	0.80	19.58	39.31
Depreciation charge for the year	0.98	7.82	3.05	-	0.40	0.01	12.26
Disposals	-	-	-	-	-	-	-
As at March 31, 2022	6.03	15.95	4.47	4.33	1.20	19.59	51.57
Depreciation charge for the year	3.29	13.09	1.61	0.78	0.42	3.08	22.27
Disposals	-	-	-	-	-	-	-
As at March 31, 2023	9.32	29.04	6.08	5.11	1.62	22.67	73.84
Net Book Value							
As at March 31, 2023	7.97	131.33	20.62	4.99	1.53	6.89	173.33
As at March 31, 2022	3.51	67.92	11.84	0.07	1.95	2.87	88.16

#### Footnotes:

1. Movable assets have been pledged to secure borrowings of the Company (Refer Note - 25)

#### **Right of use Assets** 5

Particulars	Right of use assets	Total
Cost		
As at April 1, 2021	115.79	115.79
Additions	39.26	39.26
Disposals	-	-
As at March 31, 2022	155.05	155.05
Additions	51.66	51.66
Disposals	(15.74)	(15.74)
As at March 31, 2023	190.97	190.97
Accumulated depreciation		
As at April 1, 2021	60.72	60.72
Depreciation charge for the year	27.22	27.22
Disposals	-	-
As at March 31, 2022	87.94	87.94
Depreciation charge for the year	39.56	39.56
Disposals	(12.70)	(12.70)
As at March 31, 2023	114.80	114.80
Net Book Value		
As at March 31, 2023	76.17	76.17
As at March 31, 2022	67.11	67.11

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Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

# 6 Intangible assets

Particulars	Catalogue	Business application development cost	Trademark	Computer Softwares	Total
Cost					
As at April 1, 2021	97.17	12.47	-	14.77	124.41
Additions	-	-	-	4.09	4.09
Disposals	(97.17)	-	-	-	(97.17)
As at March 31, 2022	-	12.47	-	18.86	31.33
Additions			0.59	3.10	3.69
Disposals	-	-	-	-	-
As at March 31, 2023	-	12.47	0.59	21.96	35.02
Accumulated amortisation					
As at April 1, 2021	97.17	8.84	-	5.84	111.85
Amortisation charge for the year	-	2.10	-	5.26	7.36
Disposals	(97.17)	-	-	-	(97.17)
As at March 31, 2022	-	10.94	-	11.10	22.04
Amortisation charge for the year	-	1.22	0.03	7.55	8.80
Disposals	-	-	-	-	-
As at March 31, 2023	-	12.16	0.03	18.65	30.84
Net Book Value					
At March 31, 2023	-	0.31	0.56	3.31	4.18
At March 31, 2022	-	1.53	-	7.76	9.29

# 7 Intangible assets under development

Particulars	Amount
As at April 1, 2021	-
Addition	-
Capitalisation	-
As at March 31, 2022	-
Addition	8.86
Capitalisation	-
As at March 31, 2023	8.86

Intangible assets under development include cost for implementation of accounting and finance software.

# Intangible assets under development ageing schedule:

					Amount in ₹ Mn
Period in progress	0-1 years	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2023	8.86	-	-	-	8.86
As at March 31, 2022	-	-	-	-	-

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

# 8 Non-current Investments (Unquoted)

Particulars	As at March 31, 2023	As at March 31, 2022
Investments in subsidiaries (Unquoted, fully paid up)		
(A) Investments in Equity Instruments of Subsidiaries (at cost)		
FSN Brands Marketing Private Limited	1,020.00	1,020.00
102,000,000 fully paid equity shares of ₹ 10 each (March 31, 2022: 102,000,000 fully paid equity shares of ₹ 10 each)		
Nykaa E-Retail Private Limited	95.10	95.10
9,510,000 fully paid equity shares of ₹ 10 each (March 31, 2022: 9,510,000 fully paid equity shares of ₹ 10 each)		
FSN International Private Limited	51.00	51.00
5,100,000 fully paid equity shares of ₹ 10 each (March 31, 2022: 5,100,000 fully paid equity shares of ₹ 10 each)		
Nykaa Fashion Private Limited	250.10	250.10
25,010,000 fully paid equity shares of ₹ 10 each (March 31, 2022: 25,010,000 fully paid equity shares of ₹ 10 each)		
Nykaa-KK Beauty Private Limited	5.10	5.10
510,000 fully paid equity shares of ₹ 10 each (March 31, 2022: 510,000 fully paid equity shares of ₹ 10 each)		
Dot & Key Wellness Private Limited <sup>(1)</sup>	1,471.76	1,471.76
692,143 fully paid equity shares of ₹ 10 each (March 31, 2022: 692,143 fully paid equity shares of ₹ 10 each)		
FSN Distribution Private Limited	0.10	0.10
10,000 fully paid equity shares of ₹ 10 each (March 31, 2022: 10,000 fully paid equity shares of ₹ 10 each)		
Nudge Wellness Private Limited	36.00	-
36,00,150 fully paid equity shares of ₹ 10 each (March 31, 2022: ₹ Nil)		
Iluminar Media Private Limited (LBB)	292.75	-
26,113 fully paid equity shares of ₹ 10 each (March 31, 2022: ₹ Nil)		
Nykaa Foundation	0.10	-
9,993 fully paid equity shares of ₹ 10 each (March 31, 2022: ₹ Nil)		
Total investments in subsidiaries measured at cost (A)	3,222.01	2,893.16
(B) Equity Component - Loans to Subsidiaries		
FSN Brands Marketing Private Limited	249.41	249.41
Nykaa E-Retail Private Limited	16.09	16.09
Nykaa Fashion Private Limited	138.05	138.05
Nykaa-KK Beauty Private Limited	6.57	6.57
FSN International Private Limited	1.77	1.77
Total equity component of loans to subsidiaries (B)	411.89	411.89
(C) Equity Component - Financial Guarantees		
FSN Brands Marketing Private Limited	44.40	44.40
Nykaa E-Retail Private Limited	194.47	194.47
Nykaa Fashion Private Limited	2.80	2.80
Nykaa-KK Beauty Private Limited	5.10	5.10
Total equity component of financial guarantees (C)	246.77	246.77



Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
(D) Equity Component - ESOP		
FSN Brands Marketing Private Limited	20.42	15.75
Nykaa E-Retail Private Limited	231.49	185.58
Nykaa Fashion Private Limited	59.69	41.65
Nykaa-KK Beauty Private Limited	-	-
FSN Distribution Private Limited	0.30	-
Iluminar Media Private Limited (LBB)	3.70	
Total equity component of ESOP (C)	315.60	242.98
Total investment - equity component (E = B+C+D)	974.26	901.64
Measured at fair value through Other Comprehensive Income (FVTOCI) <sup>(2)</sup>		
Investment in Others (Unquoted, fully paid up)		
JMS Logistics and Express Private Limited		
In Series A1 Compulsory Convertible Cumulative Preference Shares of ₹ 1/- each	-	-
Total investments measured at FVTOCI (F)	-	-
Investments in associate (Unquoted, fully paid up)		
Investments in Equity Instruments of Associates (at cost)		
Earth Rhythm Private Limited	416.50	-
8,230 fully paid equity shares of ₹ 10 each (March 31, 2022: ₹ Nil)		
Total investments in associates measured at cost (G)	416.50	-
Total Non-current investments (A+E+F+G)	4,612.77	3,794.80
CATEGORY-WISE INVESTMENT		
Measured at Cost	4,612.77	3,794.80
Measured at Fair Value Through Other Comprehensive Income (FVTOCI)	-	-
Total Investments	4,612.77	3,794.80
Aggregate amount of Unquoted Investments	4,612.77	3,794.80
Aggregate amount of impairment in value of investments	38.03	38.03

<sup>(1)</sup>On September 28, 2021, the Company had acquired 51% stake in Dot & Key Wellness Private Limited (Dot & Key) for a consideration of ₹ 969 Mn. Accordingly, effective such date Dot & Key had become the subsidiary of the Company. Further, the Promoter shareholders of Dot & Key (NCI holder of the subsidiary) have Put Option for selling balance stake of 49% by the Company at a value to be determined as per the terms of Shareholders Agreement for consideration not exceeding ₹ 1,530 Mn. The fair value of the Put Option on the date of acquisition of ₹ 502.76 Mn had been included in the cost of investments. Put Option liability as on March 31, 2023 was ₹ 294.4 Mn (March 31, 2022:₹ 242.40 Mn) (Refer note 23) and resultant change in liability is recognised under 'Other income' (Refer note 33) during the year.

<sup>(2)</sup>During the previous year, the Company had recognised the impact of decline in fair value of investment in JMS Logistics and Express Pvt Ltd of ₹ 13.19 Mn through other comprehensive income.

#### Loans (Non current) (Unsecured, considered good) 9

Particulars	As at March 31, 2023	As at March 31, 2022
Loan to subsidiaries (Refer note 44 and 46)	2,184.35	3,019.76
Total	2,184.35	3,019.76

The above loans are measured at amortised cost and have been given for business purpose.

Forming part of the Financial Statements as at and for the year ended March 31, 2023 (Amount in ₹ Million, unless otherwise stated)

# 10 Other financial assets (non-current) (measured at amortised cost)

Particulars	As at March 31, 2023	As at March 31, 2022
Sublease net investments	78.84	100.61
Security deposits (Unsecured, considered good)	9.54	38.00
Deposits with banks with maturity period more than 12 months	19.70	126.60
otal	108.08	265.21

#### 11 Income tax

The major components of income tax expense are:

#### Particulars

Current tax: In respect of current year In respect of earlier year

#### Deferred tax:

In respect of current year

In respect of unrecognised business loss of earlier years

# Income tax expense reported in the Statement of Profit and Loss

Deferred tax related to items recognised in OCI during the year:

Tax expenses / (income) on remeasurements of defined benefit plans investments

Income tax expense charged / (credited) to OCI

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2023 and March 31, 2022:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	806.27	1,216.92
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	202.94	306.30
Tax effect of:		
Interest on loan given	(22.92)	(14.39)
Commission on financial guarantee	(2.71)	(14.73)
Tax expense / (credit) pertaining to earlier years	-	(22.87)
Fair value of put option	13.09	(65.53)
Others	2.78	(6.98)
Income tax expenses as per Statement of Profit and Loss		
Total Tax	193.18	181.79
Current tax expense	157.90	64.46
Deferred tax expense	35.28	117.33
Tax expense recognised in the Statement of Profit and Loss	193.18	181.79
Effective tax rate	23.96%	14.94%



	For the year ended March 31, 2023	For the year ended March 31, 2022
	157.90	43.90
	-	20.56
	157.90	64.46
	35.28	160.76
	-	(43.43)
	35.28	117.33
	193.18	181.79
& fair valuation of	0.74	(6.38)
	0.74	(6.38)

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

# Gross movement in the income tax assets/(liabilities) for the years ended March 31, 2023 and March 31, 2022:

Particulars	As at March 31, 2023	As at March 31, 2022
Net income tax asset at the beginning	68.81	65.32
Income tax paid	143.03	67.95
Current tax expense / tax expense pertaining to earlier years	(157.90)	(64.46)
Net income tax asset at the end	53.94	68.81
Income tax assets as per balance sheet	53.94	68.81

### Deferred tax:

Particulars	As at March 31, 2023	As at March 31, 2022
Expenses allowable on payment basis	8.44	12.23
Tax losses	-	33.44
Depreciation and amortisation (Excluding ROU)	17.07	18.21
Lease related assets and liabilities (net)	2.16	1.79
Provision of expected credit loss	0.85	0.22
Others	11.45	8.61
Deferred tax assets (A)	39.97	74.51
Deferred tax liabilities (B)	-	-
Deferred tax assets (net) (C=A-B)	39.97	74.51

### Reconciliation of deferred tax assets (net):

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	74.51	198.22
Tax (expense) during the year recognised in profit or loss	(35.28)	(117.33)
Tax income/ (expense) during the year recognised in OCI	(0.74)	6.38
Closing balance	39.97	74.51

# 12 Other non-current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Capital advances	5.07	1.62
Total	5.07	1.62

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

Particulars	As at March 31, 2023	As at March 31, 2022
Stock-in-trade	412.72	261.56
Finished goods	72.53	281.34
Raw Materials	-	15.85
Packing material	-	166.70
Total	485.25	725.45

As at March 31, 2023 ₹ 29.74 Mn (March 31, 2022: ₹ 31.32 Mn) is recognised as provision taking into account various factors, including obsolescence of material, unserviceable items and ageing of material.

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023 (Amount in ₹ Million, unless otherwise stated)

# 14 Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables - Unsecured, considered good	586.04	206.53
Trade receivables - Credit impaired	3.37	0.88
Less: Allowances for expected credit loss (Refer note 47)	(3.37)	(0.88)
Total	586.04	206.53

For details of trade receivable with related party refer note 44 related party disclosure. No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Trade receivables are non-interest bearing and are generally on terms of 0 to 60 days.

# Trade receivables ageing schedule:

# March 31, 2023

	Outstanding for following periods from due date of payment						
Particulars	not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – Unsecured, considered good	16.27	569.77	-	-	-	-	586.04
Undisputed Trade Receivables – credit impaired	0.09	1.14	1.31	0.02	0.81	-	3.37
Total	16.36	570.91	1.31	0.02	0.81	-	589.41

# March 31, 2022

	Outstanding for following periods from due date of payment						
Particulars	Current but – not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – Unsecured, considered good	142.27	64.21	0.05	-	-	-	206.53
Undisputed Trade Receivables - Credit impaired	0.35	0.13	-	-	0.40	-	0.88
Total	142.62	64.34	0.05	-	0.40	-	207.41

# 15 Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	0.01	0.24
Balances with banks in current accounts	93.13	302.14
Deposits with original maturity of less than three months		
- With Banks	19.48	15.36
Total	112.62	317.74

Cash at banks earns interest at floating rates based on daily bank deposit rates on deposits. Short-term deposits are made for varying periods of between seven days and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

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Forming part of the Financial Statements as at and for the year ended March 31, 2023

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# 16 Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Deposits with original maturity for more than 3 months but less than 12 months		
- With Banks	407.04	1,885.53
Total	407.04	1,885.53

## 17 Loans (Current) (Unsecured, considered good) (measured at amortised cost)

Particulars	As at March 31, 2023	As at March 31, 2022
Loan to subsidiaries (Refer note 44 and 46)	7,069.34	2,060.75
Total	7,069.34	2,060.75

The above loans are measured at amortised cost and have been given for business purpose.

### Loans or Advances in the nature of loans granted to the related parties that are repayable on demand:

Type of Borrower	Amount of Ioan on nature of Ioar		% to the total Loans and Advances in the nature of loans	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Related Parties:				
FSN Brands Marketing Private Limited	1,482.36	-	16.02%	-
Nykaa E-Retail Private Limited	1,705.09	-	18.43%	-
FSN International Private Limited	63.13	-	0.68%	-
Nykaa Fashion Private Limited	2,519.75	-	27.23%	-
Nykaa-KK Beauty Private Limited	1.81	-	0.02%	-
FSN Distribution Private Limited	1,237.20	-	13.37%	-
Iluminar Media Private Limited (LBB)	60.00	-	0.65%	-
Total	7,069.34	-	76.39%	-

### 18 Other financial assets (current)

Particulars	As at March 31, 2023	As at March 31, 2022
Sublease net investments.	38.11	29.50
Security deposit (Unsecured, considered good)	0.23	2.88
Current maturity of deposits with banks with maturity period more than 12 months	1,581.36	3,928.45
Unbilled receivable	6.60	39.84
Interest accrued but not due	98.50	102.41
Mark-to-market asset	0.01	-
Total	1,724.81	4,103.08

## Movement in interest accrued on deposit but not due

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	102.41	48.65
Interest accrued during the year (excluding Ind AS adjustments)	688.97	426.49
Receipt of interest during the year	(692.88)	(372.73)
Closing Balance	98.50	102.41

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

## 19 Other current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Advance to Suppliers (Unsecured, considered good)	47.22	142.72
Advance against expenses (Unsecured, considered good)	66.48	33.00
Prepaid expenses	44.34	17.48
Balance with statutory / government authorities	53.18	22.85
Total	211.22	216.05

# 20 Share Capital

Particulars	Equity Sha	ires	Preference Shares	
Particulars	Numbers Amoun		Numbers	Amount
Authorised Share Capital				
As at April 1, 2021 (Shares of face value of ₹ 10 each)	195,000,000	1,950.00	5,000,000	50.00
Increase during the year <sup>(1)</sup>	2,555,000,000	800.00	495,000,000	450.00
As at March 31, 2022 (Shares of face value of ₹ 1 each)	2,750,000,000	2,750.00	500,000,000	500.00
Reclass of Preference shares to equity shares during the year <sup>(2)</sup>	500,000,000	500.00	(500,000,000)	(500)
As at March 31, 2023 (Shares of face value of ₹ 1 each)	3,250,000,000	3,250.00	-	-

<sup>(1)</sup>Pursuant to the approval of the shareholders at Extra Ordinary General Meeting of the Company held on July 16, 2021 each equity shares of face value of ₹ 10/- per share was sub-divided into ten equity shares of face value of ₹ 1/- per share, with effect from the record date i.e. July 16, 2021. The above increase during the year includes the effect of such split of face value of the shares.

<sup>(2)</sup>The Board of Directors approved reclassification of Authorized Share Capital of the Company from ₹ 3,250 million comprising of 2,75,00,00,000 (Two Hundred and Seventy-Five crores) equity shares of ₹1 each and 50,00,000 (Fifty Crores) preference shares of ₹1 each, to ₹3,250 million comprising of 3,25,00,000 (Three Hundred and Twenty-Five crores) Equity Shares of ₹ 1/- (Rupee One) and the same was approved by Members of the Company on November 02, 2022 through Postal Ballot.

# i) Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders' approval.

### ii) Issued share capital

Issued, subscribed and fully paid

	Equity Share	es	
Particulars	Numbers	Amount 150.57	
As at April 1, 2021	15,057,237		
lssue of equity shares of face value of ₹ 10 each	60,130	0.60	
Conversion of OCRPS into equity shares of face value of ₹ 10 each	450,528	4.51	
Adjustment of split of shares into face value of ₹ 1 each	140,111,055	-	
Issue of bonus shares of face value of ₹ 1 each	311,357,900	311.36	
lssue of equity shares of face value of ₹ 1 each	7,068,026	7.07	
As at March 31, 2022	474,104,876	474.11	
lssue of bonus shares of face value of ₹ 1 each	2,373,563,075	2,373.56	
lssue of equity shares of face value of ₹ 1 each	4,778,769	4.78	
As at March 31, 2023	2,852,446,720	2,852.45	

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During the previous year, the Company had completed its Initial Public Offer (IPO) of 47,575,326 equity shares of face value of ₹ 1 each at an issue price of ₹ 1,125 per share (including a share premium of ₹ 1,124 per share). A discount of ₹ 100 per share was offered to eligible employees bidding in the employee's reservation portion of 250,000 equity shares. The issue comprised of a fresh issue and allotment of 5,602,666 equity shares aggregating to ₹ 6,300 Mn and offer for sale of 41,972,660 equity shares by selling shareholders aggregating to ₹ 47,197 Mn.

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

Name of the shareholder	As at March 31	, 2023	As at March 31, 2022		
	No. of shares	% holding	No. of shares	% holding	
Sanjay Nayar (through family trust)	634,913,520	22.26%	105,818,920	22.32%	
Falguni Nayar (through family trust)	625,834,620	21.94%	104,305,770	22.00%	
Indra Singh Banga / Harindarpal Singh Banga	182,878,740	6.41%	30,479,790	6.43%	

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

# iv) Shares reserved for issue under employee stock option

The Company has reserved issuance of 210,000,000 (Previous year 198,000,000) Equity Shares of ₹ 1 each for offering to Eligible Employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the year ended March 31, 2023 the Company has granted 3,109,600 options (March 31, 2022: 3,651,000). Cumulative number of equity shares granted under Émployee Stock Option Scheme (ESOS) is 59,448,400 equity shares as at March 31, 2023. (March 31, 2022: 56,338,800).

# v) Promoter's Shareholding:

# As at March 31, 2023:

Description	Promoter Name	No. of shares at the beginning of the year*	% of Total Shares	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 1 each	Sanjay Nayar (through family trust)	634,913,520	22.32%	634,913,520	22.26%	0.00%
Equity shares of ₹ 1 each	Falguni Nayar (through family trust)	625,834,620	22.00%	625,834,620	21.94%	0.00%
Total		1,260,748,140	44.32%	1,260,748,140	44.20%	0.00%

\*The number of shares at the beginning of the year have been restated to give effect of bonus shares allotted in the ratio of 5 bonus shares for every 1 share held vide shareholders' approval dated November 02, 2022.

# As at March 31, 2022:

Description	Promoter Name	No. of shares at the beginning of the year**	% of Total Shares	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 1 each	Sanjay Nayar (through family trust)	120,118,920	26.59%	105,818,920	22.32%	(12%)
Equity shares of ₹ 1 each	Falguni Nayar (through family trust)	99,399,930	22.00%	104,305,770	22.00%	5%
Total		219,518,850	48.59%	210,124,690	44.32%	(7%)
0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares, partly paid	Falguni Nayar (through family trust)	143,500	32.88%	-	0.00%	(100%)
Total		143,500	32.88%	-	0.00%	(100%)

\*\* The number of shares at the beginning of the year have been restated to give effect of share split of equity shares of face value of ₹ 10 each sub-divided into equity shares of face value of ₹ 1 each and bonus shares allotted in the ratio of 2 bonus shares for every 1 share held vide shareholder's approval dated July 16, 2021.

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

### vi) Shares issued for consideration other than cash:

- approval dated November 02, 2022 in the ratio of 5 bonus shares for every 1 share held.
- shareholders' approval dated July 16, 2021 in the ratio of 2 bonus shares for every 1 share held.

# 21 Other equity

## (A) Instruments classified as Equity

0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares ('OCRPS')

Particulars	No. of shares	Amount
As at April 01, 2021	436,500	3.27
Issue of preference shares during the year at ₹ 10 per share	50,028	0.50
Call money at ₹ 2.50 per share on 400,500 shares	-	1.00
Forfeiture of partly paid 36,000 shares at ₹ 7.5 per share <sup>(1)</sup>	(36,000)	(0.26)
Conversion of preference share capital during the year	(450,528)	(4.51)
As at March 31, 2022	-	-
Issue of preference shares during the year	-	-
As at March 31, 2023	-	-

into equity shares as on June 30, 2021, at the issue price as per conditions given in the letter of offer and forfeited OCRPS of 36,000 were re-issued and converted into equity shares on July 15, 2021.

# (B) Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Securities premium		
Opening balance	14,150.68	5,666.58
Add: Securities premium on issue of shares	291.86	8,975.26
Add: Transfer from Employee Share options scheme reserve	80.67	76.52
Less: Utilised on issue of bonus shares	(2,373.56)	(311.36)
Less: Forfeiture of OCRPS	-	(0.10)
Less: Share issue expenses	(8.09)	(256.22)
Closing balance (A)	12,141.56	14,150.68
(ii) Retained earnings		
Opening balance	751.29	(283.84)
Add: Profit during the year	613.09	1,035.13
Less: Options lapsed during the year	-	-
Closing balance (B)	1,364.38	751.29
(iii) Other comprehensive income		
Opening balance	(33.53)	(14.47)
Add: Other comprehensive (loss) for the year	(2.20)	(19.06)
Closing balance (C)	(35.73)	(33.53)



a) The Company has issued 2,373,563,075 bonus shares of face value of ₹ 1 each during the year vide shareholders'

b) The Company had issued 311,357,900 bonus shares of face value of ₹ 1 each during the year 2022 vide

## Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
(iv) Share application money pending allotment		
Opening balance	0.65	-
Add: Additions during the year	296.45	8,983.60
Less: Shares allotted during the year	(296.64)	(8,982.95)
Closing balance (D)	0.46	0.65
(v) Employee Share Options Scheme Reserve		
Opening balance	155.91	89.37
Add: Additions during the year	94.02	143.06
Less: Shares exercised during the year	(80.67)	(76.52)
Less: Options lapsed during the year	-	-
Closing balance (E)	169.26	155.91
(vi) Capital Reserve		
Opening balance	0.36	-
Add: Forfeiture of OCRPS	-	0.36
Closing balance (F)	0.36	0.36
Total (A+B+C+D+E+F)	13,640.29	15,025.36

# Nature and purpose of reserves

- (i) Securities premium: Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares is transferred to Securities Premium.
- (ii) Retained earnings: Retained Earnings are the profits / (losses) that the Company has earned till date, less any dividends or other distributions paid to shareholders.
- (iii) Other Comprehensive Income: This represents the cumulative gains and losses arising on remeasurement of defined employee benefit plan.
- (iv) Share application money pending allotment: This represents the share application money received in previous year for Employee Stock Option Scheme for which shares are allotted during the current financial year.
- (v) Employee Share Options Scheme Reserve: The fair value of the equity-settled share based payment transactions with employees is recognised in Employee Share Options Scheme Reserve.
- (vi) Capital Reserve: Capital reserve is on account of forfeiture of partly paid up OCRPS and security premium thereon.

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

# 22 Lease liabilities (Non-Current)

#### Particulars

Payable for lease liabilities (Refer note 42)	
Total	

# 23 Other financial liabilities (Non-Current)

Particulars	
Put option liability (Refer note 8)	
Total	

## 24 Long-term provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Gratuity (Refer note 43)	12.94	12.40
Total	12.94	12.40

## 25 Borrowings (Current)

Particulars	As at March 31, 2023	As at March 31, 2022
Working capital loan from Banks	354.68	313.27
Total	354.68	313.27

### Notes:

- (i) Working Capital/Cash Credit Facilities from Bank is secured by hypothecation of book debts, current assets and movable Property, plant and equipment both present and future.
- (ii) Loan is payable on demand. Interest payable on working capital loan is MCLR/ Repo/ T-Bill adjusted with the risk spread mutually agreed between the parties.
- (iii) Maximum amount of loan outstanding during the year was ₹ 835.79 Mn (March 31, 2022: ₹ 669.47 Mn).
- (iv) Bank loan contain certain financial covenants and the Company has satisfied all covenants as per the terms of bank loan.
- (v) As at March 31, 2023, the Company had undrawn committed funded and non-funded borrowing facilities of ₹ 470.32 Mn (March 31, 2022: ₹ 381.60 Mn).
- (vi) Quarterly statements of current assets filed by the Company with banks are in agreement with the audited/unaudited books of accounts.

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As at March 31, 2023	As at March 31, 2022
124.02	147.30
124.02	147.30

As at March 31, 2023	As at March 31, 2022
294.40	242.40
294.40	242.40

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Reconciliation of statements submitted to banks during FY 2022:

## **FSN E-Commerce Ventures Limited:**

Quarter	Name of Bank <sup>(1)</sup>	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-21 <sup>(1)</sup>	Kotak Bank, HDFC Bank, Citibank	Inventory	351.43	373.83	(22.40)	Amount as per books includes total inventory balance as per trial balance. Amount as reported in quarterly return includes inventory greater than 9 months. Detailed backup information for difference is not readily retrievable. The difference is primarily on account of closing GST input credit included in amount reported in quarterly return.
		Trade receivable	463.45	416.60	46.85	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days. Detailed reconciliation for difference is not readily retrievable as on date.
Sep-21 <sup>(2)</sup>	Citibank, Kotak Bank, HDFC Bank	Inventory	401.38	396.19	5.19	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	Citibank, Kotak Bank	Trade receivables, Other Receivables	401.67	306.58	95.08	The difference is primarily on account of other receivables which has not been considered by the Company as part of quarterly submission to the bank.
	HDFC Bank	Trade receivables, Advance to Suppliers, Other Receivables	485.98	355.91	130.07	The difference is primarily on account of other receivables which has not been considered by the Company as part of quarterly submission to the bank. Further, amount as per books excludes trade receivables more than 90 days whereas total receivables was considered in statement submitted to bank.
	Citibank, Kotak Bank	Advances To suppliers	84.32	29.61	54.71	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
Dec-21 <sup>(2)</sup>	Citibank, Kotak Bank, HDFC Bank	Inventory	507.97	601.39	(93.42)	The difference is primarily on account of GST input credit included in the quarterly submission to the bank.
	HDFC Bank	Trade receivables, Other Receivables	492.97	482.05	10.92	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
Mar-22 <sup>(3)</sup>	Citibank, Kotak Bank	Inventory	725.45	760.91	(35.46)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		725.45	723.33	2.12	

<sup>(1)</sup>Kotak Bank, Citibank and HDFC Bank referred in the above table are for Kotak Mahindra Bank Limited, Citi Bank N.A., and HDFC Bank Limited

<sup>(2)</sup>For quarter ended September 30, 2021 and December 31, 2021, the Company has submitted revised statements with the banks post balance sheet date, which has been acknowledged by the bank.

<sup>(3)</sup>For quarter ended March 31, 2022, the Company was in process of submitting revised statement with bank post balance sheet date. Accordingly, the revised statement had been submitted.

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

### 26 Lease liabilities (Current)

### Particulars

Payable for lease liabilities (Refer note 42)	
Total	

# 27 Trade payables

# Particulars

Total outstanding dues of micro enterprises and small enterprises Total outstanding dues of trade payables other than micro enterprises Total

Refer note 44 for trade payables to related parties

# Details of dues to Micro and Small enterprises as defined under the MSMED Act, 2006:

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

#### Particulars

- a) The principal amount and the interest due thereon remaining unpa end of each accounting year.
- b) The amount of interest paid by the buyer in terms of section 16 of along with the amounts of the payment made to the supplier beyo each accounting year
- c) The amount of interest due and payable for the period of delay in have been paid but beyond the appointed day during the year) but specified under the MSMED Act, 2006.
- d) The amount of interest accrued and remaining unpaid at the end o
- e) The amount of further interest remaining due and payable even in the such date when the interest dues as above are actually paid to the sm of disallowance as a deductible expenditure under section 23 of the

### Trade payables ageing schedule:

### As at March 31, 2023

	Current but	Outstanding for following periods from due date of payment					
Particulars	not due	Less than 1-2 years 1 year		2-3 years	More than 3 years		
Total outstanding dues of micro enterprises and small enterprises	1.65	8.33	-	-	-	9.98	
Total outstanding dues of creditors other than micro enterprises and small enterprises	11.87	7.26	4.93	2.77	0.47	27.30	
Total	13.52	15.59	4.93	2.77	0.47	37.28	

## As at March 31, 2022

	Current but	Outstanding for following periods from due date of payment				
Particulars	not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	31.58	2.59	0.63	0.06	-	34.86
Total outstanding dues of creditors other than micro enterprises and small enterprises	99.78	28.28	2.77	0.46	0.01	131.30
Total	131.36	30.87	3.40	0.52	0.01	166.16

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As at March 31, 2023	As at March 31, 2022
74.85	53.54
74.85	53.54

	As at March 31, 2023	As at March 31, 2022
	9.98	34.86
s and small enterprises	27.30	131.30
	37.28	166.16

	As at March 31, 2023	As at March 31, 2022
paid to any supplier as at the	9.98	34.86
of the MSMED Act, 2006 ond the appointed day during	-	-
making payment (which t without adding the interest	-	-
of each accounting year	0.56	0.34
the succeeding years, until mall enterprise for the purpose e MSMED Act, 2006	-	-

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

# 28 Other financial liabilities (Current)

Particulars	As at March 31, 2023	As at March 31, 2022
Financial Liabilities at amortised cost		
Employee related liabilities	53.58	20.56
Accrued expenses	244.01	142.17
Creditors for Capital Goods	1.23	0.43
Interest accrued but not due	0.63	0.91
Other payables*	-	226.42
Mark-to-market liability	-	0.05
Total other financial liabilities at amortised cost (A)	299.45	390.54
Financial guarantee contracts (Refer note 45) (B)	-	24.18
Total (A+B)	299.45	414.72

\*Other payables consisted the amounts payable to selling shareholders out of the IPO proceeds withheld pending final settlement of IPO expenses. In the current year the same has been settled.

For details of employee related liabilities with related parties, refer note 44, related party disclosures.

# Movement in Interest accrued but not due and finance charge:

Particulars	As at	As at
rarticulars	March 31, 2023	March 31, 2022
Opening balance	0.91	0.78
Interest and Finance charge accrued during the year	52.21	38.58
Payment of interest and Finance charge during the year	(52.49)	(38.45)
Closing balance	0.63	0.91

# 29 Short-term Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Gratuity (Refer note 43)	4.29	2.39
Provision for Compensated absences	16.30	14.23
Total	20.59	16.62

# **30** Contract liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Advance from customers	3.28	2.26
Total	3.28	2.26

# 31 Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues	148.81	36.26
Total	148.81	36.26

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

# 32 Revenue from operations

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of products	2,177.99	1,876.99
Total	2,177.99	1,876.99
Within India	2,177.99	1,876.99
Outside India	-	-
Total	2,177.99	1,876.99

# (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, 2023	As at March 31, 2022
Trade Receivables	586.04	206.53
Contract Liabilities	3.28	2.26
Contract Price	2,179.01	1,878.83
Revenue recognised in the period from:		
Revenue recognised in the current year from contract liability:		
Advance from Customer	2.26	0.42
Revenue deferred in the current year towards unsatisfied performance obligation:		
Advance from Customer	(3.28)	(2.26)
Revenue from operations	2,177.99	1,876.99

## 33 Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Income on:		
Loan given to subsidiaries	570.43	252.05
Net investment (sublease)	12.44	13.71
Security deposit	1.11	1.01
Bank deposit	154.66	174.44
Income tax refund	3.81	-
Liabilities no longer required written back	0.05	-
Fair value of put option liability (Refer note 8)	(52.00)	260.36
Foreign exchange gain (net)	2.29	2.45
Brand Usage Fees	547.42	394.51
Commission on Financial guarantees	45.47	58.54
Gain on cancellation of lease	0.88	-
Miscellaneous Income	0.30	-
Total	1,286.86	1,157.07



Forming part of the Financial Statements as at and for the year ended March 31, 2023

## (Amount in ₹ Million, unless otherwise stated)

# 34 Cost of material consumed

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Opening Stock	182.55	115.52
Add: Purchase	406.56	787.70
Closing Stock	-	(182.55)
Total	589.11	720.67

## 35 Purchase of traded goods

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchases of traded goods	210.09	193.99
Total	210.09	193.99

# 36 Changes in inventories of finished goods and stock-in-trade

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Finished goods		
Opening balance	281.34	143.19
Closing balance	72.53	281.34
	208.81	(138.15)
Stock-in-trade		
Opening balance	261.56	73.46
Closing balance	412.72	261.56
	(151.16)	(188.10)
Total	57.65	(326.25)

# 37 Employee benefits expense

Particulars	For the year March 31,		For the year ended March 31, 2022
Salaries, Wages and Bonus	31	L0.81	231.53
Contribution to provident fund	1	2.45	9.64
Gratuity expenses (Refer note 43)		5.34	1.19
Compensated expenses		4.52	4.84
Share based expenses (Refer note 51)	2	21.35	35.82
Staff welfare expenses	1	L0.75	4.91
Total	36	5.22	287.93

## 38 Finance costs

Particulars	For the year ended March 31, 2023	
Interest expenses on borrowings	47.74	34.95
Interest expenses on lease liabilities	21.74	19.95
Other interest charges	0.56	0.34
Other finance charges	4.47	3.63
Total	74.51	58.87

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023 (Amount in ₹ Million, unless otherwise stated)

# 39 Depreciation and amortisation expense

#### Particulars

Depreciation of property, plant and equipment (Refer note 4)	
Depreciation of Right-of-use assets (Refer note 5)	
Amortisation of Intangible assets (Refer note 6)	
Total	

## 40 Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Marketing and Advertisement expenses	533.18	494.28
Beauty Advisor Expenses	132.27	69.42
Legal and Professional Fees	110.23	40.04
Web & Technology Expenses	66.79	31.62
Freight Expenses	94.84	35.68
Outsource Warehouse Manpower Expense	48.56	27.74
Miscellaneous Expenses	7.68	9.28
Recruitment Expenses	11.96	4.01
Travelling & Conveyance Expenses	48.58	18.83
Expected Credit (Loss)/Credit impaired	2.49	(5.54)
Communication Expenses	8.74	8.07
Rates & Taxes	34.26	14.08
Insurance Expenses	10.41	6.39
Rent and Maintenance Expenses	1.55	2.76
Director sitting fees and commission	11.83	15.69
Repairs & Maintenance - Others	7.70	2.59
Security Expenses	10.43	6.55
Selling expenses	111.31	38.82
Electricity Charges	5.73	2.12
Bank charges	0.87	0.60
Warehouse operation management expenses	8.71	-
Auditors remuneration*		
- Audit fees	8.73	7.30
- Taxation Matters	-	0.35
- Other Matters	0.80	-
Brand Usage Fees	3.41	-
Expenditure towards corporate social responsibility (CSR) activities (refer note 55)	10.31	4.41
Total	1,291.37	835.09

\* Previous year figure does not include an amount of ₹ 29.26 Mn paid by the Company towards Initial Public Offer services out of which the Company's share of expenses had been adjusted to Securities premium and the balance was recovered from Selling Shareholders.

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For the year ended March 31, 2023	For the year ended March 31, 2022
22.27	12.26
39.56	27.22
8.80	7.36
70.63	46.84

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

# 41 Basic & Diluted earnings per share (EPS)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Nominal value of per equity share	1/-	1/-
Profit after tax (A)	613.09	1,035.13
Profit attributable to equity shareholders	613.09	1,035.13
Total number of shares outstanding during the year	2,852,446,720	2,844,629,256
Weighted average number of equity shares outstanding during the year (B)	2,847,489,724	2,793,922,596
Basic EPS	0.22	0.37
Dilutive effect on weighted average number of equity shares outstanding during the year (C)	13,774,825	32,309,130
Weighted average number of diluted equity shares (D=B+C)	2,861,264,549	2,826,231,726
Diluted EPS	0.21	0.37

The number of shares at the beginning of the previous year have been restated to give effect of share split of equity shares of face value of ₹ 10 each sub-divided into equity shares of face value of ₹ 1 each.

The number of shares at the beginning of the year have been restated to give effect of and bonus shares allotted in the ratio of 5 bonus shares for every 1 share held vide shareholders' approval dated November 02, 2022.

## 42 Leases

#### The Company as lessee

The Company has lease contracts for premises obtained for offices, warehouse etc. Leases of premises generally have lease terms between 3 to 5 years.

The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

#### Refer note 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, 2023	As at March 31, 2022
Opening balance	200.84	213.76
Addition	70.48	40.12
Accretion of interest	21.74	19.95
Deletion due to closure	(3.92)	-
Rent waiver	-	-
Payments	(90.27)	(72.99)
Closing balance	198.87	200.84
Non-current	124.02	147.30
Current	74.85	53.54
Total	198.87	200.84

The maturity analysis of lease liabilities are disclosed in note 48.

The effective interest rate for lease liabilities as at March 31, 2023 ranges between 9.45% to 10.5% (March 31, 2022: 9.45%).

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation expenses of right of use assets	39.56	27.22
Interest expenses on lease liabilities	21.74	19.95
Short term lease payments*	1.55	2.76
Total amount recognised in Statement of Profit and Loss	62.85	49.93

The Company earned rental income from sublease of ₹ 44.88 Mn (March 31, 2022: ₹ 39.45 Mn).

## 43 Defined Benefit Plan and Other Long Term Employee Benefit Plan:

#### I) Defined Contribution Plan

During the year, the Company has made contribution/provision to provident fund stated under defined contribution plan amounting to ₹ 12.45 Mn (March 31, 2022: ₹ 9.64 Mn) and the same has been recognised as an expense in the Statement of Profit and Loss.

### II) Defined Benefit Plans

The Company operates a defined benefit gratuity plan for its employees. The gratuity benefits payable to employees are based on the employee's service and last drawn salary at the time of leaving. The Company has provided for gratuity based on actuarial valuation done as per projected unit credit method.

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

# i. Amount recognised in the Balance Sheet

As at March 31, 2023	As at March 31, 2022
17.23	14.79
-	-
17.23	14.79
17.23	14.79
12.94	12.40
4.29	2.39
-	March 31, 2023

ii. Changes in the present value of defined benefit obligation

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Reconciliation of Defined Benefit Obligation		
Opening defined benefit obligation	14.79	15.60
Current service cost	4.53	4.10
Past service cost	-	(3.69)
Interest cost	0.81	0.78
Actuarial (Gain)/Loss in obligation due to changes in financial assumptions	(0.58)	0.34
Actuarial (Gain) in obligation due to changes in demographic assumptions	(1.31)	(0.91)
Actuarial Loss in obligation due to changes in experience adjustments	4.83	0.06
Benefit paid	(5.84)	(1.49)
Closing defined benefit obligations	17.23	14.79



Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	4.53	4.10
Past service cost	-	(3.69)
Interest expenses	0.81	0.78
Amount recognised in Statement of Profit and Loss	5.34	1.19
Actuarial (Gain)/Loss in obligation due to changes in financial assumptions	(0.58)	0.34
Actuarial (Gain) in obligation due to changes in demographic assumptions	(1.31)	(0.91
Actuarial Loss in obligation due to changes in experience adjustments	4.83	0.06
Amount recognised in Other Comprehensive Income (OCI)	2.94	(0.51)

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

For the year ended March 31, 2023	For the year ended March 31, 2022
IALM (2012-14)	IALM (2012-14)
7.20%	5.95%
8.00% until year 1 then 6.50%	8.00% until year 1 then 6.50%
28% - 39% across all levels	20.64% - 30.54% across all levels
IALM (2012-14)	IALM (2012-14)
	March 31, 2023 IALM (2012-14) 7.20% 8.00% until year 1 then 6.50% 28% - 39% across all levels

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

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

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

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

Particulars	As at March 31, 2023	As at March 31, 2022
Within the next 12 months (next annual reporting period)	4.29	2.39
Between 2 and 5 years	12.18	9.32
Between 6 and 9 years	4.59	5.13
10 & Above following years	1.73	3.09
Total expected payments	22.79	19.93

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 3.47 years (March 31, 2022: 4.5 years).

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023 (Amount in ₹ Million, unless otherwise stated)

# D. Sensitivity analysis

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

Particulars	Pre-tax impact (decrease) / increase in liability			
Particulars		As at March 31, 2023	As at March 31, 2022	
Discount rate (-/+ 1%)				
Decrease by 100 basis points		0.62	0.69	
Increase by 100 basis points		(0.58)	(0.64)	
Future salary increase (-/+ 1%)				
Decrease by 100 basis points		(0.47)	(0.47)	
Increase by 100 basis points		0.49	0.49	

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

These plans typically expose the Company to actuarial risks such as: interest risk, longevity risk and salary risk.

- a) Interest risk A decrease in the discount rate will increase the plan liability.
- expectancy of the plan participants will increase the plan's liability.

# 44 Related party transactions

### A. Names of the related parties

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

Relationship	Name of entity
	FSN Brands Marketing Private Limited
	Nykaa E-Retail Private Limited
	Nykaa-KK Beauty Private Limited
	Nykaa Fashion Private Limited
	FSN International Private Limited
	Nykaa International UK Limited (wholly owned subsidiary of FSN International Private Limited)
Subsidiaries	FSN Global FZE (wholly owned subsidiary of FSN International Private Limited
	Nudge Wellness Private Limited w.e.f. June 30, 2022
	Nykaa Foundation w.e.f. June 8, 2022
	Iluminar Media Private Limited w.e.f. September 9, 2022
	Nessa International Holdings Limited w.e.f. March 2, 2023 (wholly owned subsidiary of FSN International Private Limited)
	FSN Distribution Private Limited w.e.f. July 30, 2021
	Dot & Key Wellness Private Limited w.e.f. September 28, 2021
Associate	Earth Rhythm Private Limited w.e.f. May 4, 2022

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b) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life

c) Salary risk - The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

# Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Relationship	Name of entity
	Mrs. Falguni Nayar - Executive Chairperson, CEO and Managing Director
- - - - - - - - - - - - - - - - - - -	Mr. Anchit Nayar - Executive Director
	Ms. Adwaita Nayar - Executive Director
	Mr. Sanjay Nayar - Director
	Mr. Milan Khakhar - Director
	Ms. Alpana Parida - Independent Director
	Ms. Anita Ramachandran - Independent Director
	Mr. Milind Sarwate - Independent Director
	Mr. Seshashayee Sridhara - Independent Director
	Mr. Pradeep Parameswaran - Independent Director
Directors and Key Management Personnel (KMP)	Ms. Shefali Munjal - Director till July 15, 2021
	Ms. Padmini Somani - Director till July 15, 2021
	Mr. Yogeshkumar Mahansaria - Director till July 30, 2021
	Mr. William Sean Sovak - Director till July 15, 2021
	Mr. Vikram Sud - Director till April 9, 2021
	Mr. Sujeet Jain - Company Secretary w.e.f. February 14, 2023
	Mr. P Ganesh - Chief Financial Officer w.e.f February 3, 2023
	Mr. Arvind Agarwal - Chief Financial Officer till November 25, 2022
	Mr. Rajendra Punde - Company Secretary till February 13, 2023
	Mr. Akshay Tanna - Nominee Director till July 15, 2021
Relative of Key Management Personnel (KMP)	Mrs. Rashmi Mehta - Relative of Managing Director
Company in which key management personnel have	Sealink View Probuild Private Limited
significant influence	Cerebrus Consultants Private Limited

# B. Transactions with related parties

Particulars	Nature of transactions	Transactions during FY 2022-23	Balance as at March 31, 2023	Transactions during FY 2021-22	Balance as at March 31, 2022
Directors and Key Management	Personnel (KMP)				
Mrs. Falguni Nayar	Remuneration & reimbursements	15.97	(0.02)	22.62	
Mr. Arvind Agarwal	Remuneration & reimbursements*	22.35	-	75.24	
Mr. Rajendra Punde	Remuneration & reimbursements	24.03	-	12.12	
Mr. P Ganesh	Remuneration & reimbursements	5.06	-	-	
Mr. Sujeet Jain	Remuneration & reimbursements	9.80	-	-	
	Sitting Fees	1.40	-	2.02	
Ms. Anita Ramachandran	Commission	2.00	-	2.25	
Ms. Alpana Parida	Sitting Fees	1.30	-	1.68	
	Commission	1.00	-	2.25	
Mr. Yogeshkumar Mahansaria	Sitting Fees	-	-	0.49	
	Commission	-	-	0.75	
	Sitting Fees	0.68	-	0.45	
Mr. Pradeep Parameswaran	Commission	1.00	-	1.59	
	Sitting Fees	1.33	-	1.33	
Mr. Milind Sarwate	Commission	3.00	-	1.59	
	Sitting Fees	0.78	-	0.43	
Mr. Seshashayee Sridhara	Commission	1.00	-	1.50	
Mr. Milan Khakhar	Sitting Fees	1.28	-	-	
Mr. Anchit Nayar	Remuneration & reimbursements	4.24	-	4.16	
Ms. Adwaita Nayar	Remuneration & reimbursements	24.63	-	16.65	

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	Nature of transactions	Transactions during FY 2022-23	Balance as at March 31, 2023	Transactions during FY 2021-22	Balance as a March 31, 2022
Relative of Key Management Per	sonnel (KMP)				
, ,	Rent expenses	2.99	0.07	2.85	(0.0)
	Security deposit	-	0.48	-	0.4
	Notional interest income on security	(0.05)		(0.05)	
Mrs. Rashmi Mehta	deposit	(0.05)	-	(0.05)	
	Lease liability	-	(4.37)	-	(1.4
	Interest cost on lease liability	0.30	-	0.30	
Subsidiary					
	Loan given ( Net)	(605.99)	2,268.54	(78.40)	1,662.5
	Interest income	(121.86)	-	(99.32)	
	Sales	(459.86)	34.84	(326.64)	23.
	Sub-lease income	(20.38)	-	(18.58)	
	Discount expense	100.30	-	58.52	
	Marketing expense	204.22	-	136.41	
	Notional interest income- Financial			(10 ( )	
	guarantee	-	-	(18.65)	
	Income - Financial Guarantee	(5.37)	-	-	
FSN Brands Marketing Private Limited	Income - Financial Guarantee Notional	(2.58)	-	-	
	Notional interest income- Loan	(48.88)	-	(50.79)	
	Notional interest income- sub-lease	(5.87)	-	(6.51)	
	Recovery (Reimbursement) of expenses	(203.01)	-	(95.70)	
	Brand usage fees	(44.25)	-	(26.58)	
	Share based expense reimbursement	(4.67)	-	(7.16)	
	Other equity contribution	4.67	314.23	100.74	309.7
	Investment in subsidiary	-	1,020.00	1,000.00	1,020.0
	Net Investment- sub-lease	-	55.39	-	62.
	Loan given ( Net)	216.77	1,705.09	1,921.87	1,921.
	Interest income	(139.03)	-	(45.44)	
	Sales	(1,589.94)	188.99	(1,577.53)	71.0
	Discount expenses	336.14	-	286.42	
	Banner advertisement expenses	226.85	-	186.76	
	Recovery (Reimbursement) of expenses	(377.25)	-	(409.44)	
	Rent expenses	-	-	0.41	
	Notional interest income- sublease	-	-	(0.03)	
Nykaa E-Retail Private Limited	Notional interest income- Financial guarantee	-	-	(36.65)	
	Commission - Financial Guarantee	(19.15)	-	-	
	Commission - Financial Guarantee Notional	(12.79)	-	-	
	Notional interest income- Loan	_	-	-	
	Share based expense reimbursement	(45.91)	-	(71.43)	
	Other equity contribution	45.90	442.05	102.04	395.4
	Brand usage fees	(394.49)	- 12.00	(314.28)	0,0.
	Net Investment- sub-lease	(3/न.न/)		(317.20)	0.3



Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	Nature of transactions	Transactions during FY 2022-23	Balance as at March 31, 2023	Transactions during FY 2021-22	Balance as at March 31, 2022
	Loan given ( Net)	(2,292.66)	3,651.09	1,132.10	1,358.43
	Interest Income	(163.09)	-	(47.29)	-
	Recovery (Reimbursement) of expenses	(319.68)	68.49	(130.06)	49.38
	Sales	(6.48)	-	(2.98)	-
	Notional interest income- Loan	(41.58)	-	(6.08)	-
	Sublease Income	(18.51)	-	(17.63)	-
	Notional interest income-sub-lease	(5.29)	-	(6.43)	-
Nykaa Fashion Private Limited	Notional Commission on financial guarantee	0.70	-	(1.40)	-
	Income - Financial Guarantee	(2.30)	-	-	-
	Share based expense reimbursement	(18.04)	-	(29.33)	-
	Other equity contribution	18.04	200.53	134.28	182.56
	Brand usage fees	(44.43)	-	(32.53)	-
	Net Investment-sub-lease	-	48.56	-	61.40
	Investment in subsidiary	-	250.10	250.00	250.10
Subsidiary	,				
/	Loan given (Net)	69.33	1.81	70.94	71.14
	Interest Income	(1.47)	-	(1.81)	-
	Sublease Income	(7.77)	-	(4.68)	-
	Recovery (Reimbursement) of expenses	(22.02)	-	(13.59)	-
	Sales	(6.89)	-	(0.56)	-
	Purchase	-	-	0.37	-
Nykaa-KK Beauty Private	Notional interest income- sublease	(1.28)	-	(0.90)	-
Limited	Notional interest income- Financial guarantee	(0.85)	-	(1.84)	-
	Commission - Financial Guarantee	(0.79)	-	-	-
	Notional interest income-Loan	-	-	0.16	-
	Share based expense reimbursement	-	-	0.36	-
	Other equity contribution	-	11.67	(1.34)	11.67
	Royalty	(48.45)	17.01	(22.05)	14.03
	Net Investment- sub-lease	-	13.12	-	5.74
	Loan given ( Net)	(63.19)	79.97	15.20	16.78
	Interest Income	(2.66)	-	(0.71)	-
	Recovery (Reimbursement) of expenses	(11.41)	-	(3.49)	-
	Sales	(13.81)	1.21	(5.44)	2.98
FSN International Private	Commission - Financial Guarantee	(0.38)	-	-	-
Limited	Marketing Expense	2.82	-	-	-
	Discount Expense	1.41	-	-	-
	Investment in subsidiary	-	51.00	50.00	51.00
	Notional interest income- Loan	(0.59)	-	(0.55)	-
	Other equity contribution	-	1.77	-	1.77

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	Nature of transactions	Transactions during FY 2022-23	Balance as at March 31, 2023	Transactions during FY 2021-22	Balance as at March 31, 2022
	Loan given ( Net)	(1,437.45)	1,487.20	49.74	49.74
	Interest Income	(49.65)	-	(0.29)	-
	Brand usage fees	(15.80)	-	-	-
	Sales	(26.67)	-	-	-
	Commission - Financial Guarantee	(0.94)	-	-	-
FSN Distribution Private Limited	Marketing expense	7.23	-	-	-
Linited	Discount Expense	3.61	-	-	-
	Share based expense reimbursement	(0.30)	-	-	-
	Recovery (Reimbursement) of expenses	(107.69)	208.32	(6.60)	4.02
	Investment in subsidiary	-	-	0.10	0.10
	Loan given ( Net)	60.00	60.00	-	-
Iluminar Media Private Limited	Interest Income	(1.70)	-	-	-
Nykaa Foundation	Investment	0.10	0.10	-	-
Company in which key manageme	ent personnel have significant influence				
	Rent, maintenance, electricity & other expenses	50.17	0.32	38.22	-
Sealink View Probuild Private	Notional interest income on security deposit	(0.60)	-	(0.55)	-
Limited	Security deposit	-	8.62	-	6.02
	Interest cost on lease liability		-	12.76	-
	Lease liability	-	96.61	-	(122.74)
Cerebrus Consultants Private Limited	HR Service Cost	0.54	-	-	-

Figures in brackets indicates payables and income

# 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.

\*Remuneration includes amount of perquisite value towards ESOP based on exercise of options.

Amount paid to KMP do not include the provisions made for gratuity as it is determined on an actuarial basis for the Company as a whole. Similarly, expenses for compensated absences are not included in the above table as the same is also determined on an actuarial basis for the Company as a whole.

between the selling shareholders (including a related party) and the Company in the proportion of equity shares sold by the selling shareholders and the Company. As at March 31, 2022 amount of ₹ 226.42 Mn payable to selling shareholders (Refer note 28) out of the IPO proceeds was withheld pending final settlement of IPO proceeds and included amount payable to a related party. In the current year the same has been settled.



- The total offer expenses were estimated to be ₹ 2,423.44 Mn (inclusive of taxes) which were proportionately allocated

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

## 45 Commitments and contingent liabilities

#### Commitments Α

The Company does not have any contract remaining to be executed on capital account and not provided for (net off advances) ₹ Nil as at March 31, 2023 (March 31, 2022 - Nil).

#### В Contingent liabilities (not provided for)

Par	ticulars	As at March 31, 2023	As at March 31, 2022
i)	Claims against the Company, not acknowledged as debts		
	Disputed Indirect tax matters (including interest up to the date of demand, if any) [Refer note (i) below]	26.64	26.64
ii)	Corporate guarantees given to banks [Refer note (ii) below]	6,390.00	3,540.00
Tot	al	6,416.64	3,566.64

## Notes:

- The Company has received VAT assessments order for financial years 2016-17 with demands amounting to i. ₹ 32.02 Mn on account of certain input disallowances/adjustment made by VAT department. Out of the total demand amount, the Company has paid ₹ 5.38 Mn to tax authorities during the financial year 2021-2022 and for the balance ₹ 26.64 Mn the management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements.
- ii. Corporate guarantees given to banks with respect to borrowings taken by the subsidiary companies to a maximum amount of ₹ 6,390 Mn (March 31, 2022: ₹ 3,540 Mn), carrying amounts of the related financial guarantee contracts at March 31, 2023 were ₹ Nil (March 31, 2022; ₹ 24.18 Mn) (Refer note 28).

# 46 Disclosure as per the requirement of regulation 34 of the Securities and Exchange Board of India (Listing obligations and disclosure requirements) regulations, 2015:

The amounts at the year end and the maximum amount of loans and advances outstanding during the year is as follows:

	As at Marc	h 31, 2023	As at March 31, 2022		
Name of the Company	Outstanding Balance	Maximum Amount Outstanding during the year	Outstanding Balance	Maximum Amount Outstanding during the year	
Subsidiaries					
FSN Brands Marketing Private Limited	2,268.54	2,361.33	1,662.55	2,478.89	
Nykaa E-Retail Private Limited	1,705.09	2,769.43	1,921.87	1,928.57	
FSN International Private Limited	79.97	80.60	16.78	19.95	
Nykaa Fashion Private Limited	3,651.08	3,882.11	1,358.43	1,482.25	
Nykaa-KK Beauty Private Limited	1.81	106.31	71.14	75.67	
FSN Distribution Private Limited	1,487.20	1,498.18	49.74	49.74	
Iluminar Media Private Limited (LBB)	60.00	60.00	-	-	
Total	9,253.69	10,757.96	5,080.51	6,035.07	

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

# 47

# A. Financial Instruments by Category and fair value hierarchy

The fair values of assets and liabilities are included at the amount at which the instrument can be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values: The carrying values of financial assets i.e. loans, cash and cash equivalents, bank balance other than 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 approximation of their fair values due to the short maturities of these instruments.

Particulars		Carrying value as of		
Particulars	Level	March 31, 2023	March 31, 2022	
Financial Assets:				
Amortised cost				
Loans		9,253.69	5,080.51	
Trade receivables		586.04	206.53	
Cash and cash equivalents		112.62	317.74	
Bank balance other than cash and cash equivalents		407.04	1,885.53	
Other financial assets		1,832.88	4,368.29	
FVTPL				
Derivative Financial Assets <sup>(1)</sup>	2	0.01	-	
FVTOCI				
Investments		-	-	
		12,192.28	11,858.60	
Financial Liabilities:				
Amortised cost				
Borrowings		354.68	313.27	
Lease liabilities		198.87	200.84	
Trade payables		37.28	166.16	
Other financial liabilities		299.45	414.67	
FVTPL				
Derivative Financial Liabilities <sup>(2)</sup>	2	294.40	242.45	
		1,184.68	1,337.39	

		Carrying value as of		
Particulars	Level	March 31, 2023	March 31, 2022	
Financial Assets:				
Amortised cost				
Loans		9,253.69	5,080.51	
Trade receivables		586.04	206.53	
Cash and cash equivalents		112.62	317.74	
Bank balance other than cash and cash equivalents		407.04	1,885.53	
Other financial assets		1,832.88	4,368.29	
FVTPL				
Derivative Financial Assets <sup>(1)</sup>	2	0.01	-	
FVTOCI				
Investments		-	-	
		12,192.28	11,858.60	
Financial Liabilities:				
Amortised cost				
Borrowings		354.68	313.27	
Lease liabilities		198.87	200.84	
Trade payables		37.28	166.16	
Other financial liabilities		299.45	414.67	
FVTPL				
Derivative Financial Liabilities <sup>(2)</sup>	2	294.40	242.45	
		1,184.68	1,337.39	

<sup>(1)</sup>Included in other current financial assets

<sup>(2)</sup>Included in other current / non-current financial liabilities

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

# Valuation methodology:

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

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

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



Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

# 48 Financial Risk Management Objectives and Policies:

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

The Company 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, 2023 and March 31, 2022.

# 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 (decrease) / increase on profit before tax
March 31, 2023	+50	(1.77)
	-50	1.77
March 31, 2022	+50	(1.57)
	-50	1.57

### 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.

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

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

#### Amount as at March 31, 2023:

	C	As at March 31, 2023		As at March 31, 2023 As at Ma	As at March 3	31, 2022
Particulars of transactions Currency		Foreign currency	Equivalent ₹ *	Foreign currency	Equivalent ₹ *	
Forward contracts to Purchases EURO - Trade Payable	EURO	0.01	0.49	0.08	6.67	

\*Amount in ₹ represents conversion at hedged rate.

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

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

	1 0			/
6	As at March	31, 2023	As at March	31, 2022
Currency	Foreign currency	Equivalent ₹ *	Foreign currency	Equivalent ₹ *
USD	0.00	0.26	0.01	0.84
EURO	-	-	_*	0.07
CNY	-	-	0.10	1.25
USD	0.01	0.76	0.32	23.88
EURO	-	0.04	_*	0.09
CNY	0.00	0.00	0.40	4.77
	EURO CNY USD EURO	As at March           Foreign currency           USD         0.00           EURO         -           CNY         -           USD         0.01           EURO         -	As at March 31, 2023Foreign currency Equivalent ₹ *USD0.000.26EUROCNYUSD0.010.76EURO-0.04	Currency         As at March 31, 2023         As at March 3           Foreign currency         Equivalent ₹*         Foreign currency           USD         0.00         0.26         0.01           EURO         -         -         -*           CNY         -         0.10         -           USD         0.01         0.76         0.32           EURO         -         0.04         -*

\*Numbers are below million under the rounding off convention adopted by the Company and accordingly not reported.

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

#### 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 has a simplified approach to determine impairment loss allowance on the portfolio of trade receivables. This is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. Accordingly, the credit risk is covered by the Company (Refer accounting policy 2(g) for expected credit loss on trade receivable).

#### Movement in allowances for expected credit loss:

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	0.88	6.42
Provision made/written back during the year	2.49	(5.54)
Closing balance	3.37	0.88

#### b) Security deposit

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



Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

## c) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors 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.

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
As at March 31, 2023				
Borrowings	354.68	354.68	-	-
Trade payables	37.28	37.28	-	-
Other financial liabilities	299.45	299.45	-	-
Lease liabilities	198.87	90.86	135.09	-
Total	890.28	782.27	135.09	-
As at March 31, 2022				
Borrowings	313.27	313.27	-	-
Trade payables	166.16	166.16	-	-
Other financial liabilities	414.72	414.72	-	-
Lease liabilities	200.84	70.31	169.58	-
Total	1,094.99	964.46	169.58	-

### 49 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.

- i) The Company operates in a single geographical environment i.e. in India.
- ii) No single external customer (other than related party) contributed 10% or more to Company's revenue.

# 50 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, convertible preference shares, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The 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 consider 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 adjust the amount of dividends paid to shareholders, return capital to shareholders or 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

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

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, 2023 and March 31, 2022.

Particulars	As at March 31, 2023	As at March 31, 2022
Gross debt	354.68	313.27
Less: Cash and cash equivalents	(112.62)	(317.74)
Net debt (A)	242.06	(4.47)
Equity	16,492.74	15,499.47
Total Equity (B)	16,492.74	15,499.47
Net gearing ratio* (A)/(B)	0.01	(0.00)

\*As at March 31, 2022, the cash and cash equivalent was higher than outstanding net debt.

# 51 Employee Share Based Payment:

The Company has granted stock options under the employee stock option scheme- ESOS 2012, ESOS 2017 and ESOP 2022 respectively, as approved by the Board of Directors of the company, to the eligible employees of the Company or its subsidiaries. These options would vest in 3 or 4 equal annual installments from the date of grant based on the vesting conditions as per letter of grant executed between the Company and the employee of the Company or its subsidiaries. The maximum period for exercise of options is 4 years from the date of vesting. Each option when exercised would be converted into one fully paid-up equity share of ₹ 1 each of the Company. The options granted under ESOS 2012, ESOS 2017 and ESOP 2022 scheme carry no rights to dividends and no voting rights till the date of exercise.

The Company has recognised an expense of ₹ 21.35 Mn (March 31, 2022: ₹ 35.82 Mn) arising from equity settled share based payment transactions for employee services received during the year. The carrying amount of Employee stock options outstanding reserve as at March 31, 2023 is ₹ 169.26 Mn (March 31, 2022: ₹ 155.91 Mn)

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

#### **Options granted under ESOS 2012** а

# Particulars Options outstanding at the beginning of the period Options granted during the period Options forfeited during the period Options expired/lapsed during the period Options exercised during the period Options outstanding at the end of the period For options outstanding at the end of the period: Exercise price range Weighted average remaining contractual life (in years)

# **Options granted under ESOS 2017**

Particulars
Options outstanding at the beginning of the period
Options granted during the period
Options forfeited during the period
Options expired/lapsed during the period
Options exercised during the period
Options outstanding at the end of the period
For options outstanding at the end of the period:
Exercise price range
Weighted average remaining contractual life (in years)

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March 31, 2023**	March 31, 2022**
111,000	-
42,000	111,000
-	-
-	-
-	-
153,000	111,000
₹ 133.35-187.50	₹99-187.50
5.45	5.98

March 31, 2023**	March 31, 2022**
7,275,000	6,736,800
2,377,600	3,540,000
(2,719,800)	(1,128,000)
-	-
(1,630,800)	(1,873,800)
5,302,000	7,275,000
₹12.30-226.33	₹99-1,794
5.40	5.40

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

# c Options granted under ESOS 2022

Particulars	March 31, 2023**	March 31, 2022**
Options outstanding at the beginning of the period	-	-
Options granted during the period	690,000	-
Options forfeited during the period	-	-
Options expired/lapsed during the period	-	-
Options exercised during the period	-	-
Options outstanding at the end of the period	690,000	-
For options outstanding at the end of the period:		
Exercise price range	₹133.35	-
Weighted average remaining contractual life (in years)	6.36	-

# d Fair value of options granted

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

		ESOS 2012			
Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	
Dividend yield (%)	Nil	Nil	Nil	Nil	
Expected life (years)	1.96	2.81	3.35	4.35	
Risk free interest rate (%)		6.	90%		
Volatility (%)	45.00%				
Market price on date of grant	137.60				
Fair Value	43.85	52.71	57.60	65.67	

		ESOS 2017			
Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	
Dividend yield (%)	Nil	Nil	Nil	Nil	
Expected life (years)	1.96 - 2.11	2.81 - 2.90	3.35 - 3.47	4.35 - 4.47	
Risk free interest rate (%)	6.2% to 6.9%	6.60% to 7.10%	6.70% to 7.20%	6.90% to 7.30%	
Volatility (%)	45% to 50%	45% to 50%	45%	45%	
Market price on date of grant	137.60-227.48				
Fair Value	41.38 - 69.86	52.71 - 89.70	57.01 to 91.77	65.64 - 105.26	

		ESOS	2022				
Particulars	Tranche I	Tranche II	Tranche III	Tranche IV			
Dividend yield (%)	Nil	Nil	Nil	Nil			
Expected life (years)	1.96	2.81	3.35	4.35			
Risk free interest rate (%)		6.	90%				
Volatility (%)	45.00%						
Market price on date of grant	137.60						
Fair Value	43.85	52.71	57.60	65.67			

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

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

The weighted average share price at the date of exercise of options exercised during the year was ₹ 187 (March, 2022 ₹ 153\*\*)

\*\*The movement of options & the fair value assumptions have been restated to give effect of the bonus shares allotted by the company wide shareholders' approval dated November 02, 2022 in proportion of 5:1, i.e., 5 (five) bonus equity shares of ₹ 1 each for every 1 (one) fully paid-up equity share held as on the record date.

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

Particulars

Stock based compensation expense determined under fair value statement of profit or loss

Stock based compensation expense pertaining to employees of s under fair value method recognised as cost of investment

# 52 Ratio Analysis and its elements

SN	. Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance
1	Current ratio	Current assets	Current liabilities	11.29	9.49	18.94%	
2	Debt equity ratio	Total Debt	Shareholder's equity	0.02	0.02	6.40%	Refer Note 1
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	5.91	7.70	(23.25%)	Decrease is on account of decrease in earnings as well as increase in principal repayments
4	Return on equity ratio	Net Profits after taxes	Average Shareholder's Equity	4%	10%	(6%)	
5	Inventory turnover ratio	Cost of goods sold	Average Inventory	1.42	1.11	27.21%	Increase is on account of increase in average inventory during the year
6	Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	5.50	4.27	28.71%	Increase is on account of increase in sales during current year.
7	Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	6.06	7.01	(13.52%)	
8	Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	0.23	0.22	2.28%	
9	Net profit ratio	Net Profit	Net sales = Total sales - sales return	28%	55%	(27.00%)	Decrease is on account of increase operating expenses during the year.
10	Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt - Deferred Tax Asset	5%	8%	(3%)	
11	Return on investment	Interest income on fixed deposit	Average investment in fixed deposit	4%	4%	0.00%	

Note 1: There are no long term loans accepted by the company



	For the year ended March 31, 2023	For the year ended March 31, 2022
e method recognised in	21.35	35.82
subsidiaries, determined	72.63	107.28

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

# 53 Utilisation of IPO funds

During the previous year, the Company had completed its Initial Public Offer (IPO) of 47,575,326 equity shares of face value of ₹ 1 each at an issue price of ₹ 1,125 per share (including a share premium of ₹ 1,124 per share). A discount of ₹ 100 per share was offered to eligible employees bidding in the employee's reservation portion of 250,000 equity shares. The issue comprised of a fresh issue of 5,602,666 equity shares aggregating to ₹ 6,300 Mn and offer for sale of 41,972,660 equity shares by selling shareholders aggregating to ₹ 47,197 Mn. Pursuant to the IPO, the equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on November 10, 2021.

The total offer expenses were estimated to be ₹ 2,423.44 Mn (inclusive of taxes) which were proportionately allocated between the selling shareholders and the Company as per respective offer size. The utilization of IPO proceeds of ₹ 6,045.72 Mn (net of IPO expenses of ₹ 254.28 Mn) is summarized below:

### IPO expense utilisation table

Particulars	Amount to be utilised as per prospectus	Utilisation upto March 31, 2023	Unutilised as on March 31, 2023
Investment in certain of our Subsidiaries, namely, FSN Brands and / or Nykaa Fashion for funding the set-up of new retail stores	420.00	182.58	237.42
Capital expenditure to be incurred by our Company and investment in certain of our Subsidiaries, namely, Nykaa E-Retail, FSN Brands and Nykaa Fashion for funding the set-up of new warehouses	420.00	324.94	95.06
Repayment or prepayment of outstanding borrowings availed by our Company and one of our Subsidiaries, namely, Nykaa E-Retail	1,560.00	1,560.00	-
Expenditure to acquire and retain customers by enhancing the visibility and awareness of our brands	2,340.00	2,340.00	-
General corporate purposes (Refer note i)	1,305.72	1,305.72	-
Total	6,045.72	5,713.24	332.48

(i) IPO expenses of ₹ 290.49 million were estimated (excess or shortage to be adjusted from General Corporate Purpose ('GCP')). The actual cost incurred and settled by the Company was ₹ 254.28 million and the balance of ₹ 36.21 million was transferred to be utilized for GCP, which in aggregate is not exceeding 25% of the Net Proceeds in accordance with SEBI ICDR Regulations. Consequently, the amount proposed for general corporate purpose (GCP) as per offer document has changed as follows:

Particulars	Amount
Amount proposed for GCP as per Offer Document	1,269.51
Add: Balance amount of IPO expense transferred	36.21
Total	1,305.72

(ii) Net proceeds which were unutilised as at March 31, 2023 were temporarily invested in deposits with scheduled commercial banks and kept in current account with scheduled commercial banks and monitoring agency bank account.

### 54 Expenditure towards corporate social responsibility (CSR) activities

SN	Particulars	As at March 31, 2023	As at March 31, 2022
а	Gross amount required to be spent by the Company during the year	10.31	4.41
b	Amount spent during the year on the following in cash		
	i. Construction/ acquisition of any asset		-
	ii. On purpose other than (i) above	3.00	2.90
с	The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	7.31	1.51
d	The total of previous years' shortfall amounts;	-	-
е	Related party transactions in relation to corporate social responsibility	-	-
f	Provision movement during the year	7.31	1.51

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

The Company is executing certain multiyear ongoing iv. projects namely, "Project Rangeet" and "Nykaa Chair in Consumer Technology implemented by IIM-A". Due to such ongoing projects and plan of spending funds in multi years, the Company was not able to spend two per cent of the average net profit as per section 135(5) in the current financial year. Unspent CSR amount pertaining to the commitments made by the Company towards multi-year ongoing projects has been transferred to a separate Unspent CSR account of the Company. The amount transferred to the aforesaid Unspent CSR account will be spent for the said projects within the permissible time limit.

Accordingly, the Company has duly complied with section 135 of the Act read with rules thereunder and the CSR policy of the Company.

The amount during the year has been spent towards promoting research & education, upskilling and health care.

- vi. No funds have been received by the Company from any person(s) or entity(ies), including foreign \*Contribution of ₹ 3 Mn has been given to Nykaa foundation which is a section 8 company engaged in doing CSR entities ("Funding Parties"), with the understanding, activities. The amount has been contributed to Sambhav whether recorded in writing or otherwise, that the Foundation through Nykaa Foundation for CSR activity. 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 55 Other Statutory Information Funding Party ("Ultimate Beneficiaries") or provide i. The Company does not have any transactions with any guarantee, security or the like on behalf of the companies struck off. Ultimate Beneficiaries.
- ii. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the 56 Previous year figures have been regrouped and statutory period.
- iii. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

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

per Nilangshu Katriar Partner Membership No: 058814

Falguni Nayar Executive Chairperson, Managing Director & CEO DIN No. 00003633

P Ganesh

Place: Mumbai Date: May 24, 2023

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- 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)
- 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.

reclassed wherever required to conform to those of the current year.

For and on behalf of the Board of Directors of FSN E-Commerce Ventures Limited

Chief Financial Officer

Place: Mumbai Date: May 24, 2023

#### Milan Khakhar

Director DIN No. 00394065

Sujeet Jain **Company Secretary** ACS M. No. F6144

# Independent Auditor's Report

To the Members of FSN E-Commerce Ventures Limited

# Report on the Audit of the Consolidated Financial **Statements**

#### Opinion

We have audited the accompanying consolidated financial statements of FSN E-Commerce Ventures Limited (hereinafter referred to as the "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and its associate comprising of the consolidated Balance Sheet as at March 31, 2023, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and other financial information of the subsidiaries and associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### **Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act.

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

#### Key audit matters

Revenue recognition (as described in note 2C(i) of the consolidated financial statements)

During the year ended March 31, 2023, the Group recognized a product revenue of ₹ 43,860.13 million.

Revenue recognition has been identified as a key audit matter due to complexity of systems in recognizing revenues, significance of volumes of data processed by system, dynamic evolving pricing with discounts and operation in highly competitive marketplace.

### Assessment of carrying value of inventory (as mentioned in Note 13 of the consolidated financial statements)

The Company has inventories of ₹ 10,051.40 million, as at Our audit procedures included the following: March 31, 2023. These inventories are held mostly at warehouses and stores of the Group.

The Group recognizes inventory obsolescence based on the age of the product (i.e. whether it is close to expiry and expired), slow moving and damaged goods including future expectations of disposal of these goods as well as on account of the net realizable value ('NRV'), if it is lesser than cost. Significant judgment is required in assessing the appropriate level of slow moving and/or obsolete inventory and determination of NRV.

Considering the significance of the balance to the consolidated financial statements as a whole and the involvement of estimations in the assessment, we considered carrying value of inventory to be a key audit matter.



#### How our audit addressed the key audit matter

Our audit procedures included the following:

- With the assistance by IT specialists, we obtained an understanding, evaluated the design and tested the operating effectiveness of key IT general and application controls related to revenue recognition processes. We also tested relevant IT infrastructure and applications that result in generation of various IT reports used for billing and revenue recognition process.
- We tested the operating effectiveness of IT dependent manual . controls, performed data analytics and trend analysis, test of reconciliations between Order Management System and the general ledger, collections to revenue.
- . We read and assessed the revenue related accounting policy, critical estimates and assumptions and disclosures in the consolidated financial statements.

- Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Company has in relation to inventory purchases and provision for slow moving, close to expiry, expired and damaged inventories.
- Performed testing on the company controls over the inventory physical verification process. In testing these controls, we inspected the results of the physical verification carried out by the Company, observed physical inventory counts at few locations during the year ended March 31, 2023.
- Verified the reconciliation of inventory received vis-à-vis the purchase invoices recorded from the vendors for the year ended March 31, 2023.
- Performed procedures to test controls around the Company's . process to identify slow moving or obsolete inventories, assess the assessment of the cost and net realisable value, expired and damaged inventories and evaluated the adequacy of obsolescence and provision as at March 31, 2023.

### Key audit matters How

#### How our audit addressed the key audit matter

Recognition of Deferred Tax Assets in the subsidiaries (as described in Note 2C(q) and Note 11 of the consolidated financial statements)

As per Ind AS 12 – "Income taxes", Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax asset as at March 31, 2023 is ₹ 1,877.73 million.

Significant judgments and estimates are involved in making this assessment. The estimate of future taxable profits is based on the future business plans. The recognition of deferred tax asset is therefore sensitive to changes in the business plan and hence there is inherent uncertainty involved in projecting future profits.

This assessment requires the management to make assumptions to be used in the forecasts of future taxable profits, including expectations for future revenue and margin developments and overall market and economic conditions.

This area was important to our audit due to the significance of judgment and estimates involved in management's assessment of the likelihood and magnitude of forecasting future taxable profits.

We have determined that there are no other key audit matters to communicate in our report.

# Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations. Our audit procedures included the following:

Assessed the accounting policy with respect to recognition of deferred taxes in accordance with Ind AS 12 "Income Taxes".

Assessed and tested the effectiveness of internal controls relating to deferred tax assets.

Assessed the historical accuracy of management's assumptions and estimation process by comparing the actual financials against previously forecasted financials for the year ended March 31, 2023 of subsidiaries.

Analysed the performance of subsidiaries and assessed the assumptions used in computation of future profits, including understanding of management's estimate of business impact based on current market.

Assessed the disclosures made in the consolidated financial statements as per Ind AS 12- "Income Taxes".

### Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies 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 consolidated financial statements 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 and of its associate are responsible for assessing the ability of their respective companies 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 and of its associate are also responsible for overseeing the financial reporting process of their respective companies.

## Auditor's Responsibilities for the Audit of the Consolidated 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 the 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 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 Holding Company has adequate internal financial controls

system with reference to financial statements 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 ability of the Group and its associate 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 and its associate 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 and its associate of which we are the independent auditors and whose financial information we have audited, 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. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# **Other Matter**

We did not audit the financial statements and other financial information, in respect of ten subsidiaries whose financial statements include total assets of ₹ 5,437.56 million as at March 31, 2023, and total revenues of ₹ 5,686.84 million and net cash inflow of ₹ 82.63 million for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated financial statements also include the Group's share of net loss of ₹ 38.60 million for the period May 4, 2022 to March 31, 2023, as considered in the consolidated financial statements, in respect of one associate, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the report of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

# Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies and associate company, incorporated in India, as noted in the 'Other Matter' paragraph, we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
- . As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
- (a) We/the other auditors whose report we have relied upon 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 consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate company referred to in 'other matter' paragraph, none of the directors of the Group's companies and its associate, incorporated in India, is disqualified as on March 31, 2023 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 with reference to the consolidated financial statements of the Holding Company and its subsidiary companies and its associate, incorporated in India, and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Holding Company and its subsidiary viz., Nykaa E-Retail Private Limited, to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and its associate, as noted in the 'Other matter' paragraph':
  - (i) The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its consolidated financial statements - Refer Note 45 (B) to the consolidated financial statements;
  - (ii) The Group and its associate 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, its subsidiaries and associate during the year ended March 31, 2023.
- (iv) (a) The respective managements of the Holding Company, its subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of its knowledge and belief, as disclosed in the note 56(v) to the consolidated financial statements, 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 and associate to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries and associate ("Últimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The respective managements of the Holding Company, its subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate, respectively that, to the best of its knowledge and belief, as disclosed in the note 56(vi) to the consolidated financial statements no funds have been received by the respective Holding Company or any

of such subsidiaries and associate from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries and associate shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries

## For S.R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

#### per Nilangshu Katriar

Partner Membership Number: 058814 UDIN: 23058814BGYZOM7190

Place of Signature: Mumbai Date: May 24, 2023

and associate which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

- (v) No dividend has been declared or paid during the year/ subsequent to the year end by the Holding company, its subsidiary companies and associate company, incorporated in India.
- (vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company, its subsidiary companies and associate company, incorporated in India, reporting under this clause is not applicable.

# Annexure 1 referred to in clause 1 of paragraph on the report on 'Other Legal and Regulatory Requirements' of our report of even date

Re: FSN E-Commerce Ventures Limited (the "Holding Company")

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

Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

Sr. No.	Name	CIN	Holding company/ subsidiary	Clause no. of the CARO report which is qualified
1	FSN E- Commerce Ventures Limited	L52600MH2012PLC230136	Holding company	(i)(a)(A), (i)(b)
2	Nykaa E-Retail Private Limited	U74999MH2017PTC291558	Subsidiary	(i)(a)(A), (i)(b)
3	FSN Brands Marketing Private Limited	U74120MH2015PTC262096	Subsidiary	(i)(a)(A), (i)(b)
4	FSN Distribution Private Limited	U51909MH2021PTC364942	Subsidiary	(i)(a)(A), (i)(b)
5	Nykaa Fashion Private Limited	U18102MH2019PTC320627	Subsidiary	(i)(a)(A)
6	Nykaa-KK Beauty Private Limited	U24290MH2018PTC311880	Subsidiary	(i)(a)(A)
7	FSN International Private Limited	U52100MH2019PTC334211	Subsidiary	(i)(a)(A)

#### For S.R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

#### per Nilangshu Katriar

Partner Membership Number: 058814 UDIN: 23058814BGYZOM7190

Place of Signature: Mumbai Date: May 24, 2023



# Annexure 2 to the Independent Auditor's Report of even date on the consolidated financial statements of FSN E-Commerce Ventures Limited

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of FSN E-Commerce Ventures Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated 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.

## Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these consolidated financial statements included obtaining an understanding of internal financial controls with reference to these consolidated financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these consolidated financial statements.

### Meaning of Internal Financial Controls with Reference to these Consolidated Financial Statements

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

### Inherent Limitations of Internal Financial Controls with Reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to these consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

#### Opinion

In our opinion, and based on the report issued by other auditors on internal financial controls over financial reporting with reference to this consolidated financial statements in the case of 7 subsidiaries, which are companies incorporated in India, the Group have, maintained in all material respects, an adequate internal financial controls with reference to these consolidated financial statements and such internal financial controls with reference to these consolidated financial statements were operating effectively as at March 31, 2023, based on the internal control over financial

### For S.R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration Number: 101049W/E300004

### per Nilangshu Katriar

Partner Membership Number: 058814 UDIN: 23058814BGYZOM7190

Place of Signature: Mumbai Date: May 24, 2023



# **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to seven subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India. Our report is not qualified in respect of this matter.

# **Consolidated Balance Sheet**

as at March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	4	2,313.46	1,244.42
Right of use assets		3,119.21	2,473.26
Capital work-in-progress	6	20.22	97.64
Goodwill	7	610.65	474.78
Intangible assets	7	944.85	640.05
Intangible assets under development	8	288.56	147.31
Financial assets			
Investments	9	381.20	-
Other financial assets	10	434.50	718.79
Deferred tax assets (net)	11	1,877.73	1,152.18
Non current tax assets (net)	11	211.82	138.70
Other non current assets	12	241.60	102.69
Total non-current assets (A)	12	10,443.80	7,189.82
Current assets		10,445.00	7,107.02
Inventories	13	10,051.40	8,756.21
Financial assets	15	10,031.40	0,730.21
	14	1,635.31	945.33
Trade receivables			
Cash and cash equivalents	15	413.76	371.72
Bank balance other than cash and cash equivalents	16	1,073.64	2,298.71
Other financial assets	17	2,644.86	4,878.78
Other current assets	18	3,237.01	2,019.78
Total current assets (B)		19,055.98	19,270.53
Total Assets (A+B)		29,499.78	26,460.35
Equity and liabilities			
Equity			
Equity share capital	19	2,852.45	474.11
Other equity	20	10,927.65	12,924.89
Equity attributable to equity holders of the parent		13,780.10	13,399.00
Non-controlling interest		141.45	56.15
Total equity (A)		13,921.55	13,455.15
Liabilities		101721100	10,100110
Non-current liabilities:			
Financial liabilities			
Borrowings	21	3.61	9.22
Lease Liabilities	22	2,133.68	2,043.19
	23	1,373.20	1,222.26
Other financial liabilities	23	1,373.20	77.96
Long-term provisions	24	92.65	2 252 62
Total non-current liabilities (B)		3,603.14	3,352.63
Current liabilities:			
<u>Financial liabilities</u>	25	4 ( 00 04	2 2 2 4 2
Borrowings	25	4,600.01	3,321.12
Lease liabilities	26	1,247.63	552.70
Irade payables	27		
' Total outstanding dues of Micro enterprises and small enterprises		418.93	560.70
<ul> <li>Total outstanding dues of creditors other than Micro enterprises and small enterprises</li> </ul>		2,234.96	3,059.84
Other financial liabilities	28	2,703.61	1,666.92
Short-term provisions	29	113.86	88.66
Contract liabilities	30	234.78	160.41
Current tax liabilities (net)	11		21.73
Other current liabilities	31	421.31	220.49
Total current liabilities (C)	51	11,975.09	9,652.57
Total liabilities (B+C)		15,578.23	13,005.20
Total aguity and liabilities (A+B+C)		29,499.78	
Total equity and liabilities (A+B+C)		27,477./8	26,460.35

The accompanying notes are an integral part of the Consolidated Financial Statements

#### As per our report of even date For S. R. Batliboi & Associates LLP

Chartered Accountants ICAI Firm Registration No: 101049W/E300004

### per Nilangshu Katriar Partner

Membership No: 058814

FSN E-Commerce Ventures Limited

For and on behalf of the Board of Directors of

Falguni Nayar Executive Chairperson, Managing Director & CEO DIN: 00003633

### P Ganesh Chief Financial Officer

Place: Mumbai Date: May 24, 2023

Place: Mumbai Date: May 24, 2023

Milan Khakhar Director

DIN: 00394065

Sujeet Jain Company Secretary ACS M. No. F6144

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

per Nilangshu Katriar Partner Membership No: 058814

Place: Mumbai Date: May 24, 2023

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# **Consolidated Statement of Profit and Loss**

for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2023	For the year ender March 31, 202
Income			
Revenue from operations	32	51,438.00	37,739.35
Other Income	33	302.13	269.72
Total Income		51,740.13	38,009.07
Expenses			
Cost of material consumed	34	1,594.33	843.12
Purchase of traded goods	35	28,479.91	24,078.3
Changes in inventories of finished goods and stock-in-trade	36	(1,417.43)	(3,621.2
Employee benefits expense	37	4,917.17	3,264.6
Finance costs	38	746.05	465.1
Depreciation and amortisation expense	39	1,732.56	964.1
Other expenses	40	15,303.59	11,541.9
Total Expenses		51,356.18	37,536.0
Profit before tax		383.95	473.0
Tax expense:		000170	
Current tax	11	861.11	446.3
Deferred tax	11	(725.37)	(386.2
Total tax expense	11	135.74	60.1
Profit after tax		248.21	412.8
Share in loss of associate		(38.60)	412.0
		209.61	412.0
Profit for the year		209.01	412.8
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		0.77	22.7
Remeasurements of defined benefit liability		0.77	32.7
Income tax effect on above		0.15	(8.2
Fair valuation of investments measured through OCI		-	(13.1
Income tax effect on above		-	(6.2
		0.92	5.0
(ii) Items that will be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations, net		0.65	0.5
		0.65	0.5
Other comprehensive income/(loss) for the year, net of tax		1.57	5.5
Total Comprehensive Income for the year		211.18	418.4
Profit/ (loss) attributable to:			
Equity holders of the parent		192.62	410.7
Non-controlling interest		16.99	2.1
		209.61	412.8
Other comprehensive income/(loss) attributable to:			
Equity holders of the parent		1.53	5.5
Non-controlling interest		0.04	(0.0)
		1.57	5.5
Total comprehensive income attributable to:			5.00
Equity holders of the parent		194.15	416.3
Non-controlling interest		17.03	2.1
		211.18	418.4
Earnings nor share of face value ₹ 1/- each		111.10	-10.4
Earnings per share of face value ₹ 1/- each	41	0.07	0.1
Basic Diluted	41 41		0.1
	/1.1	0.07	0.1

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For and on behalf of the Board of Directors of FSN E-Commerce Ventures Limited

## Falguni Nayar

Executive Chairperson, Managing Director & CEO DIN: 00003633

### P Ganesh

Chief Financial Officer

Place: Mumbai Date: May 24, 2023

# Milan Khakhar

Director DIN: 00394065

Sujeet Jain

Company Secretary ACS M. No. F6144

# **Consolidated Statement of Cash flows**

for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash Flows from Operating activities		111111111111111111111111111111111111111
Profit before tax as per Statement of Profit & Loss	383.95	473.06
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant & equipment & Right of use assets	1,559.73	835.00
Amortisation of intangible assets	172.81	129.12
Interest expense and other finance costs	746.05	465.11
Unrealised foreign exchange (gain)/loss (net)	(3.11)	0.65
Share Based expense	93.96	143.24
Provision for gratuity expense	41.65	35.50
Provision for compensated expense	30.04	0.65
Expected credit loss	44.80	(23.29)
Interest income	(218.59)	(227.78)
Liabilities no longer required written back	(2.19)	-
Gain on termination of lease	(10.10)	-
Operating profit before working capital changes	2,839.00	1,831.26
Working capital Adjustments:		
(Increase) in trade receivables	(718.84)	(136.97)
(Increase) in inventories	(1,295.19)	(3,719.01)
(Increase) in current financial asset	(91.44)	(413.29)
(Increase) in non-current financial assets	(223.02)	(193.69)
(Increase) in other current assets	(1,213.21)	(1,169.20)
(Increase) in other non-current assets	(67.70)	(35.00)
(Decrease) / Increase in trade payables	(987.06)	412.38
Increase / (Decrease) in short-term provisions	16.89	(20.18)
Increase in current financial liabilities	1,094.88	620.56
Increase in other current liabilities	250.56	4.07
(Decrease) / Increase in long-term provisions	(56.24)	1.07
Cash (used in) operations	(451.37)	(2,818.00)
Payment of taxes (net)	(951.05)	(721.57)
Net cash flow (used in) operating activities (A)	(1,402.42)	(3,539.57)
Cash flows from Investing activities		
Purchase of property, plant and equipment and other intangible assets (net of capital advances)	(2,081.61)	(939.73)
Investment in associate	(416.50)	-
Sale of investments in mutual funds	-	5.47
Investment in subsidiary (net off cash and cash equivalent from subsidiary)	(285.92)	(510.84)
Investment in fixed deposits	3,998.86	(4,745.51)
Payable towards purchase of business in slump sale	-	(2.85)
Interest received	180.94	165.57
Net cash flows from/(used in) investing activities (B)	1,395.77	(6,027.89)

# **Consolidated Statement of Cash flows**

for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flow from Financing activities		
Proceeds from issue of equity shares/ shares pending allotment including security premium (net off expenses)	288.36	8,727.28
Proceeds from issue of preference shares	-	1.58
Repayment of Non-Current borrowings (net)	(5.61)	(7.38)
Proceeds from Current borrowings (net)	1,268.80	1,463.06
Interest expenses on borrowings	(334.21)	(262.46)
Principal payment of lease liabilities	(820.07)	(449.80)
Interest expenses on lease liabilities	(348.58)	(202.21)
Net cash flows from financing activities (C)	48.69	9,270.07
Net increase/(decrease) in cash and cash equivalents (A+B+C)	42.04	(297.39)
Cash and cash equivalents at the beginning of the year	371.72	669.11
Cash and cash equivalents at the year end (refer note 15)	413.76	371.72

### Note:

- 1. Non cash transactions relating to investing and financing activities (refer note 17, 28 and 42)
- 2. The Company has issued 2,373,563,075 bonus shares of face value of ₹ 1 each during the year vide shareholders' approval dated November 2, 2022 in the ratio of 5 bonus shares for every 1 share held.
- 3. The above Statement of Cash Flow has been prepared under the indirect method as set out in Ind AS 7 on Statement of Cash Flows.

The accompanying notes are an integral part of the Consolidated Financial Statements

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

per Nilangshu Katriar Partner Membership No: 058814

P Ganesh

Place: Mumbai Date: May 24, 2023

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For and on behalf of the Board of Directors of FSN E-Commerce Ventures Limited

## Falguni Nayar

Executive Chairperson, Managing Director & CEO DIN: 00003633

#### Milan Khakhar Director DIN: 00394065

Chief Financial Officer

Place: Mumbai Date: May 24, 2023

Sujeet Jain Company Secretary ACS M. No. F6144

# **Consolidated Statement of Changes in Equity**

for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

# A. Equity share capital:

# Equity shares issued, subscribed and fully paid

	No. of shares	Amount
As at April 01, 2021 <sup>(1)</sup>	15,057,237	150.57
lssue of equity shares of face value of ₹ 10 each	60,130	0.60
Conversion of Optionally Convertible Redeemable Preference Shares ('OCRPS') <sup>(1)</sup>	450,528	4.51
Split of shares <sup>(2)</sup>	140,111,055	-
Issue of bonus shares <sup>(3)</sup>	311,357,900	311.36
lssue of equity shares of face value of ₹ 1 each	7,068,026	7.07
As at March 31, 2022 <sup>(4)</sup>	474,104,876	474.11
lssue of equity shares of face value of ₹ 1 each	4,778,769	4.78
Issue of bonus shares <sup>(5)</sup>	2,373,563,075	2,373.56
As at March 31, 2023	2,852,446,720	2,852.45

(1) Equity shares of face value of ₹ 10 each

(2) Equity shares of face value of ₹ 10 each of the Company were sub-divided into equity shares of face value of ₹ 1 each pursuant to approval of the shareholders at Extra Ordinary General Meeting held on July 16, 2021.

- (3) The Company had issued 311,357,900 bonus shares of face value of ₹ 1 each during the previous year vide shareholders' approval dated July 16, 2021 in the ratio of 2 bonus shares for every 1 share held.
- (4) Equity shares of face value of ₹ 1 each.
- (5) The Company has issued 2,373,563,075 bonus shares of face value of ₹ 1 each during the year vide shareholders' approval dated November 02, 2022 in the ratio of 5 bonus shares for every 1 share held.

# **Consolidated Statement of Changes in Equity**

for the year ended March 31, 2023 (Amount in ₹ Million, unless otherwise stated)

	- advision to the	Charo		Equity a	attributable	Equity attributable to equity holders of the parent	ers of the par				N	
Particulars	Instruments classified as Equity	iffed as application Equity money pending	Retained earnings	srves & Jurplus Securities premium	Capital reserve	Employee shares option scheme reserve	Other reserves	Foreign Currency Translation Reserve	Other Comprehen- sive Income (OCI)	Total other equity	Non - controlling interest	Total
As at April 1, 2021	3.27	1	(992.25)	5.666.58	'	89.37	•		(18.57)	4.748.39	8.34	4.756.73
Net Profit for the vear	I	1	410.75	1	1	I	1	I		410.75	2.13	412.88
Other comprehensive income							ı	0.53		5.57		5.56
Total comprehensive income			410.75		'	•	•	0.53	5.04	416.32		418.44
Securities premium utilised on issue			1	(311.36)	1		1		1	(311.36)		(311.36)
of bonus shares												
Securities premium on issue of shares		T		8,975.26		T		1		8,975.26		8,975.26
Addition during the year	1.50	8,983.60	·		ı	143.10	·	1	1	9,128.20	ı	9,128.20
Shares allotted during the year	I	(8,982.95)	I	76.52	I	(76.52)	I	I	I	(8,982.95)		(8,982.95)
Financial liability for acquisition through Put Option	·		ı	,			(1,222.26)	ı		(1,222.26)	479.70	(742.56)
Adjustment for NCI's carrying value			1			ı	434.01		1	434.01	(434.01)	I
Forfeiture of OCRPS	(4.77)			(0.10)	0.36			1		(4.51)	1	(4.51)
Share issue expense		I	I	(256.22)		I	1	I	1	(256.22)	1	(256.22)
As at March 31, 2022		0.65	(581.50)	14,150.68	0.36	155.95	(788.25)	0.53	(13.53)	12	56.15	12,981.04
Net Profit for the year	ı		192.62	I		1	1	1		192.62		209.61
Other comprehensive income						1		0.65		1.53		1.57
Total comprehensive income	•	•	192.62	•	•		•	0.65	0.88	194.15	17.03	211.18
Securities premium utilised on issue of bonus shares	ı	ı	I	(2,373.56)	ı	I	I	I	I	(2,373.56)	I	(2,373.56)
Securities premium on issue of shares	I	ı	I	291.86	1	I	1	T	1	291.86	1	291.86
Addition during the year		296.45			1	93.92		1		390.37		390.37
Shares allotted during the year	ı	(296.64)		80.67		(80.67)	1		1	(296.64)	1	(296.64)
Financial liability for acquisition	T	T		T		T	(150.94)	1		(150.94)	1	(150.94)
through Put Option											~	
Agustment for INCI's carrying value for Put Option		I		I	I		(44.39)	I		(44.37)		
Share issue expense	ı	1	1	(8.09)	T	ı	ı	1	1	(8.09)		(8.09)
Acauisition during the vear			1		1	1	I	1	T	, I.	23.88	23.88
As at March 31, 2023		0.46	(388.88)	12,141.56	0.36	169.20	(983.58)	1.18	(12.65)	10,927.65	141.45	11,069.10
The accompanying notes are an integral part of the Consolidated Financial Statements	egral part of t	he Consolidate	d Financial S	Statements								
As per our report of even date For S. R. Batliboi & Associates LLP Chartered Accountants ICAI Firm Registration No: 101049W/E300004	P 49W/E3000	04				For and on behalf of the Board of Directors of FSN E-Commerce Ventures Limited	ehalf of the <b>merce Vent</b>	Board of D :ures Limite	irectors of d			
<mark>per Nilangshu Katriar</mark> Partner Membership No: 058814						Falguni Nayar Executive Chairperson, Managing Director & CEO DIN: 00003633	<mark>yar</mark> nairperson, irector & Cl 3633	O			<mark>Milan Khakhar</mark> Director DIN: 00394065	<b>har</b> 4065
						<b>P Ganesh</b> Chief Financial Officer	ial Officer				<mark>Sujeet Jain</mark> Company Secretary ACS M. No. F6144	ecretary . F6144
Place: Mumbai Date: May 24, 2023						Place: Mumbai Date: May 24, 2023	ai 4, 2023					

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Forming part of the Financial Statements as at and for the year ended March 31, 2023

### 1. Corporate Information

FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited, the 'Company' or 'Holding Company') and its subsidiaries and associate (collectively, the 'Group') for the year ended March 31, 2023. The Company is a public company incorporated and domiciled in India. The registered office of the Company is located at 104, Vasan Udyog Bhavan, Sun Mill compound, Tulsi Pipe Road, Lower Parel, Mumbai - 400013.

The Company had converted from a Private Limited Company to a Public Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on July 16, 2021 and consequently the name of the Company was changed to FSN E-Commerce Ventures Limited vide fresh certificate of incorporation issued by ROC on July 28, 2021. The Company had completed its Initial Public Offer (IPO) during the year and accordingly the Company is listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) w.e.f November 10, 2021.

The Group is engaged in the business of manufacturing, selling & distribution of beauty, wellness, fitness, personal care, health care, skin care, hair care products, fashion garments, fashion accessories and equipments on the online portals or websites such as e-commerce, m-commerce, internet, intranet as well as through physical stores, stalls, general trade and modern trade etc.

The Board of Directors approved the consolidated financial statements for the year ended March 31, 2023 and authorised for issue on May 24, 2023.

### 2. Significant accounting policies 2A. Basis of preparation

#### i) Statement of compliance:

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

#### ii) Historical cost convention:

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

certain financial assets and liabilities (including • derivative instruments) and contingent consideration is measured at fair value

- assets held for sale measured at fair value less cost to sell
- defined benefit plans plan assets measured at fair value
- share-based payments.

### iii) New and amended standards adopted by the Group

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective from 1 April 2022. These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### New and amended standards issued but not effective

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective from 1 April, 2023.

The Rules predominantly amend Ind AS 12 - Income taxes, Ind AS 8 - Accounting policies, changes in accounting estimates and errors and Ind AS 1 -Presentation of financial statements.

The amendment in Ind AS 1 requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explains how to identify when accounting policy information is material. Any information disclosed should not obscure material accounting information.

The amendment in Ind AS 8 clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendment in Ind AS 12 requires entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

### 2B. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and associate as at March 31, 2023. Control is achieved when the Group is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote • holders of the investee
- Rights arising from other contractual arrangements •
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.
- · Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

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The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period/year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on March 31, 2023. When the end of the reporting period of the Holding Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Holding Company to enable the Holding Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

#### Consolidation procedure:

- a) Like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company are combined with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the Company's investment in each subsidiary and the Company's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Forming part of the Financial Statements as at and for the year ended March 31, 2023

- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- d) Under the equity method of accounting (in case of associate), the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured longterm receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group. The carrying amount of equity accounted investments are tested for impairment.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an

equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any noncontrolling interests
- · Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners
- Reclassifies the Company's share of components • previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities.

#### **2C. Summary of significant accounting policies:**

#### a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are recognised as incurred and included in other expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This

## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 "Financial Instruments", is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with Ind AS 109. Other contingent consideration that is not within the scope of Ind AS 109 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### b) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or • consumed in normal operating cycle
- Held primarily for the purpose of trading

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- Expected to be settled within twelve months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle or due to be settled within twelve months after the reporting period
- It is held primarily for the purpose of trading
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified period of twelve months as its operating cycle.

### Property, Plant & Equipment

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

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

Cost incurred on Property, plant and equipment not ready for their intended use is disclosed as Capital Workin-Progress and is stated at cost, net of accumulated impairment loss, if any. Advances paid towards the acquisition of property, plant and equipment

Forming part of the Financial Statements as at and for the year ended March 31, 2023

outstanding at each balance sheet date are classified as capital advances under other non-current assets.

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

#### Depreciation on Property, Plant & Equipment:

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

Estimated useful lives of the assets are as follows:

Property, Plant & Equipment	Useful lives (in years)
Plant and Machinery	8
Computers and Hardware	3
Furniture & Fixtures	10
Office Equipment	5
Vehicles	8
Leasehold improvements	Period of primary lease

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

#### d) Intangible assets

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

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

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

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

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

#### Amortization of intangible assets:

Intangible assets are amortized on straight line basis as per the following useful lives:

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

#### Research and development costs

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

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins

# Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset. During the period of development, the **f**) asset is tested for impairment annually.

### e) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date. If there is any indication of impairment based on internal / external factors, an impairment loss is recognised, i.e. wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior



years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

#### f) Inventory

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on first in, first out basis.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

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

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

#### g) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee:

The Group applies a single recognition and measurement approach for all leases, except for shortterm leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Forming part of the Financial Statements as at and for the year ended March 31, 2023

i. Right-of-use assets

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

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

Right-of-use assets are depreciated on a straightline basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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

### ii. Lease liabilities:

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

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

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

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

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

### Sub-lease

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

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

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

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- payments of penalties, if any, for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

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

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

### h) Financial Instruments

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

### Initial recognition and measurement:

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

#### **Financial Assets**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section 2B(i) Revenue from contracts with customers.

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

#### **Financial Liabilities**

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

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

#### Subsequent measurement:

#### i. Financial assets

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value though profit or loss

Financial assets at amortised cost (debt instruments)

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

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

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

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

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

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

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



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b) The asset's contractual cash flows represent SPPI.

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

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

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

Financial assets at fair value through profit or loss (FVTPL)

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

#### ii. Financial liabilities

Financial liabilities at fair value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

#### Financial liabilities at amortised cost (loans and borrowings)

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

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

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

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

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#### Derecognition

#### **Financial Assets**

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

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

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

#### Financial Liabilities

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

#### Impairment of financial assets:

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

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



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

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

#### Offsetting of financial instruments

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

#### Revenue recognition:

#### 1) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold, and services rendered is net of variable consideration on account of discounts offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognised only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

The Group identifies the performance obligations in its contracts with customers and recognises revenue as and when the performance obligations are satisfied. The specific recognition criteria described below must also be met before revenue is recognised.

#### Sale of products:

Revenue is recognised upon transfer of control of promised products to customer in an amount that reflects the consideration which the Group expects to receive in exchange for products. Revenue from the sale of products is recognised when products are delivered to customer. Revenue is measured based on the transaction

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price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the Contracts with the customers.

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

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

#### Rendering of services:

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

#### Marketing Support Revenue

- The Group recognizes marketing income i.e. visibility services provided by the Group to various brands at retail outlets of the Group. Revenue from advertisement services is recognised when advertisement is displayed.
- Advertising revenue is derived from displaying web and application based banner ads and sale of online advertisements. Revenue from banner advertisement is recognised pro rata over the period of display of advertisement as per contract.
- Revenue from sale of online advertisements is recognised based on output method and the Group applies the practical expedient to recognize advertising revenue in the amount to which the Group has a right to invoice upon rendering of services.

#### Reward points programme

The Group has a reward points programme which allows customers to accumulate points that can be redeemed against future purchases of products at discounted prices. The reward points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the reward points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed.

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Revenue is recognised upon redemption of points by the customer.

When estimating the stand-alone selling price of the reward points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on an annual basis and any adjustments to the contract liability balance are charged against revenue.

#### ii. Contract balances:

Contract assets

A contract asset is the right to consideration in exchange for products or services transferred to the customer. If the Group performs by transferring products or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional

Trade receivables

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

**Contract liabilities** 

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

#### i) Interest income:

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

#### k) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to

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settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

#### I) Foreign currency transactions

#### Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (₹), which is the Company's functional and presentation currency.

#### Foreign currency transactions and balances

(i) Initial recognition

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

(ii) Conversion

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

#### (iii) Exchange differences

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

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### m) Share Based payment

Employees (including senior executives) of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized, together with a corresponding increase in share Options outstanding reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Statement of Profit and Loss expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### Employee benefits

#### Short term employee benefits

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

#### Post-employment benefits

#### i. Defined Contribution Plans:

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the

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contributions are charged to the Statement of Profit and Loss of the period/year when the contribution to the funds is due. There are no other obligations other than the contribution payable to the fund. The Group recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

#### ii. Defined Benefit Plans

#### Gratuity

The Group have an obligation towards gratuity, a defined benefit plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The gratuity benefits are unfunded.

Gratuity liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period/year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

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

#### Compensated absences

The Group provides for the encashment of leave or leave with pay subject to certain rules.

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

#### o) Borrowing cost:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred. Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowing to the extent they are regarded as adjustment to the interest cost.

#### Fair value measurement

p)

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

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

### q) Income taxes

Tax expense comprises current and deferred tax.

#### Current income tax

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

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tax laws prevailing in the respective tax jurisdictions where the Group operates.

#### Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

#### r) Cash and cash equivalents

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

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For the purpose of the statement of cash flows, cash **3**. and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### s) Contingent Liabilities

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

#### t) Earnings per share

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

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

#### u) Segment reporting

The Group drives synergy across fulfilment models, sales channels and product categories and accordingly the Chief Operating Decision Maker ('CODM') reviews and allocates resources based on Omni business and Omni channel strategy, which in the terms of Ind AS 108 on 'Operating Segments' constitutes a single reporting segment.

#### v) Share capital

Equity shares are classified as equity. Incremental costs directly attributable to the issue of equity shares are recognised as a deduction from equity.

#### Significant accounting judgements, estimates and assumptions

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

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

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

#### I. Judgements:

#### Determining the lease term of contracts . with renewal and termination options - the Company as lessee

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

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or

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any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

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

#### II. Estimates and assumptions:

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

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

### b. Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible,



but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### Estimation of defined benefit obligation and compensated absences

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

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

#### d. Income taxes

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

#### **Deferred Taxes** e.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. In assessing the probability the Company considers whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or

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unused tax credits can be utilised before they expire. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company has recognised deferred tax assets on the unused tax losses and other deductible temporary differences since the management is of the view that it is probable the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets.

#### Business combination: f.

In accounting for business combinations, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets acquired (including useful life estimates), liabilities assumed, and contingent consideration assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.

#### Provision g.

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

#### h. Impairment of financial assets:

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

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

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

#### j. Leases - Estimating the incremental borrowing rates:

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

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

#### k. Other estimates:

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

## Notes

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(Amount in ₹ Million, unless otherwise stated)

#### 4 Property, Plant and Equipment

Particulars	Computers & Hardware	Furniture & Fixtures	Office equipments	Vehicles	Plant & Machinery	Leasehold improvements	Total
Cost							
As at April 01, 2021	215.11	505.06	151.16	4.40	4.27	226.88	1,106.88
Additions	205.36	331.98	200.82	-	1.28	73.93	813.37
Addition on acquisition of subsidiary	1.13	0.98	0.51	0.10	5.25	-	7.97
Disposals	-	-	-	-	-	-	-
As at March 31, 2022	421.60	838.02	352.49	4.50	10.80	300.81	1,928.22
Additions	190.51	706.36	267.16	5.70	3.36	381.61	1,554.70
Addition on acquisition of subsidiary	0.78	2.87	0.55	-	-	-	4.20
Disposals	(0.10)	(0.71)	-	-	-	-	(0.81)
As at March 31, 2023	612.79	1,546.54	620.20	10.20	14.16	682.42	3,486.31
Accumulated depreciation							
As at April 01, 2021	119.84	122.63	56.50	4.33	1.13	116.67	421.10
Depreciation charge for the year	74.37	98.38	47.36	0.01	0.67	41.26	262.05
Addition on acquisition of subsidiary	0.17	0.17	0.13	0.02	0.16	-	0.65
Disposals	-	-	-	-	-	-	-
As at March 31, 2022	194.38	221.18	103.99	4.36	1.96	157.93	683.80
Additions	141.17	141.53	81.56	0.79	1.04	122.96	489.05
Disposals	-	-	-	-	-	-	-
As at March 31, 2023	335.55	362.71	185.55	5.15	3.00	280.89	1,172.85
Net Book Value							
As at March 31, 2023	277.24	1,183.83	434.65	5.05	11.16	401.53	2,313.46
As at March 31, 2022	227.22	616.84	248.50	0.14	8.84	142.88	1,244.42

#### Footnotes:

1. Movable assets have been pledged to secure borrowings of the Company (Refer note - 21 and 25) 2. Refer note 53 for addition on acquisition of subsidiary.

#### 5 Right of use Assets

Particulars	Right of use assets	Total
Cost		
As at April 1, 2021	2,341.96	2,341.96
Additions	1,768.61	1,768.61
Addition on account of acquisition of subsidiary	11.50	11.50
Disposals	(136.02)	(136.02)
As at March 31, 2022	3,986.05	3,986.05
Additions	1,799.53	1,799.53
Addition on account of acquisition of subsidiary	5.95	5.95
Disposals	(458.06)	(458.06)
As at March 31, 2023	5,333.47	5,333.47

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(Amount in ₹ Million, unless otherwise stated)

Particulars	Right of use assets	Total	
Accumulated depreciation			
As at April 1, 2021	952.63	952.63	
Depreciation charge for the year	601.72	601.72	
Addition on account of acquisition of subsidiary	0.07	0.07	
Disposals	(41.63)	(41.63)	
As at March 31, 2022	1,512.79	1,512.79	
Depreciation charge for the year	1,070.68	1,070.68	
Disposals	(369.21)	(369.21)	
As at March 31, 2023	2,214.26	2,214.26	
Net Book Value			
As at March 31, 2023	3,119.21	3,119.21	
As at March 31, 2022	2,473.26	2,473.26	

Disposals/transfer includes derecognition of ROU asset on cancellation of lease contract

Refer note 53 for addition on acquisition of subsidiary

### 6 Capital Work-in-progress

Particulars	Amount	Total
As at April 01, 2021	19.68	19.68
Addition	94.69	94.69
Capitalisation	(16.73)	(16.73)
As at March 31, 2022	97.64	97.64
Addition	1,062.32	1,062.32
Capitalisation	(1,139.74)	(1,139.74)
As at March 31, 2023	20.22	20.22

### Capital Work-in-progress ageing schedule:

Period in progress	Less than 1 year	1-2 years	2-3 years	More than 3 years
As at March 31, 2023	20.22	-	-	-
As at March 31, 2022	97.64	-	-	-

Capital work-in-progress comprises of expenses incurred towards improvement to leasehold premises.

There are no overdue or cost overrun projects compared to its original plan and no projects which are temporarily suspended, on the above mentioned reporting dates.

## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

### 7 Intangible assets

Particulars	Catalogue	Business application development cost	Computer Softwares	Trademark	Goodwill	Total
Cost						
As at April 01, 2021	155.14	393.37	45.26	49.44	5.43	648.64
Additions	-	39.29	9.68	-	-	48.97
Addition on account of acquisition	-	0.10	-	489.00	469.72	958.82
Disposals	(155.14)	-	-	-	-	(155.14)
As at March 31, 2022	-	432.76	54.94	538.44	475.15	1,501.29
Additions	-	244.10	16.07	35.74	135.87	431.78
Addition on account of acquisition	-	-	-	196.78	-	196.78
Disposals	-	(15.08)	-	-	-	(15.08)
As at March 31, 2023	-	661.78	71.01	770.96	611.02	2,114.77
Accumulated amortisation						
As at April 01, 2021	155.14	235.85	21.09	0.05	0.37	412.50
Amortisation charge for the year	-	89.82	12.60	26.66	-	129.08
Addition on account of acquisition	-	0.02	-	-	-	0.02
Disposals	(155.14)	-	-	-	-	(155.14)
As at March 31, 2022	-	325.69	33.69	26.71	0.37	386.46
Amortisation charge for the year	-	93.50	19.57	62.84	-	175.91
Addition on account of acquisition	-	-	-	-	-	-
Disposals	-	(3.10)	-	-	-	(3.10)
As at March 31, 2023	-	416.09	53.26	89.55	0.37	559.27
Net Book Value						
As at March 31, 2023	-	245.69	17.75	681.41	610.65	1,555.50
As at March 31, 2022	-	107.07	21.25	511.73	474.78	1,114.83

Refer note 53 for addition on acquisition of subsidiary.

### 8 Intangible assets under development

Particulars	Amount	Total
As at April 1, 2021	3.88	3.88
Addition	182.58	182.58
Addition on acquisition of subsidiary (Refer Note 54)	0.06	0.06
Capitalisation	(39.21)	(39.21)
As at March 31, 2022	147.31	147.31
Addition	390.10	390.10
Reversal	(4.75)	(4.75)
Capitalisation	(244.10)	(244.10)
As at March 31, 2023	288.56	288.56

#### Intangible Assets under development ageing schedule

Periods in progress	Less than 1 year	1-2 years	2-3 years	More than 3 years
As at March 31, 2023	288.56	-	-	-
As at March 31, 2022	147.31	-	-	-

Intangible assets under development include cost for development of business application and cost for implementation of Accounting and Finance software.

There are no overdue or cost overrun projects compared to its original plan and no periods which are temporarily suspended, on the above-mentioned reporting dates.

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

#### 9 Non-current Investments (Unquoted)

As at March 31, 2023	As at March 31, 2022
-	-
-	-
-	-
377.90	-
3.30	-
381.20	-
381.20	-
38.03	38.03
	March 31, 2023

(1) Refer Note 53

Investments at fair value through OCI (fully paid) reflect investment in unquoted securities. These securities are designated as FVTOCI as they are not held for trading purpose and are not in similar line of business as the Group. Thus, disclosing their fair value fluctuation in profit or loss will not reflect the purpose of holding.

During the Previous year the Group has recognised the impact of decline in fair value of investment of ₹ 13.19 Mn through other comprehensive income.

#### 10 Other financial assets (Non-current)

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits (Unsecured, considered good)	414.80	292.19
Deposits with banks with maturity period more than 12 months	19.70	426.60
Total	434.50	718.79

#### 11 Income tax

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

Particulars	As at March 31, 2023	As at March 31, 2022
Current tax:		
In respect of current year	861.11	422.93
In respect of earlier year	-	23.46
	861.11	446.39
Deferred tax:		
In respect of current year	(725.37)	(328.11)
In respect of unrecognised business loss of earlier years	-	(58.10)
	(725.37)	(386.21)
Income tax expense reported in the statement of profit or loss	135.74	60.18
OCI section - Deferred tax related to items recognised in OCI during the year:		
Tax (income)/expense on remeasurements of defined benefit plans & fair valuation of investments	0.15	(14.50)
Income tax expense (credited)/charged to OCI	0.15	(14.50)

## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

#### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2023 and March 31, 2022:

Particulars	As at March 31, 2023	As at March 31, 2022
Profit before tax	383.95	473.06
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	96.64	119.07
Tax effect of:		
Amortisation on acquired trademark	12.54	4.23
Others (including permanent differences and brought forward losses)	26.56	(28.48)
Tax (credit) relating to earlier years	-	(34.64
	135.74	60.18
Current tax expense	861.11	446.39
Deferred tax expense/(credit)	(725.37)	(386.21)
Tax expense recognized in the statement of profit and loss	135.74	60.18
Effective tax rate	35.35%	12.72%

### Gross movement in the current income tax assets/(liabilities) for the years ended March 31, 2023 and March 31, 2022:

Particulars	As at March 31, 2023	As at March 31, 2022
Income tax asset / (liability) (net) at the beginning of the year	116.97	(161.31)
Income tax asset (net) acquired on acquisition of subsidiary (refer note 53)	4.91	3.10
Income tax paid during the year	951.05	721.57
Current tax expense / tax expense pertaining to earlier years	(861.11)	(446.39)
Net income tax asset / (liability) (net) at the end of the year	211.82	116.97
Income tax assets as per balance sheet	211.82	138.70
Income tax liability as per balance sheet	-	(21.73)
Income tax asset / (liability) (net)	211.82	116.97

#### Deferred tax:

### Particulars Impact of expenditure charged to the statement of profit and loss in the for tax purposes on payment basis Impact of brought forward losses Provision of doubtful debts Impact of difference between tax depreciation / amortisation and dep per books Impact of stock elimination Deferred tax assets (A) Deferred tax liabilities (B) Deferred tax assets (net) (C=A-B)

The Group as at March 31, 2023 has recognised deferred tax assets in the books of FSN Brands Marketing Private Limited of ₹ 348.13 Mn (March 31, 2022: ₹ 331.58 Mn), Nykaa Fashion Private Limited of ₹ 771.84 Mn (March 31, 2022: ₹ 351.02 Mn), Nykaa Distribution Private Limited of ₹ 274.38 Mn (March 31, 2022: ₹ 16.23 Mn) in respect of carry forward losses, unabsorbed depreciation and other temporary differences. 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.

	As at March 31, 2023	As at March 31, 2022
the current year but allowed	251.65	253.04
	1,266.68	626.90
	17.02	11.54
preciation / amortisation as	165.81	106.01
	176.57	154.69
	1,877.73	1,152.18
	-	-
	1,877.73	1,152.18

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

### Reconciliation of deferred tax assets (net):

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	1,152.18	780.35
Tax income/(expense) recognised in statement of profit and loss for the year	725.39	328.11
Tax income/(expense) recognised in OCI for the year	0.16	(14.50)
On account of acquisition of subsidiary	-	0.12
Deferred tax credit for unrecognised business loss of earlier years	-	58.10
Closing balance	1,877.73	1,152.18

#### 12 Other non-current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Advance for capital goods	138.90	67.69
Balance with statutory / government authorities	102.70	35.00
Total	241.60	102.69

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

Particulars	As at March 31, 2023	As at March 31, 2022
Stock-in-trade	8,698.18	7,609.44
Finished goods	1,042.57	713.89
Raw Materials	117.87	317.50
Packing material	192.78	115.38
Total	10,051.40	8,756.21

As at March 31, 2023 ₹ 468.90 Mn (March 31, 2022: ₹ 311.20 Mn) is recognised as provision taking into account various factors, including obsolescence of material, unserviceable items and ageing of material.

#### 14 Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables - Unsecured, considered good	1635.31	945.33
Trade receivables - Credit Impaired	84.09	46.68
Less: Allowances for expected credit loss (Refer note 48)	(84.09)	(46.68)
Total	1635.31	945.33

For details of trade receivable with related party refer note 44 related party disclosure.

No Trade receivable are due from directors or other officers of the group either severally or jointly with any other person. Trade receivables are non- interest bearing and are generally on payment terms of 0-90 days.

### Trade receivables ageing schedule

#### As at March 31, 2023

	Outstanding for following periods from due date of payment						
Particulars	not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – Unsecured, considered good	785.29	850.03	-	-	-	-	1,635.31
Undisputed Trade Receivables – Credit Impaired	1.96	3.97	38.40	6.28	33.48	-	84.09
Total	787.25	854.00	38.40	6.28	33.48	-	1,719.40

## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

### As at March 31, 2022

	<b>C</b>	Outsta	nding for followi	ng periods from	due date of pay	ment	
Particulars	Current but – not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – Unsecured, considered good	625.47	319.86	-	-	-	-	945.33
Undisputed Trade Receivables – Credit Impaired	1.21	1.96	6.73	15.09	21.69	-	46.68
Total	626.68	321.82	6.73	15.09	21.69	-	992.01

### 15 Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	0.02	7.72
Balances with banks in current accounts	342.28	348.65
Deposits with original maturity of less than three months <sup>(1)</sup>		
- With Banks	71.46	15.35
Total	413.76	371.72

seven day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

#### 16 Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with bank in nodal account <sup>(1)</sup>	302.79	287.18
Margin money deposits with bank (held as lien by bank against guarantees)	73.81	51.56
Deposits with original maturity for more than 3 months but less than 12 months		
- With Banks	697.04	1,959.97
Total	1,073.64	2,298.71

#### 17 Other financial assets (current)

Particulars	As at	As at	
	March 31, 2023	March 31, 2022	
Security deposit (Unsecured, considered good)			
Considered good	68.09	36.59	
Credit impaired	7.39	-	
Less: Allowances for expected credit loss (refer note 48)	(7.39)	-	
Unbilled receivable	516.75	490.88	
Deposits with banks with maturity period more than 12 months	1581.36	3,948.25	
Receivable from payment gateway / cash collection vendors	370.55	291.62	
Interest accrued on deposit but not due	108.11	111.44	
Total	2,644.86	4,878.78	

Particulars	As at March 31, 2023	
Opening balance	111.44	49.23
Interest accrued during the year	177.61	227.78
Receipt of interest during the year	(180.94)	(165.57)
Closing balance	108.11	111.44

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

#### 18 Other current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Advance to suppliers (Unsecured, considered good)	356.76	464.47
Advance against expenses (Unsecured, considered good)	166.59	191.06
Prepaid expenses	127.81	95.03
Balance with statutory / government authorities	2585.85	1269.22
Total	3,237.01	2,019.78

### **19 Share Capital**

Particulars	Equity Sha	ares	Preference Shares		
Particulars	Numbers	Amount	Numbers	Amount	
Authorised Share Capital					
As at April 1, 2021 (Shares of face value of ₹ 10 each)	195,000,000	1,950.00	5,000,000	50.00	
Increase during the year <sup>(1)</sup>	2,555,000,000	800.00	495,000,000	450.00	
As at March 31, 2022 (Shares of face value ₹ 1 each)	2,750,000,000	2,750.00	500,000,000	500.00	
Reclass of Preference shares to equity shares during the year <sup>(2)</sup>	500,000,000	500.00	(500,000,000)	(500.00)	
As at March 31, 2023 (Shares of face value ₹ 1 each)	3,250,000,000	3,250.00	-	-	

<sup>(1)</sup> Pursuant to the approval of the shareholders at Extra Ordinary General Meeting of the Company held on July 16, 2021 each equity shares of face value of ₹10/- per share was sub-divided into ten equity shares of face value of ₹1/- per share, with effect from the record date i.e. July 16, 2021. The above increase during the previous year includes the effect of such split of face value of the shares.

<sup>(2)</sup> The Board of Directors approved reclassification of Authorized Share Capital of the Company from ₹3,250 million comprising of 2,75,00,00,000 (Two Hundred and Seventy-Five crores) equity shares of ₹ 1 each and 50,00,000 (Fifty crores) preference shares of ₹ 1 each, to ₹ 3,250 million comprising of 3,25,00,00,000 (Three Hundred and Twenty-Five crores) Equity Shares of ₹ 1/- (Rupee One) and the same was approved by Members of the Company on November 02, 2022 through Postal Ballot.

#### i) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders' approval.

#### ii) Issued share capital

#### Issued, subscribed and fully paid

	Equity Share	es	
Particulars	Numbers	Amount	
As at April 1, 2021	15,057,237	150.57	
lssue of equity shares of face value of ₹ 10 each	60,130	0.60	
Conversion of OCRPS into equity shares of face value of ₹ 10 each	450,528	4.51	
Adjustment of split of shares into face value of ₹ 1 each	140,111,055	-	
lssue of bonus shares of face value of ₹ 1 each	311,357,900	311.36	
lssue of equity shares of face value of ₹ 1 each	7,068,026	7.07	
As at March 31, 2022	474,104,876	474.11	
lssue of bonus shares of face value of ₹ 1 each	2,373,563,075	2,373.56	
Issue of equity shares of face value of ₹ 1 each	4,778,769	4.78	
As at March 31, 2023	2,852,446,720	2,852.45	

During the previous year, the Company had completed its Initial Public Offer (IPO) of 47,575,326 equity shares of face value of ₹ 1 each at an issue price of ₹ 1,125 per share (including a share premium of ₹ 1,124 per share). A discount of ₹100 per share was offered to eligible employees bidding in the employee's reservation portion of 250,000 equity shares.

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(Amount in ₹ Million, unless otherwise stated)

The issue comprised of a fresh issue and allotment of 5,602,666 equity shares aggregating to ₹ 6,300 Mn and offer for sale of 41,972,660 equity shares by selling shareholders aggregating to ₹ 47,197 Mn.

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

	As at March 31	As at March 31, 2023		, 2022
Name of the shareholder	No. of shares	% holding	No. of shares	% holding
Sanjay Nayar (through family trust)	634,913,520	22.26%	105,818,920	22.32%
Falguni Nayar (through family trust)	625,834,620	21.94%	104,305,770	22.00%
Indra Singh Banga / Harindarpal Singh Banga	182,878,740	6.41%	30,479,790	6.43%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

#### iv) Shares reserved for issue under employee stock option

The Company has reserved issuance of 210,000,000 (Previous year 198,000,000) Equity Shares of ₹ 1 each for offering to Eligible Employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the year ended March 31, 2023 the Company has granted 3,949,100 options (March 31, 2022: 13,201,200). Cumulative number of equity shares granted under Employee Stock Option Scheme (ESOS) is 173,313,800 equity shares as at March 31, 2023. (March 31, 2022: 169,364,700).

#### v) Details of promoter shareholding

#### As at March 31, 2023:

Description	Promoter Name	No. of shares at the beginning of the year*	% of Total Shares	No. of shares at the end of the year		% change during the year
Equity shares of ₹ 1 each	Sanjay Nayar (through family trust)	634,913,520	22.32%	634,913,520	22.26%	0.00%
Equity shares of ₹ 1 each	Falguni Nayar (through family trust)	625,834,620	22.00%	625,834,620	21.94%	0.00%
Total		1,260,748,140	44.32%	1,260,748,140	44.20%	0.00%
*The number of charge at the be	anning of the year have been restated to give	a offect of benue char	as allottad i	n the ratio of 5 honur	charac for a	wary 1 chara

mber of shares at the beginning of the year have been restated to give effect of bonus shares allotted in the ratio of 5 bonus shares for every 1 share held vide shareholder's approval dated November 02, 2022.

#### As at March 31, 2022:

Description	Promoter Name	No. of shares at the beginning of the year**	% of Total Shares	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 1 each	Sanjay Nayar (through family trust)	120,118,920	26.59%	105,818,920	22.32%	(12%)
Equity shares of ₹ 1 each	Falguni Nayar (through family trust)	99,399,930	22.00%	104,305,770	22.00%	5%
Total		219,518,850	48.59%	210,124,690	44.32%	(7%)
0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares, partly paid	Falguni Nayar (through family trust)	143,500	32.88%	-	0.00%	(100.00%)
Total		143,500	32.88%	-	0.00%	(100.00%)

\*\* The number of shares at the beginning of the previous year have been restated to give effect of share split of equity shares of face value of ₹ 10 each sub-divided into equity shares of face value of ₹ 1 each and bonus shares allotted in the ratio of 2 bonus shares for every 1 share held vide shareholder's approval dated July 16, 2021.





Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

#### vi) Shares issued for cnsideration other than cash

- a) The Company has issued 2,373,563,075 bonus shares of face value of  $\gtrless 1$  each during the year vide shareholders' approval dated November 02, 2022 in the ratio of 5 bonus shares for every 1 share held.
- b) The Company had issued 311,357,900 bonus shares of face value of ₹ 1 each during the previous year vide shareholders' approval dated July 16, 2021 in the ratio of 2 bonus shares for every 1 share held.

#### 20 Other equity

#### (A) Instruments classified as Equity

0.001% Non-Cumulative, Optionally Convertible Redeemable Preference Shares ('OCRPS')

Particulars	No. of shares	Amount
As at April 1, 2021	436,500	3.27
lssue of preference shares during the year at ₹ 10 per share	50,028	0.50
Call money at ₹ 2.50 per share on 400,500 shares	-	1.00
Forfeiture of partly paid 36,000 shares at ₹ 7.5 per share <sup>1</sup>	(36,000)	(0.26)
Conversion of preference share capital during the year	(450,528)	(4.51)
As at March 31, 2022	-	-
Issue of preference shares during the year	-	-
As at March 31, 2023	-	-

<sup>1</sup>The Company has availed the option to convert fully paid up OCRPS and accordingly 414,528 OCRPS were converted into equity shares as on June 30, 2021, at the issue price as per conditions given in the letter of offer and forfeited OCRPS of 36,000 were re-issued and converted into equity shares on July 15, 2021.

#### (B) Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Securities premium		
Opening balance	14,150.68	5,666.58
Add: Additions during the year	291.86	8,975.26
Add: Transfer from Employee Share options scheme reserve	80.67	76.52
Less: Utilised on issue of bonus shares	(2,373.56)	(311.36)
Less: Options lapsed during the year	-	(0.10)
Less: Share issue expenses	(8.09)	(256.22)
Closing balance (A)	12,141.56	14,150.68
(ii) Retained earnings		
Opening balance	(581.50)	(992.25)
Add: Profit / (Loss) during the year	192.61	410.75
Less: Options lapse/ forfeited during the year	-	-
Closing balance (B)	(388.89)	(581.50)
(iii) Other comprehensive income		
Opening balance	(13.53)	(18.57)
Add: Other comprehensive income for the year	0.88	5.04
Closing balance (C)	(12.65)	(13.53)
(iv) Share application money pending allotment		
Opening balance	0.65	-
Add: Additions during the year	296.45	8,983.60
Less: Shares allotted during the year	(296.64)	(8,982.95)
Closing balance (D)	0.46	0.65

## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
(v) Employee Share Options Scheme Reserve		,
Opening balance	155.95	89.37
Add: Additions during the year	93.92	143.10
Less: Shares exercised during the year	(80.67)	(76.52)
Less: Lapsed during the year	-	-
Closing balance (E)	169.20	155.95
(vi) Capital Reserve		
Opening balance	0.36	-
Add: Additions during the year	-	0.36
Closing balance (F)	0.36	0.36
(vii)Other reserve		
Opening balance	(788.25)	-
Add: NCI / Put option liability on acquisition of subsidiary	(150.94)	(1,222.26)
Less: NCI share of fair value of put option	(44.39)	434.04
Closing balance (G)	(983.58)	(788.25)
(viii) Foreign currency translation reserve		
Opening balance	0.53	-
Add: Addition during the year	0.65	0.53
Closing balance (H)	1.18	0.53
Total (A+B+C+D+E+F+G+H)	10,927.65	12,924.89

#### Nature and purpose of reserves

- (i) Securities premium: Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares is transferred to Securities Premium.
- (ii) Retained earnings: Retained Earnings are the profits / (losses) that the Company has earned till date, less any dividends or other distributions paid to shareholders.
- (iii) Other Comprehensive Income: This represents the cumulative gains and losses arising on remeasurement of defined employee benefit plan.
- (iv) Share application money pending allotment: This represents the share application money received in previous year for Employee Stock Option Scheme for which shares are allotted during the current financial year.
- (v) Employee Share Options Scheme Reserve: The fair value of the equity-settled share based payment transactions with employees is recognized in Employee Share Options Scheme Reserve.
- (vii) Other Reserve: This represents fair value of put option liability towards acquisition of subsidiary.
- is disposed-off

#### 21 Borrowings (Non-current)

Particulars	As at March 31, 2023	As at March 31, 2022
Term loan from bank	3.61	9.22
Total	3.61	9.22

#### Notes:

Term loan from bank is secured against second charge on all current assets, moveable property, plant and equipment both present and future of Nykaa-KK Beauty Private Limited. Period is 48 months (including 12 month moratorium period & rate of interest 8% p.a).



(vi) Capital Reserve: Capital reserve is on account of forfeiture of partly paid up OCRPS and security premium thereon.

(viii) Foreign Currency translation reserve: Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in foreign currency translation reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

### 22 Lease liabilities (Non-current)

Particulars	As at March 31, 2023	As at March 31, 2022
Payable for lease liabilities (Refer note 42)	2,133.68	2,043.19
Total	2,133.68	2,043.19

#### 23 Other financial liabilities (Non-current)

Particulars	As at March 31, 2023	As at March 31, 2022
Put option liability (Refer note 53d)	1,373.20	1,222.26
Total	1,373.20	1,222.26

#### 24 Long-term provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for gratuity (Refer note 43)	92.65	77.96
Total	92.65	77.96

#### 25 Borrowings (Current)

Particulars	As at March 31, 2023	As at March 31, 2022
Secured		
Working capital Ioan from banks (Refer note i,ii,iii,iv,v,vi)	3,853.95	3,315.83
Current maturities of term loan from bank	5.61	5.29
Unsecured		
Working capital loans from Banks (Refer note iii, v)	740.45	-
Total	4,600.01	3,321.12

#### Notes:

- (i) Working Capital/Cash Credit Facilities from Bank is secured by hypothecation of book debts, current assets and movable Property, plant and equipment both present and future.
- (ii) Loan is payable on demand. Interest payable on working capital loan is MCLR/REPO/ T-Bill adjusted with the risk spread mutually agreed between the parties.
- (iii) Maximum amount of loan outstanding during the year was ₹ 5,936.78 Mn (March 31, 2022 ₹ 3,732.02 Mn).
- (iv) Bank loan contain certain financial covenants & the Group has satisfied all covenants as per the terms of bank loan.
- (v) As at March 31, 2023, the Group had available ₹ 2,360.88 Mn (March 31, 2022: ₹ 695.80 Mn) of undrawn committed borrowing facilities.
- (vi) Quarterly statements of current assets filed by the Company with banks are in agreement with the audited/unaudited books of accounts.

## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Reconciliation of statements submitted to banks for FY 2021-22

#### **FSN E-Commerce Ventures Limited:**

Quarter	Name of Bank <sup>(1)</sup>	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
	Kotak Bank, HDFC Bank, Citibank	Inventory	351.43	373.83	(22.40)	Amount as per books includes total inventory balance as per trial balance. Amount as reported in quarterly return includes inventory greater than 9 months. Detailed backup information for difference is not readily retrievable. The difference is primarily on account of closing GST input credit included in amount reported in quarterly return.
		Trade receivable	463.45	416.60	46.85	Amount as per books includes total debtor balance as per trial balance including debtors greater than 90 days. Detailed reconciliation for difference is not readily retrievable as on date.
HDFC Ba Citibank, Kotak Ban	Citibank, Kotak Bank, HDFC Bank	Inventory	401.38	396.19	5.19	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	Citibank, Kotak Bank	Trade receivables, Other Receivables	401.67	306.58	95.08	The difference is primarily on account of other receivables which has not been considered by the Company as part of quarterly submission to the bank.
	HDFC Bank	Trade receivables, Advance to Suppliers, Other Receivables	485.98	355.91	130.07	The difference is primarily on account of other receivables which has not been considered by the Company as part of quarterly submission to the bank. Further, amount as per books excludes trade receivables more than 90 days whereas total receivables was considered in statement submitted to bank.
	Citibank, Kotak Bank	Advances To suppliers	84.32	29.61	54.71	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
Dec-21 <sup>(2)</sup>	Citibank, Kotak Bank, HDFC Bank	Inventory	507.97	601.39	(93.42)	The difference is primarily on account of GST input credit included in the quarterly submission to the bank.
	HDFC Bank	Trade receivables, Other Receivables	492.97	482.05	10.92	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
Mar-22 <sup>(3)</sup>	Citibank, Kotak Bank	Inventory	725.45	760.91	(35.46)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		725.45	723.33	2.12	

(1) Kotak Bank, Citibank and HDFC Bank referred in the above table are for Kotak Mahindra Bank Limited, Citi Bank N.A., and HDFC Bank Limited <sup>(2)</sup>For quarter ended September 30, 2021 and December 31, 2021, the Company had submitted revised statements with the banks post balance sheet

date, which had been acknowledged by the bank.

<sup>(3)</sup>For quarter ended March 31, 2022, the Company was in process of submitting revised statement with bank post balance sheet date. Accordingly, the revised statement had been submitted.

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

#### Nykaa E-Retail Private Limited

Quarter	Name of Bank <sup>(1)</sup>	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-21 Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC	Inventory	4,170.83	4,289.47	(118.64)	Amount as per books includes total inventory balance as per trial balance. The difference is primarily on account of closing GST input credit included in amount reported in quarterly return. Also amount reported in the quarterly return include inventory greater than 9 months.	
	Bank, Axis Bank	Trade receivable and others	1,626.69	1,290.56	336.13	Difference is due to unbilled receivable and receivable from COD / Prepaid which are not considered in the quarterly return.
Sep-21 <sup>(2)</sup>	Kotak Bank, IDFC Bank, ICICI Bank, Axis Bank	Inventory	3,973.65	4,232.93	(259.28)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		3,973.65	4,309.91	(336.26)	
	Kotak Bank, Trade IDFC Bank, receivable ICICI Bank Advance t Supplier, Other Receivabl	receivable, Advance to Supplier,	1,213.52	896.29	317.23	The difference is primarily on account of advance to suppliers which has not been considered by the Company as part of quarterly submission to the bank and on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
			1,213.52	1,087.44	126.09	The difference is primarily on account of advance to suppliers and trade receivables greater than 90 days which has not been considered by the Company as part of quarterly submission to the bank and on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
Axis B	Axis Bank	_	1,213.52	805.25	408.28	The difference is primarily on account of advance to suppliers which has not been considered by the Company as part of quarterly submission to the bank and on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
IDFC Ba ICICI Ba Axis Ban	Kotak Bank, IDFC Bank, ICICI Bank, Axis Bank, HDFC Bank		4,704.58	5,169.90	(465.32)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	Kotak Bank, IDFC Bank, ICICI Bank, HDFC Bank	receivable, Advance to Supplier,	1,309.76	1,255.04	54.72	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	Axis Bank	Other Receivable	1,309.76	1,187.44	122.32	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.

## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Quarter	Name of Bank <sup>(1)</sup>	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
	Kotak Bank, IDFC Bank, ICICI Bank, Axis Bank, HDFC Bank		186.43	201.43	(15.00)	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
Mar-22 <sup>(2)</sup>	Axis Bank, IDFC Bank, ICICI Bank, Kotak Bank	Inventory	5,808.15	6,657.90	(849.75)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		5,808.15	6,652.22	(844.07)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	Axis Bank, IDFC Bank	Trade receivable,	1,042.29	1,051.37	(9.08)	The difference is primarily on account of reclassification entries recorded after the submission of the statement
	HDFC Bank	Advance to Supplier, Other Receivable	1,042.29	1,058.17	(15.88)	to the banks as per due date and before the finalisation of results.

(1)Kotak Bank, ICICI Bank, RBL Bank, HDFC Bank, IDFC Bank, Axis Bank referred in the above table are for Kotak Mahindra Bank Limited, ICICI Bank Limited, The Ratnakar Bank Limited, HDFC Bank Limited, IDFC First Bank and Axis Bank Limited.

<sup>(2)</sup>For quarter ended September 30, 2021 and December 31, 2021, and March 31, 2022 the Company had submitted revised statements with the banks post balance sheet date, which had been acknowledged by the bank.

### FSN Brands Marketing Private Limited

Quarter	Name of Bank <sup>(1)</sup>	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-21	Kotak Bank, IDFC Bank, Citibank, HDFC Bank	Trade receivables, Advance to Suppliers, Other Receivables	325.42	449.95	(124.53)	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	Kotak Bank, IDFC Bank, Citibank	/	1,621.94	1,365.51	256.43	The difference is primarily on account of inventory greater than 9 months included in inventory balance and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank	Inventory	1,621.94	1,655.97	(34.03)	The difference is primarily on account of inventory greater than 9 months included in inventory balance and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.





Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Quarter	Name of Bank <sup>(1)</sup>	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Sep-21 <sup>(2)</sup>	HDFC Bank	Trade receivables,	261.04	64.45	196.59	The difference is primarily on account of reclassification entries recorded after the submission of the statement
	IDFC Bank	Advance to Suppliers, Other Receivables	261.04	205.01	56.04	to the banks as per due date and before the finalisation of results.
	Kotak Bank, Citibank	Trade receivables, Other Receivables	183.41	155.25	28.16	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
	IDFC Bank, ICICI Bank, Kotak Bank, Axis Bank	Inventory	1,489.09	1,879.43	(390.33)	The difference is primarily on account of GST input credit and inventory greater than 9 months included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		1,489.09	1,518.33	(29.23)	
	Citi Bank, Kotak Bank	Advances To suppliers	80.54	49.76	30.78	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
Dec-21 <sup>(2)</sup>	IDFC Bank, ICICI Bank, Kotak Bank, Axis Bank	Inventory	1,849.39	1,950.00	(100.61)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank		1,849.39	1,946.93	(97.54)	
Mar-22 <sup>(3)</sup>	IDFC Bank	Trade receivables, Advance to Suppliers, Other Receivables	423.09	165.03	258.07	The difference is primarily on account of inter-company receivable not included in the quarterly submission to the bank.
	IDFC Bank, ICICI Bank, Kotak Bank, Axis Bank	Inventory	1,608.07	1,888.83	(280.76)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
	HDFC Bank	Advance to suppliers	95.32	509.02	(413.70)	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.

(1)Kotak Bank, ICICI Bank, HDFC Bank, IDFC Bank, Axis Bank, Citibank referred in the above table are for Kotak Mahindra Bank Limited, ICICI Bank Limited, HDFC Bank Limited, IDFC First Bank, Axis Bank Limited and Citi Bank N.A.

<sup>(2)</sup>For quarter ended September 30, 2021 and December 31, 2021, the Company had submitted revised statements with the banks post balance sheet date, which had been acknowledged by the bank.

<sup>(3)</sup>For quarter ended March 31, 2022, the Company was in process of submitting revised statement with bank post balance sheet date, which had been submitted.

Quarter

Jun-21<sup>(2)</sup>

Forming part of the Financial Statements as at and for the year ended March 31, 2023

Amount as

quarterly

return / statement

38.43

259.07

186.39

264.04

371.55

462.53

Amount as reported in

per books of

127.55

186.75

160.78

218.63

367.05

421.15

account

(Amount in ₹ Million, unless otherwise stated)

Nykaa Fashion Private Limited

Name of

Bank<sup>(1)</sup>

Sep-21<sup>(2)</sup> Kotak Bank Trade

Dec-21<sup>(2)</sup> Kotak Bank Trade

Kotak Bank Trade

Particulars

receivables, Advance to suppliers and other receivables

Inventory

receivables, Advance to suppliers and other receivables

Inventory

receivables, Advance to suppliers and other receivables

Inventory

Mar-22 <sup>(3)</sup>	Kotak Bank	Inventory	497.06	586.53

<sup>(1)</sup>Kotak Bank in the above table is for Kotak Mahindra Bank Limited.

<sup>(2)</sup>For quarters ended June 30, 2021, September 30, 2021 and December 31, 2021, the Company had submitted revised statements with the banks post balance sheet date, which had been acknowledged by the bank.

<sup>(3)</sup>For quarter ended March 31, 2022, the Company was in process of submitting revised statement with bank post balance sheet date, which has been submitted.

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mount of lifference	Reason for material discrepancies
89.12	The difference is primarily on account of other receivables and trade receivable balance which has not been considered by the Company as part of quarterly submission to the bank.
(72.32)	The difference is primarily on account of GST input credit included in the quarterly submission to the bank.
(25.61)	The difference is primarily on account of advance to suppliers and trade receivables greater than 90 days which has not been considered by the Company as part of quarterly submission to the bank and on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
(45.41)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
(4.50)	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
(41.38)	The difference is primarily on account of GST input credit included and change in inventory / provision for slow moving and obsolescence inventory balance in the quarterly submission to the bank.
(89.47)	The difference is primarily on account of GST input credit included in the quarterly submission to the bank.

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

#### Nykaa-KK Beauty Private Limited

Quarter	Name of Bank <sup>(1)</sup>	Particulars	Amount as per books of account	Amount as reported in quarterly return / statement	Amount of difference	Reason for material discrepancies
Jun-21	Kotak Bank	Trade receivables, Advance to suppliers and other receivables	43.94	44.13	(0.19)	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
		Inventory	111.90	133.87	(21.97)	The difference is primarily on account of GST input credit included in the quarterly submission to the bank.
Sep-21 <sup>(2)</sup>	Kotak Bank	Trade receivables, Advance to suppliers and other receivables	50.13	36.41	13.72	The difference is primarily on account of reclassification entries recorded after the submission of the statement to the banks as per due date and before the finalisation of results.
		Inventory	130.56	149.79	(19.23)	The difference is primarily on account of GST input credit included in the quarterly submission to the bank.
Dec-21 <sup>(2)</sup>	Kotak Bank	Inventory	155.58	172.60	(17.02)	The difference is primarily on account of GST input credit included in the quarterly submission to the bank.

<sup>(1)</sup>Kotak Bank referred in the above table is for Kotak Mahindra Bank Limited.

<sup>(2)</sup>For quarter ended September 30, 2021 and December 31, 2021, the Company has submitted revised statements with the banks post balance sheet date, which has been acknowledged by the bank.

### Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

#### 26 Lease liabilities (Current)

#### Particulars

Payable for lease liabilities (Refer note 42)	
Total	

#### 27 Trade payables

#### Particulars

Total outstanding dues of micro enterprises and small enterprises Total outstanding dues of trade payables other than micro enterprises Total

Refer Note 44 for trade payables to related parties

### Amounts due to micro and small enterprises as defined under the MSMED Act, 2006

#### Particulars

- a) The principal amount and the interest due thereon remaining unpa end of each accounting year.
- b) The amount of interest paid by the buyer in terms of section 16 of along with the amounts of the payment made to the supplier beyo each accounting year
- c) The amount of interest due and payable for the period of delay in have been paid but beyond the appointed day during the year) but specified under the MSMED Act, 2006.
- d) The amount of interest accrued and remaining unpaid at the end o
- e) The amount of further interest remaining due and payable even in such date when the interest dues as above are actually paid to the purpose of disallowance as a deductible expenditure under section 2006

### Trade Payables Aging Schedule

### March 31, 2023

	Current but – not due	Outstanding for following periods from due date of payment			e of payment	
Particulars		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	19.91	399.03	-	-	-	418.93
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,034.99	1,072.47	89.54	37.95	-	2,234.96
Total	1,054.90	1,471.50	89.54	37.95	-	2,653.89

#### March 31, 2022

	с . I. I.	Outstanding for following periods from due date of payment			e of payment	
Particulars	Current but not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	352.91	205.48	1.40	0.88	0.03	560.70
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,243.80	756.65	53.71	4.49	1.19	3,059.84
Total	2,596.71	962.13	55.11	5.37	1.22	3,620.54



As at March 31, 2023	As at March 31, 2022
1,247.63	552.70
1,247.63	552.70

	As at March 31, 2023	As at March 31, 2022
	418.93	560.70
s and small enterprises	2,234.96	3,059.84
	2,653.89	3,620.54

	March 31, 2023	March 31, 2022
baid to any supplier as at the	418.93	560.70
of the MSMED Act, 2006 ond the appointed day during	-	-
making payment (which t without adding the interest	-	-
of each accounting year	10.21	3.25
n the succeeding years, until small enterprise for the n 23 of the MSMED Act,	-	-

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

### 28 Other financial liabilities (Current)

Particulars	As at March 31, 2023	As at March 31, 2022
Financial Liabilities at amortised cost		
Employee related liabilities	493.53	263.07
Accrued expenses	1,889.84	863.91
Creditors for capital goods	107.97	219.20
Market-place vendors	151.23	87.34
Interest accrued but not due	60.03	6.98
Other payables*	-	226.42
Mark to market derivative instrument	1.01	-
Total	2,703.61	1,666.92

\* Other payables consisted the amounts payable to selling shareholders out of the IPO proceeds withheld pending final settlement of IPO expenses. In the current year the same has been settled.

For details of employee related liabilities with related parties, refer note 44, related party disclosures.

#### Movement in Interest accrued but not due and finance charge:

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	6.98	6.53
Interest and finance charge accrued during the year	387.26	262.91
Payment of interest and finance charge during the year	(334.21)	(262.46)
Closing balance	60.03	6.98

### 29 Short-term Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for gratuity (Refer note 43)	23.54	12.66
Provision for compensated absences (Refer note 43)	90.32	76.00
Total	113.86	88.66

#### **30** Contract liabilities

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Advance from customers	146.41	83.51
Deferred revenue (Provision for reward points)	88.37	76.90
Total	234.78	160.41

#### Movement in provision for reward points:

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	76.90	56.95
Provision made during the year	410.22	321.54
Provision utilised during the year	(398.75)	(301.59)
Closing balance	88.37	76.90

#### 31 Other current liabilities

Particulars	As at March 31, 2023	
Statutory dues	421.31	220.49
Total	421.31	220.49

## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

### 32 Revenue from operations

### Particulars A. Sale of products B. Sale of services Marketing support revenue Income from marketplace services C. Other Operating Revenue Logistics services income (shipping and delivery charges) Gift card expiration Income from Terms of Incentive Income from Pickup Mile Revenue from geographical market Within India Outside India

#### (A) Disaggregation of revenue from contracts with customers

The Company derives its major revenue from sale of products and sale of products on its own platform, which is a single line of business.

The group also earns revenue from sale of services primarily from advertisement services (marketing support) to its suppliers which is related to sale of product business and the revenue of the Group is recognised at point in time.

The Group further earns revenue from marketplace services by providing its platform to various marketplace vendors to sell their products.

### (B) Contract Balances

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Receivables	1,635.31	945.33
Contract Liabilities	234.78	160.41
Contract Price	51,512.37	37,730.62
Revenue recognized in the period from:		
Revenue recognized in the current year from contract liability:		
Advance from Customer	83.51	112.20
Reward Point	76.90	56.94
Revenue deferred in the current year towards unsatisfied performance obligation:		
Advance from Customer	(146.41)	(83.51)
Reward Point	(88.37)	(76.90)
Revenue from operations	51,438.00	37,739.35

R

For the year ended March 31, 2023	For the year ended March 31, 2022
43,860.13	32,186.09
5,092.44	3,741.80
2,208.76	1,591.50
263.15	189.84
-	5.59
12.09	20.86
1.43	3.67
51,438.00	37,739.35
For the year ended March 31, 2023	For the year ended March 31, 2022
51,399.28	37,723.66

38.72

51,438.00

15.69

37,739.35



Forming part of the Financial Statements as at and for the year ended March 31, 2023

### (Amount in ₹ Million, unless otherwise stated)

#### 33 Other income

Particulars	For the year ender March 31, 2023	
Interest Income on:		
Income tax refund	10.10	) –
Security Deposit	40.98	25.69
Bank deposit	177.61	187.68
Others	0.38	-
Miscellaneous income	29.88	20.72
Gain on cancellation of lease	10.10	) –
Liabilities no longer required written back	2.19	19.39
Foreign exchange gain (net)	30.89	16.24
Total	302.13	269.72

#### 34 Cost of material consumed

Particulars	For the year ended March 31, 2023	
Opening stock	432.88	206.56
Add: Purchase	1,326.10	1,069.44
Less: Closing stock	164.65	432.88
Total	1,594.33	843.12

### 35 Purchase of traded goods

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchases of traded goods	28,479.91	24,078.31
Total	28,479.91	24,078.31

### 36 Changes in inventories of finished goods and stock-in-trade

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Finished goods		
Opening stock	713.89	237.10
Closing stock	1,042.57	713.89
	(328.68)	(476.79)
Stock in Trade		
Opening stock	7,609.44	4,464.95
Closing stock	8,698.19	7,609.44
	(1,088.75)	(3,144.49)
Total	(1,417.43)	(3,621.28)

### 37 Employee benefit expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, Wages and Bonus	4,601.08	2,971.55
Contribution to provident fund	82.96	63.51
Gratuity expenses (Refer note 43)	41.65	35.50
Compensated expenses	30.04	0.65
Share based expenses (Refer note 51)	93.92	143.24
Staff welfare expenses	67.52	50.22
Total	4,917.17	3,264.67

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

#### 38 Finance costs

### Particulars Interest expenses on borrowings Interest expenses on lease liabilities Other interest charges Other finance charge Total

Interest expense on Lease Liabilities include impact of rent waiver of Nil (March 31,2022:₹ 12.72 Mn) received during the period.

#### 39 Depreciation and amortisation expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (Refer note 4)	489.05	262.05
Depreciation of Right-of-use assets (Refer note 5)	1,070.70	573.00
Amortisation of Intangible assets (Refer note 7)	172.81	129.08
Total	1,732.56	964.13

### 40 Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Marketing & advertisement expenses	5,905.67	4,819.70
Freight expenses	3,317.85	2,856.01
Outsource Warehouse Manpower Expense	1,003.05	814.94
Consumption of packing materials	960.08	868.60
Web & technology expenses	983.83	627.55
Payment gateway charges	269.95	231.20
Legal and professional fees	330.53	145.63
Rent and maintenance expenses	212.86	106.35
Rates & taxes	116.52	115.01
Expected Credit (Loss)/Credit impaired (Note 48)	44.80	(23.29)
Selling expenses	499.42	246.65
Beauty Advisor Expenses	540.81	114.30
Electricity charges	149.87	66.41
Insurance expenses	54.21	35.78
Travelling & conveyance expenses	234.73	105.02
Security expenses	169.49	97.38
Recruitment expenses	103.98	65.02
Warehouse operation management Expenses	54.90	31.56
Printing and stationery expenses	64.20	34.99
Repairs & maintenance	29.55	21.72
Communication expenses	74.12	43.75
Beauty Advisor Expenses	51.86	26.66
Bank charges	10.12	7.90
Director sitting fees and commission	15.35	16.32
Expenditure towards corporate social responsibility (CSR) activities	40.67	13.86



For the year ended March 31, 2023	For the year ended March 31, 2022
361.42	239.70
348.58	202.20
10.21	3.26
25.84	19.95
746.05	465.11

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Auditors remuneration*		
- Audit fees	18.30	14.76
- Taxation matters	2.40	1.61
Miscellaneous expenses	44.47	36.59
Total	15,303.59	11,541.95

\*For Previous year figure, does not include an amount of ₹ 29.26 Mn paid towards Initial Public Offer services out of which the Company's share of expenses had been adjusted to Securities premium and the balance was recovered from Selling Shareholders.

### 41 Basic & Diluted earnings per share (EPS)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Nominal value of per equity share	1/-	1/-
Profit after tax (A)	192.62	410.75
Profit attributable to equity shareholders	192.62	410.75
Total number of shares outstanding during the year	2,852,446,720	2,844,629,256
Weighted average number of equity shares outstanding during the year (B)	2,847,489,724	2,793,922,596
Basic EPS (A/B)	0.07	0.15
Dilutive effect on weighted average number of equity shares outstanding during the year (C)	13,774,825	32,309,130
Weighted average number of diluted equity shares (D=B+C)	2,861,264,549	2,826,231,726
Diluted EPS (A/D)	0.07	0.15

The number of shares at the beginning of the previous year have been restated to give effect of share split of equity shares of face value of ₹ 10 each sub-divided into equity shares of face value of ₹ 1 each.

The number of shares at the beginning of the year have been restated to give effect of and bonus shares allotted in the ratio of 5 bonus shares for every 1 share held vide wide shareholders' approval dated November 02, 2022.

#### 42 Leases

#### The Company as lessee

The Company has lease contracts for premises obtained for offices, warehouse etc. Leases of premises generally have lease terms between 1.5 to 9 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, 2023	As at March 31, 2022
Opening balance	2,595.89	1,451.98
Addition	1,700.40	1,699.82
Addition on account of acquisition of subsidiary (Refer note 54)	5.95	11.50
Accretion of interest	348.58	214.92
Deletion due to closure	(100.86)	(88.89)
Rent waiver	-	(41.44)

## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
Payments	(1,168.65)	(652.01)
Closing balance	3,381.31	2,595.89
Current	1,247.63	552.70
Non-current	2,133.68	2,043.19

The maturity analysis of lease liabilities are disclosed in note 48.

The effective interest rate for lease liabilities as at March 31, 2023 ranges between 9.45% to 10.5% (March 31, 2022: 9.40% - 9.50%).

The following are the amounts recognized in statement of profit and loss:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation expenses of right of use assets	1,070.70	573.00
Interest expenses on lease liabilities	348.58	202.20
Expenses relating to short term leases	212.86	106.35
Total amount recognised in statement of profit and loss	1,632.14	881.55

\*Includes common area maintenance charges

#### 43

#### I) Defined Contribution Plan

During the year, the Group has made contribution/provision to provident fund stated under defined contribution plan amounting to ₹ 82.96 Mn (March 31, 2022: ₹ 63.51 Mn) and the same has been recognised as an expense in the statement of profit and loss.

#### II) Defined Benefit Plans

The group operates a defined benefit gratuity plan for its employees. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving.

The Group has provided for gratuity based on actuarial valuation done as per projected unit credit method.

#### A. The following tables set out the funded status of the gratuity plans and the amounts recognised in the Company's financial statements as at March 31, 2023 and March 31, 2022:

i. Amount recognised in the balance sheet

Particulars	As at March 31, 2023	As at March 31, 2022
Amount to be recognised in balance sheet		
Present value of defined benefit obligation	116.19	90.62
Less: Fair value of plan assets	-	-
Funded status – deficit / (surplus)	116.19	90.62
Net liability recognised in balance sheet	116.19	90.62
Current	23.54	12.66
Non-current	92.65	77.96

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

ii. Changes in the present value of defined benefit obligation

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Reconciliation of Defined Benefit Obligation		
Opening defined benefit obligation	90.62	90.85
Addition on acquisition of subsidiary	7.30	0.30
Current service cost	36.34	35.58
Past service cost	-	(5.22)
Interest cost	5.31	5.14
Actuarial Loss/(Gain) in obligation for year ended due to changes in demographic / financial assumptions	14.14	(7.20)
Actuarial Loss/(Gain) in obligation for year ended due to changes in experience adjustments	(14.91)	(25.52)
Benefit paid	(22.59)	(3.31)
Closing defined benefit obligations	116.19	90.62

iii. Amount for the year ended 31 March 2023 and 31 March 2022 recognised in the Statement of Profit and Loss under employee benefit expenses and other comprehensive income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	36.34	35.58
Past Service Cost	-	(5.22)
Interest expenses	5.31	5.14
Amount recognised in Statement of Profit and Loss	41.65	35.50
Actuarial (Gain) in obligation for year ended due to changes in demographic / financial assumptions	14.14	(7.20)
Actuarial (Gain)/Loss in obligation for year ended due to changes in experience adjustments	(14.91)	(25.52)
Amount recognised in Other Comprehensive Income (OCI)	(0.77)	(32.72)

### Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Mortality Table	IALM (2012-14)	IALM (2012-14)
Discount rate:	7.2%-7.35%	5.95%
Future salary increases*	8.00% until year 1 inclusive, then 6.50%	8.00% until year 1 inclusive, then 6.50%
Withdrawal rates	15%-39% across all levels	20.64%-30.54% across all levels
IALM - Indian Assured Lives Mortality (Ultimate)	IALM (2012-14)	IALM (2012-14)

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

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

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

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

Particulars	As at March 31, 2023	As at March 31, 2022
Within the next 12 months (next annual reporting period)	23.54	12.69
Between 2 and 5 years	81.95	57.10
Between 6 and 9 years	41.36	31.97
10 & Above following years	13.03	23.79
Total expected payments	159.88	125.55

The average duration of defined benefit plan obligation at the end of the reporting period is 3.6 years (March 31,2022: 4 - 6 years)

#### D Sensitivity analysis

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

Particulars	Pre-tax impact (decrease) / increase in liability		
	As at March 31, 2023	As at March 31, 2022	
Discount rate (-/+ 1%)			
Decrease by 100 basis points	2.33	4.54	
Increase by 100 basis points	(1.59)	(4.17)	
Future salary increase (-/+ 1%)			
Decrease by 100 basis points	(12.29)	(3.83)	
Increase by 100 basis points	13.59	4.05	

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

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



Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

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

### 44 Related party transactions

### A. Names of the related parties

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

Relationship	Name of entity
	Mrs. Falguni Nayar - Executive Chairperson, CEO and Managing Director
- - -	Mr. Anchit Nayar - Executive Director w.e.f. July 22, 2021
	Ms. Adwaita Nayar - Executive Director w.e.f. July 22, 2021
	Mr. Sanjay Nayar - Director w.e.f. April 09, 2021
	Mr. Milan Khakhar - Director
	Ms. Alpana Parida - Independent Director
	Ms. Anita Ramachandran - Independent Director
	Mr. Milind Sarwate - Independent Director w.e.f. July 15, 2021
	Mr. Seshashayee Sridhara - Independent Director w.e.f. July 26, 2021
Directors and Kay Management Demonsel (KMD)	Mr. Pradeep Parameswaran - Independent Director w.e.f. July 15, 2021
Directors and Key Management Personnel (KMP)	Ms. Shefali Munjal - Director till July 15, 2021
	Ms. Padmini Somani - Director till July 15, 2021
	Mr. Yogeshkumar Mahansaria - Director till July 30, 2021
	Mr. William Sean Sovak - Director till July 15, 2021
	Mr. Vikram Sud - Director till April 9, 2021
	Mr. Arvind Agarwal - Chief Financial Officer till November 25, 2022
	Mr. P Ganesh - Chief Financial Officer w.e.f. February 03, 2023
	Mr. Sujeet Jain - Company Secretary w.e.f. February 14, 2023
	Mr. Rajendra Punde - Company Secretary till February 13, 2023
	Mr. Akshay Tanna - Nominee Director till July 15, 2021
Associate	Earth Rhythm Private Limited w.e.f. May 4, 2022
Relative of Key Management Personnel (KMP)	Mrs. Rashmi Mehta - Relative of Managing Director
<b>c</b>	Sealink View Probuild Private Limited
Company in which key management personnel have significant influence	Golf Land Developers Private Limited
	Cerebus Consultants Private Limited

## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

#### B. Transactions with related parties

Particulars	Nature of transactions	Transactions during FY 2022-23	Balance as at March 31, 2023	Transactions during FY 2021-22	Balance as at March 31, 2022
Directors and Key Management					
Ms. Falguni Nayar	Remuneration & reimbursements	68.12	(0.02)	56.54	-
Ms. Adwaita Nayar	Remuneration & reimbursements <sup>(1)</sup>	24.63	-	16.65	-
Mr. Anchit Nayar	Remuneration & reimbursements <sup>(1)</sup>	25.77	-	16.65	-
Mr. Arvind Agarwal	Remuneration & reimbursements* <sup>(2)</sup>	22.35	-	75.24	-
Mr. Pratik Bhujade	Remuneration & reimbursements	-	-	-	-
Mr. Rajendra Punde	Remuneration & reimbursements	24.03	-	12.12	-
Ms. Anita Ramachandran	Sitting Fees	1.40	-	2.02	-
INs. Anita Ramachandran	Commission	2.00	-	2.25	-
	Sitting Fees	1.55	-	2.07	-
Ms. Alpana Parida Shah	Commission	1.00	-	2.25	-
	Sitting Fees	-	-	0.49	-
Mr. Yogeshkumar Mahansaria	Commission	-	-	0.75	-
Ma Davida an Davida a churrente	Sitting Fees	0.83	-	0.48	-
Mr. Pradeep Parameshwaran	Commission	1.00	-	1.59	-
AA AA'I' I C .	Sitting Fees	1.33	-	1.33	-
Mr. Milind Sarwate	Commission	3.00	-	1.59	-
Mr. Ganesh Padmanabhan	Remuneration & reimbursements	5.06	-	-	-
Mr. Sujeet Jain	Remuneration & reimbursements	9.80	-	-	-
Mr. Milan Khakhar	Sitting Fees	1.28	-	-	-
	Sitting Fees	0.90	-	0.46	-
Mr. Seshashayee Sridhara	Commission	1.00	-	1.50	-
Relative of Key Management Pe	rsonnel (KMP)				
	Rent and maintenance expenses	2.99	0.07	2.85	(0.07)
	Security deposit	-	0.48	-	0.46
Mrs. Rashmi Mehta	Notional interest income on security deposit	(0.05)	-	(0.05)	-
	Lease liability	-	(4.37)	-	(1.41)
	Interest cost on lease liability	0.30	-	0.30	-
Company in which key managem	ent personnel have significant influence				
	Rent, maintenance, electricity & other expenses	50.17	0.32	38.22	-
Sealink View Probuild Private	Notional interest income on security deposit	(0.60)	-	(0.55)	-
Limited	Security deposit	-	8.62	-	6.02
	Interest cost on lease liability	10.49	-	12.76	-
	Lease liability	-	96.61	-	(122.74)
	Rent & maintenance expenses	27.72	-	26.20	-
	Security Deposit - given	-	10.62	-	9.10
Golf Land Developers Private Limited	Notional Interest income- Security Deposit	(0.93)		(1.08)	-
	Lease Liability	-	(8.44)	-	(31.84)
	Notional Interest Expense- Lease	2.01	-	2.49	-
Cerebus Consultants Private Limited	Human resource Service Cost	0.54	-	-	-

Figures in brackets indicates payables and income

<sup>(1)</sup> Above remuneration excludes ₹ 4.68 Mn paid individually to Ms. Adwaita Nayar and Mr. Anchit Nayar from April 01, 2021 to June 30, 2021 as employees in Nykaa Fashion Private Limited and FSN Brands Marketing Private Limited respectively.

<sup>(2)</sup> Remuneration includes amount of perquisite value towards ESOP based on exercise of options.



Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

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.

\*Remuneration includes amount of perquisite value towards ESOP based on exercise of options.

Amount paid to KMP do not include the provisions made for gratuity as it is determined on an actuarial basis for the Company as a whole. Similarly, expenses for compensated absences are not included in the above table as the same is also determined on an actuarial basis for the Company as a whole.

The total offer expenses are estimated to be ₹ 2,423.44 Mn (inclusive of taxes) which are proportionately allocated between the selling shareholders (including a related party) and the Company in the proportion of equity shares sold by the selling shareholders and the Company. As at March 31, 2022, amount of ₹ 226.42 Mn payable to selling shareholders (Refer note 28) out of the IPO proceeds had been withheld pending final settlement of IPO proceeds includes amount payable to a related party.

### 45 Commitments and contingent liabilities

#### Α Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - ₹ 88.25 Mn as at March 31, 2023 (March 31, 2022 - ₹ 113.32 Mn)

#### В Contingent liabilities (not provided for)

Pa	Particulars		As at March 31, 2022
i)	Claims against the Company, not acknowledged as debts		
	Disputed Indirect tax matters (including interest up to the date of demand, if any) [Refer note (i) below]	27.53	27.53
	Disputed Direct tax matters (including interest up to the date of demand, if any) [Refer note (ii) below]	74.37	74.37
ii)	Corporate guarantees given to banks [Refer note (iii) below]	6,390.00	3,540.00
Tot	al	6,491.90	3,641.90

#### Notes:

- i. The Group has received VAT assessments order for financial years 2016-17 with demands amounting to ₹ 36.99 Mn on account of certain input disallowances/adjustment made by VAT department. Out of the total demand amount, the Group has paid ₹ 9.51 Mn to tax authorities during the financial year 2021-2022, and for balance ₹ 27.53 Mn the management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements.
- During the previous year, the Group had received income tax assessments order pertaining to Nykaa E-Retail ii. Private Limited for the Financial Year 2017-18 with demands amounting to ₹ 74.37 Mn on account of certain disallowances /adjustments made by income tax department during the year. Management believes that the position taken by it on the matter is tenable and hence, no adjustment has been made to the financial statements. The Group is in the process of filing the appeal with the appropriate authority
- Corporate guarantees given to banks with respect to borrowings taken by the subsidiary companies to a maximum iii. amount of ₹ 6,390 Mn (March 31, 2022: ₹ 3,540 Mn). Carrying amounts of the related financial guarantee contracts at March 31, 2023 were ₹ Nil (March 31, 2022: ₹ 24.18 Mn).

## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

#### 46 Financial Instruments by Category and fair value hierarchy

The fair values of assets and liabilities are included at the amount at which the instrument can be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values: The carrying values of financial assets i.e. cash and cash equivalents, bank balance other than 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 approximation of their fair values due to the short maturities of these instruments.

Particulars		Carrying value as of	
	Level	March 31, 2023	March 31, 2022
Financial Assets:			
Amortised cost			
Trade receivables		1,635.31	945.33
Cash and cash equivalents		413.76	371.72
Bank balance other than cash and cash equivalents		1,073.64	2,298.71
Other financial assets		3,079.36	5,597.57
		6,202.07	9,213.33
Financial Liabilities:			
Amortised cost			
Borrowings		4,603.62	3,330.34
Lease liabilities		3,381.31	2,595.89
Other financial liabilities		2,702.60	1,666.92
Trade payables		2,653.89	3,620.54
FVTPL			
Derivative Financial Liabilities <sup>(1)</sup>	2	1,374.21	1,222.26
		14,715.63	12,435.95

Particulars		Carrying value as of	
	Level	March 31, 2023	March 31, 2022
Financial Assets:			
Amortised cost			
Trade receivables		1,635.31	945.33
Cash and cash equivalents		413.76	371.72
Bank balance other than cash and cash equivalents		1,073.64	2,298.71
Other financial assets		3,079.36	5,597.57
		6,202.07	9,213.33
Financial Liabilities:			
Amortised cost			
Borrowings		4,603.62	3,330.34
Lease liabilities		3,381.31	2,595.89
Other financial liabilities		2,702.60	1,666.92
Trade payables		2,653.89	3,620.54
FVTPL			
Derivative Financial Liabilities <sup>(1)</sup>	2	1,374.21	1,222.26
		14,715.63	12,435.95

<sup>(1)</sup>Included in Other Current / Non-current financial liabilities.

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

#### Valuation methodology:

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

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

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



Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

#### 47 Segment Information:

The Group has identified Board of directors and Group 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		For the year ended March 31, 2022
Within India	51,399.28	37,723.66
Outside India	38.72	15.69
	51,438.00	37,739,35

#### (b) Non-current operating assets

₹ 2.37 Mn non-current operating assets are located outside India. All others non-current operating assets are located in India.

(c) The Group does not have revenue from transactions with a single external customer amounting to 10 percent or more of the total revenue.

#### 48 Financial Risk Management Objectives and Policies:

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

The Company 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, 2023 and March 31, 2022.

#### 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
Narch 31, 2023	+50	(23.02)
	-50	23.02
March 31, 2022	+50	(16.65)
	-50	16.65

## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

#### b) Foreign currency risk

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

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

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

#### Amount as at March 31, 2023:

	6	As at March 31, 2023		As at March 31, 2022	
Particulars of transactions	Currency	Foreign currency	₹*	Foreign currency	₹*
Forward contracts to Purchases EUR - Trade Payable	Euro	0.30	26.08	0.61	51.91
Forward contracts to Purchases GBP - Trade Payable	GBP	0.02	1.71	0.03	3.32
Forward contracts to Purchases USD - Trade Payable	USD	3.30	272.91	2.05	156.34

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

Particulars	Currency
Payables:	
	USD
T I II	Euro
Trade payables	CNY
	GBP
Advances:	
	USD
Advance to vendors against purchases / expense	Euro
	CNY

Since the business of the Group does not involve material foreign currency transactions, its exposure to foreign currency changes is not material.

#### 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 and Security Deposit

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.



#### As at March 31, 2023 As at March 31, 2022 Foreign currency Foreign currency ₹ 9.94 0.62 50.81 0.12 0.02 1.72 0.01 0.46 0.10 1.25 0.01 1.32 0.02 1.52 0.79 65.26 0.97 73.06 0.02 1.93 0.03 2.99 0.06 0.68 0.57 6.84

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

The Company's experience of delinguencies and customer disputes have been minimal. Also the Company has a simplified approach to determine impairment loss allowance on the portfolio of trade receivables. This is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. Accordingly, the credit risk is covered by the company. (Refer accounting policy 2(B) for expected credit loss on trade receivable).

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

#### Movement in allowances for expected credit loss:

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	46.68	69.58
Addition on account of acquisition of subsidiary	-	0.39
Provision made during the year (net)	44.80	(23.29)
Closing balance	91.48	46.68

#### b) 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.

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

Particulars	Carrying value	Less than 1 year	1 to 5 years	> 5 years	Total
As at March 31, 2023					
Borrowings	4,603.62	4,603.62	3.61	-	4,607.23
Trade payables	2,653.89	2,653.89	-	-	2,653.89
Other financial liabilities	4,076.81	4,076.81	-	-	4,076.81
Lease liabilities	3,381.31	1,413.49	2,337.01	290.37	4,040.88
Total	14,715.63	12,747.81	2,340.62	290.37	15,378.81
As at March 31, 2022					
Borrowings	3,330.34	3,321.12	9.22	-	3,330.34
Trade payables	3,620.54	3,620.54	-	-	3,620.54
Other financial liabilities	2,889.18	1,666.92	1,222.26	-	2,889.18
Lease liabilities	2,595.89	786.32	2,208.00	281.12	3,275.44
Total	12,435.95	9,394.89	3,439.48	281.12	13,115.50

## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

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#### 49 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, convertible preference shares, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The 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 consider 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 adjust the amount of dividends paid to shareholders, return capital to shareholders or 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.

Particulars	As at March 31, 2023	As at March 31, 2022
Gross debt	4,603.62	3,330.34
Less: Cash and cash equivalents	(413.76)	(371.72)
Net debt (A)	4,189.86	2,958.62
Equity	13,780.10	13,399.00
Total Equity (B)	13,780.10	13,399.00
Net gearing ratio* (A)/(B)	0.30	0.22

\*No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

### 50 Employee Share Based Payment:

The Company has granted stock options under the employee stock option scheme- ESOS 2012, ESOS 2017 and ESOP 2022 respectively, as approved by the Board of Directors of the Company, to the eligible employees of the Company or its subsidiaries. These options would vest in 3 or 4 equal annual installments from the date of grant based on the vesting conditions as per letter of grant executed between the Company and the employee of the Company or its subsidiaries. The maximum period for exercise of options is 4 years from the date of vesting. Each option when exercised would be converted into one fully paid-up equity share of ₹ 1 each of the Company. The options granted under ESOS 2012, ESOS 2017 and ESOP 2022 scheme carry no rights to dividends and no voting rights till the date of exercise.

The fair value of the share options is estimated at grant date using Black-Scholes Model, taking into account the terms and conditions upon which the share options were granted.

The Company has recognised an expense of ₹ 93.92 Mn (March 31, 2022: ₹ 143.24 Mn) arising from equity settled share based payment transactions for employee services received during the year. The carrying amount of Employee stock options outstanding reserve as at March 31, 2023 is ₹ 169.20 Mn (March 31, 2022: ₹ 155.95 Mn)

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

#### **Options granted under ESOS 2012**

Particulars	March 31, 2023**	March 31, 2022**
Options outstanding at the beginning of the period	1,044,000	3,155,580
Options granted during the period	42,000	1,044,000
Options forfeited during the period	(40,500)	-
Options expired/lapsed during the period	-	-
Options exercised during the period	(75,000)	(3,155,580)
Options outstanding at the end of the period	970,500	1,044,000
For options outstanding at the end of the period:		
Exercise price range	₹ 99-187.50	₹99-187.50
Weighted average remaining contractual life (in years)	5.14	5.98



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#### **Options granted under ESOS 2017**

Particulars	March 31, 2023**	March 31, 2022**
Options outstanding at the beginning of the period	26,511,900	33,943,680
Options granted during the period	3,147,100	12,157,200
Options forfeited during the period	(5,960,100)	(3,216,000)
Options expired/lapsed during the period	-	-
Options exercised during the period	(7,742,464)	(16,372,980)
Options outstanding at the end of the period	15,956,436	26,511,900
For options outstanding at the end of the period:		
Exercise price range	₹ 3.61-226.33	₹ 99-1,794
Weighted average remaining contractual life (in years)	4.70	4.92

#### **Options granted under ESOS 2022**

Particulars	March 31, 2023**	March 31, 2022**
Options outstanding at the beginning of the period	-	-
Options granted during the period	760,000	-
Options forfeited during the period	-	-
Options expired/lapsed during the period	-	-
Options exercised during the period	-	-
Options outstanding at the end of the period	760,000	-
For options outstanding at the end of the period:		
Exercise price range	₹133.35	-
Weighted average remaining contractual life (in years)	6.36	-

### Fair value of options granted

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

Particulars	ESOS 2012				
Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	
Dividend yield (%)	Nil	Nil	Nil	Nil	
Expected life (years)	1.96	2.81	3.35	4.35	
Risk free interest rate (%)	6.90%				
Volatility (%)	45.00%				
Market price on date of grant		13	7.60		
Fair Value	43.85	52.71	57.60	65.67	

	ESOS 2017				
Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	
Dividend yield (%)	Nil	Nil	Nil	Nil	
Expected life (years)	1.96 - 2.11	2.81 - 2.90	3.35 - 3.47	4.35 - 4.47	
Risk free interest rate (%)	6.2% to 6.9%	6.60% to 7.10%	6.70% to 7.20%	6.90% to 7.30%	
Volatility (%)	45% to 50%	45% to 50%	45%	45%	
Market price on date of grant	137.60-227.48				
Fair Value	41.38 - 69.86	52.71 - 89.70	57.01 - 91.77	65.64 - 105.26	

## Notes

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(Amount in ₹ Million, unless otherwise stated)

	ESOS 2022				
Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	
Dividend yield (%)	Nil	Nil	Nil	Nil	
Expected life (years)	1.96	2.81	3.35	4.35	
Risk free interest rate (%)	6.90%				
Volatility (%)	45.00%				
Market price on date of grant		13	7.60		
Fair Value	43.85	52.71	57.60	65.67	

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

The weighted average share price at the date of exercise of options exercised during the year was ₹ 187 (March, 2022 ₹ 153\*\*)

\*\*The movement of options & the fair value assumptions have been restated to give effect of the bonus shares allotted by the company wide Board's approval dated October 03, 2022 in proportion of 5:1, i.e., 5 (five) bonus equity shares of ₹ 1 each for every 1 (one) fully paid-up equity share held as on the record date.

#### Particulars

Stock based compensation expense determined under fair value method of profit or loss

#### 51 Ratio Analysis and its elements

SN.	Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance
1	Current ratio	Current assets	Current liabilities	1.59	2.00	(20.29%)	
2	Debt equity ratio	Total Long term debt	Shareholder's equity	0.00	0.00	(61.91%)	Decrease is primarily on account of Decrease in debt during the current year.
3	Debt service coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	1.76	2.47	(28.88%)	Decrease on account of increase in earnings during the year
4	Return on equity ratio	Net Profits after taxes	Average Shareholder's Equity	1.83%	4.51%	(2.69%)	
5	Inventory turnover ratio	Cost of goods sold	Average Inventory	3.05	3.10	(1.73%)	
6	Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	39.86	44.10	(9.60%)	
7	Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	9.42	7.42	27.02%	Increase is on account of increase in purchases during the year
8	Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	7.26	3.92	85.13%	Increase is on account of increase in current assets during the current year.



	For the year ended March 31, 2023	For the year ended March 31, 2022
nod recognised in statement	93.92	143.24

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in  $\gtrless$  Million, unless otherwise stated)

SN.	Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance
9	Net profit ratio	Net Profit	Net sales = Total sales - sales return	0.48%	1.09%	(0.61%)	
	Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt - Deferred Tax Asset	7.22%	6.21%	1.01%	
11	Return on investment	Interest income on fixed deposit	Average investment in fixed deposit	3.76%	4.38%	(0.61%)	

### 52 Utilisation of IPO funds

During the previous year, the Company had completed its Initial Public Offer (IPO) of 47,575,326 equity shares of face value of ₹ 1 each at an issue price of ₹ 1,125 per share (including a share premium of ₹ 1,124 per share). A discount of ₹ 100 per share was offered to eligible employees bidding in the employee's reservation portion of 250,000 equity shares. The issue comprised of a fresh issue of 5,602,666 equity shares aggregating to ₹ 6,300 Mn and offer for sale of 41,972,660 equity shares by selling shareholders aggregating to ₹ 47,197 Mn. Pursuant to the IPO, the equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on November 10, 2021.

The total offer expenses were estimated to be ₹ 2,423.44 Mn (inclusive of taxes) which were proportionately allocated between the selling shareholders and the Company as per respective offer size. The utilization of IPO proceeds of ₹ 6,045.72 Mn (net of IPO expenses of ₹ 254.28 Mn) is summarized below:

#### IPO expense utilisation table

Particulars	Amount to be utilised as per prospectus	Utilisation upto March 31, 2023	Unutilised as on March 31, 2023
Investment in certain of our Subsidiaries, namely, FSN Brands and / or Nykaa Fashion for funding the set-up of new retail stores	420.00	182.58	237.42
Capital expenditure to be incurred by our Company and investment in certain of our Subsidiaries, namely, Nykaa E-Retail, FSN Brands and Nykaa Fashion for funding the set-up of new warehouses	420.00	324.94	95.06
Repayment or prepayment of outstanding borrowings availed by our Company and one of our Subsidiaries, namely, Nykaa E-Retail	1,560.00	1,560.00	-
Expenditure to acquire and retain customers by enhancing the visibility and awareness of our brands	2,340.00	2,340.00	-
General corporate purposes	1,305.72	1,305.72	-
Total	6,045.72	5,713.24	332.48

(i) IPO expenses of ₹ 290.49 million were estimated (excess or shortage to be adjusted from General Corporate Purpose ('GCP')). The actual cost incurred and settled by the Company was ₹ 254.28 million and the balance of ₹ 36.21 million was transferred to be utilized for GCP, which in aggregate is not exceeding 25% of the Net Proceeds in accordance with SEBI ICDR Regulations. Consequently, the amount proposed for general corporate purpose (GCP) as per offer document has changed as follows:

Particulars	Amount
Amount proposed for GCP as per Offer Document	1,269.51
Add: Balance amount of IPO expense transferred	36.21
Total	1,305.72

(ii) Net proceeds which were unutilised as at March 31, 2023 were temporarily invested in deposits with scheduled commercial banks and kept in current account with scheduled commercial banks and monitoring agency bank account.

## Notes

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(Amount in ₹ Million, unless otherwise stated)

53 Business Combination

#### a. Acquisition of Nudge Wellness Private Limited

On June 30, 2022, the Group acquired 60% of the issued share capital of Nudge Wellness Private Limited ('Nudge'), involved in the business of dietary supplements and is a nutricosmetics brand. This transaction is accounted as per Ind AS 103 'Business Combination'.

Particulars	Amount
Purchase consideration	36.00
The fair values of the identifiable assets and liabilities of Nudge as at the a	cquisition date were:
Particulars	Amount
(A) Assets Acquired	
(a) Intellectual Property Rights	20.31
(b) Intangible assets	
Brand	-
(c) Cash and cash equivalents	36.00
(d) Other financial assets	3.72
Total Assets Acquired (A)	60.03
(B) Liabilities Assumed	
(a) Trade payables	1.25
Total Liabilities Assumed (B)	1.25
Net Identifiable Assets Acquired (A - B)	58.78
Non Controlling Interests (40%)	23.51

The above fair values of assets acquired and liabilities assumed are final as of March 31, 2023. The fair values of the assets acquired and liabilities assumed were determined using the cost and market approach, as appropriate.

#### Calculation of Goodwill

Particulars	Amount
Consideration transferred	36.00
Non controlling interests (40%)	23.51
Less: Net identifiable assets acquired	58.78
Goodwill	0.73

The amount of goodwill is not expected to be deductible for tax purposes.

#### Revenue and profit contribution

Since the acquisition date i.e. June 30, 2022, the results of operations for Nykaa included in the Consolidated Financial Statements for the year ended March 31, 2023 comprises of Revenue of ₹ 0.51 Mn and Net loss of ₹ 3.01 Mn.

#### Purchase consideration - cash outflow

Purchase consideration - Cash flow	Amount
Outflow of cash to acquire Nudge	36.00
Net outflow of cash - investing activities	36.00

#### b. Acquisition of Iluminar Media Private Limited

On September 9, 2022, the Group acquired 100% of the issued share capital of Iluminar Media Private Limited ('LBB'), involved in the business of running and operating a digital platform and a mobile application that serves as a lifestyle guide and recommendations platform. This transaction is accounted as per Ind AS 103 'Business Combination'

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(Amount in ₹ Million, unless otherwise stated)

#### Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Particulars	Amount
Purchase consideration	292.75

The fair values of the identifiable assets and liabilities of LBB as at the acquisition date were:

Particulars	Amount
(A) Assets Acquired	
(a) Property, plant and equipments	4.19
(b) Right of Use Assets	5.95
(c) Intangible assets	
Brand	114.10
Developed Technology	62.79
(d) Investments	2.63
(e) Other financial assets	0.88
(f) Tax assets (net)	4.92
(g) Trade receivables	15.94
(h) Cash and cash equivalents	7.29
(i) Other current financial assets	0.16
(j) Other current assets	4.03
Total Assets Acquired (A)	222.88
(B) Liabilities Assumed	
(a) Short term borrowings	10.08
(b) Trade payables	14.26
(c) Lease liability	6.53
(d) Other current liabilities	24.64
(e) Provisions	9.79
Total Liabilities Assumed (B)	65.30
Net Identifiable Assets Acquired (A - B)	157.58

The above fair values of assets acquired and liabilities assumed are provisional as of March 31, 2023 as the valuation had not been completed by the date of approval of financial statements by the Board of Directors.

#### Calculation of goodwill

Particulars	Amount
Consideration transferred	292.75
Less: Net identifiable assets acquired	157.58
Goodwill	135.17

The goodwill on acquisition reflects growth opportunities, expected synergies from acquisition. The amount of goodwill is not expected to be deductible for tax purposes.

#### Revenue and profit contribution

Since the acquisition date i.e. September 9, 2022, the results of operations for LBB included in the Consolidated Financial Statements for the year ended March 31, 2023 comprises of Revenue of ₹ 113.62 Mn and Net loss of ₹ 14.59 Mn.

Purchase consideration - Cash flow	Amount
Outflow of cash to acquire LBB	292.75
Net outflow of cash - investing activities	292.75

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

#### c. Acquisition of Brand 'Kica'

On May 24, 2022 Nykaa Fashion Private Limited (wholly owned subsidiary of Company) had acquired the Brand 'Kica' including Brand Trademark, other Intellectual Property Rights, etc. for ₹ 45.10 Mn. The same has been accounted under intangible assets and amortised over the useful life of 15 years.

#### d. Acquisition of Dot & Key Wellness Private Limited ('Dot & Key')

On September 28, 2021, the Group acquired 51% of the issued share capital of Dot & Key Wellness Private Limited ('Dot & Key'), this is the first D2C (direct to consumer) beauty brand acquired by Nykaa, allowing the Group to expand its skincare, personal care and nutraceuticals owned portfolio. Pursuant to the shareholder's agreement, the Group had written put option on the balance 49% of the equity share capital. The put option liability will be settled for a consideration not exceeding ₹ 1,530 Mn for stake upto 49%. The Group has assessed that it does not have present ownership interest over the balance 49% of the equity shares and has accordingly consolidated 51% of the assets and liabilities of Dot & Key. This transaction is accounted as per Ind AS 103 'Business Combination'.

The Group has recognised fair value of put option liability. Key assumptions used to determine the fair value of put option are based on estimated projected EBITDA and revenue of Dot & Key, risk free interest rate, stock volatility, EBITDA and Revenue deviation float. The amount payable at the time of exit is estimated to be ₹ 1,530 Mn. The fair value of put option liability has changed from ₹ 1,222.26 Mn to 1,373.20 Mn during the previous year.

#### The fair values of the identifiable assets and liabilities of Dot & Key as at the acquisition date were:

Particulars	Carrying value as per books	PPA fair value adjustments	Fair value of assets taken over
(A) Assets acquired	·		
(a) Property, plant and equipment	7.32	-	7.32
(b) Right of use assets	11.43	-	11.43
(c) Intangible assets			-
Trade Name	-	489.00	489.00
Others	0.08	-	0.08
(d) Intangible assets under development	0.06	-	0.06
(e) Investments	5.47	-	5.47
(f) Deferred tax assets (net)	0.12	-	0.12
(g) Non current tax assets (net)	3.10	-	3.10
(h) Inventories	56.30	-	56.30
(i) Trade receivables	18.73	-	18.73
(j) Cash and cash equivalents	458.16	-	458.16
(k) Other financial assets	1.11	-	1.11
(I) Other current assets	18.82	-	18.82
Total Assets acquired (A)	580.70	489.00	1,069.70
(B) Liabilities assumed			
(a) Lease liabilities	11.50	-	11.50
(b) Trade payables	46.33	-	46.33
(c) Other current liabilities	23.21	-	23.21
(d) Provisions	0.37		0.37
(e) Contract liabilities	9.31		9.31
Total Liabilities assumed (B)	90.72	-	90.72
Net identifiable assets acquired (A-B)	489.98	489.00	978.98
Non- controlling interests measured at fair value			(479.70)
Goodwill arising on acquisition			469.72
Purchase consideration transferred			969.00



Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

The fair value of trade and other receivables amount to ₹ 18.73 Mn. The gross contractual amount receivable from trade and other receivables is ₹ 19.13 Mn. None of the trade and other receivables are credit impaired and it is expected that the full contractual amounts will be collected except ₹ 0.40 Mn. Further, no contingent liability has been transferred to the Group.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

#### Calculation of goodwill

Particulars	Amount
Purchase consideration	969.00
Less: Net identifiable assets acquired	(499.28)
Goodwill	469.72

The goodwill on acquisition is attributable to skilled employees, expected synergies from acquisition and other intangible assets of the Company that cannot be identified separately. The amount of goodwill is not expected to be deductible for tax purposes.

The fair value of the non-controlling interest in Dot & Key, has been estimated by applying a discounted earnings technique. The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on:

- An assumed discount rate of 27.5%
- A terminal value calculated based on long-term sustainable growth rates for the industry of 3%, which has been used to determine income for the future years.
- A reinvestment ratio of 100% of earnings •

The acquired business contributed ₹ 597.83 Mn and ₹ 29.25Mn towards revenue and profit of the Group for the period April 01, 2022 to March 31, 2023 (March 31, 2022: ₹ 155.75 Mn and ₹ 35.03 Mn towards revenue and profit respectively).

#### Purchase consideration - cash outflow

Particulars	Amount
Cash consideration	969.00
Less: Cash and cash equivalent acquired	(458.16)
Net cashflow on acquisition	510.84

#### Impairment testing of Goodwill:

As at March 31, 2023, goodwill of ₹ 469.72 million has been allocated to Dot & Key. The recoverable amount of the Dot & Key has been determined based on value in use. Value in use has been determined based on future cash flows, after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions. As at March 31, 2023, the estimated cash flows for a period of 5 years were developed using internal forecasts, and a pre-tax discount rate of 22.00%. The cash flows beyond 5 years have been extrapolated assuming 5% growth rates. The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

#### e. Acquisition by Subsidiary

On October 6, 2022 Nykaa International Private Limited (wholly owned subsidiary of parent 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 ₹ 0.46 Mn (USD 5,500) on March 2, 2023.

## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

#### 54 Investment in an associate

On May 04, 2022, the Group acquired 18.51% of the fully diluted issued share capital of Earth Rhythm Private Limited ('Earth Rhythm'), which is a homegrown brand that offers smart and safe skincare backed by cited scientific research. The Group's interest in Earth Rhythm is accounted for using the equity method in the consolidated financial statements in accordance with Ind AS 28 'Investment in associates and joint ventures'. The following table illustrates the summarised financial information of the Group's investment in Earth Rhythm Private Limited:

Particulars	As at March 31, 2023 Amount
Current assets	451.06
Non current assets	144.35
Current liabilities	(81.25)
Non current liabilities	(41.68)
Equity	472.48
Group's share in Equity (18.51%)	87.46
Group's carrying amount of the investment	416.50
Particulars	For the period ending March 31, 2023*
Revenue from operations	230.20
Other income	14.77
Cost of material consumed	(53.77)
Direct expenses	(43.75)
Depreciation & amortization expense	(15.44)
Finance costs	(6.90)
Employee benefit expense	(54.82)
Other expense	(258.33)
Profit/(Loss) before tax	(188.04)
Income tax expense	(33.22)
Profit/(Loss) after tax	(154.82)
Other comprehensive income for the year, net of tax	-
Total comprehensive income for the year, net of tax	(154.82)
Group's share of profit for the year (2021-22: Nil)	(28.66)
Add: Amortisation of brand for the year (2021-22: Nil)	(9.94)
Total	(38.60)

Particulars	As at March 31, 2023 Amount
Current assets	451.06
Non current assets	144.35
Current liabilities	(81.25)
Non current liabilities	(41.68)
Equity	472.48
Group's share in Equity (18.51%)	87.46
Group's carrying amount of the investment	416.50
Particulars	For the period ending March 31, 2023*
Revenue from operations	230.20
Other income	14.77
Cost of material consumed	(53.77)
Direct expenses	(43.75)
Depreciation & amortization expense	(15.44)
Finance costs	(6.90)
Employee benefit expense	(54.82)
Other expense	(258.33)
Profit/(Loss) before tax	(188.04)
Income tax expense	(33.22)
Profit/(Loss) after tax	(154.82)
Other comprehensive income for the year, net of tax	-
Total comprehensive income for the year, net of tax	(154.82)
Group's share of profit for the year (2021-22: Nil)	(28.66)
Add: Amortisation of brand for the year (2021-22: Nil)	(9.94)
Total	(38.60)
The above financial information is from the date of acquisition till March 31, 2023.	

The Purchase Price Allocations were made to the assets acquired and liabilities assumed based on the estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was allocated to Brand of ₹ 161.15 Mn and Goodwill of ₹ 162.22 Mn, none of which is expected to be deductible for tax purposes. Management has assessed the average useful life of brand acquired in business combination as 15 years based on which amortisation in current year has started and will be adjusted with the carrying value of the investment.



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Winning	with	YOU	
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## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

						March 31, 2023	, 2023			
Name of Entity	% of shareholding as at	Principal place of operation / country	Net Assets total assets	Net Assets ('N A'), i.e. total assets minus total liabilities	Share in pi	Share in profit and loss ('P&L')	S compreher	Share in total comprehensive income ('TCI')	St compreher	Share in other comprehensive income ('OCI')
	March 31, 2023	of incorporation	Amount o	As a % of consolidated N A	Amount	As a % of consolidated P&L	Amount	As a % of TCI	Amount	As a % of OCI
Parent										
FSN E-Commerce Ventures Limited	100%	India	16,492.70	118.47%	613.05	292.47%	610.85	289.26%	(2.20)	(140.04%)
Subsidiary										
Nykaa E-Retail Private Limited	100%	India	4,097.80	29.43%	1,912.23	912.29%	1,911.32	905.08%	(0.91)	(57.99%)
FSN Brands Marketing Private Limited	100%	India	104.80	0.75%	(105.78)	(50.47%)	(103.63)	(%20.0%)	2.15	137.11%
Nykaa Fashion Private Limited	100%	India	(1,886.74)	(13.55%)	(1,296.46)	(618.52%)	(1,296.13)	(613.77%)	0.33	21.04%
Nykaa KK Beauty Private Limited	51%	India	136.54	0.98%	68.42	32.64%	68.43	32.40%	0.01	0.70%
FSN International Private Limited	100%	India	25.62	0.18%	(18.87)	(%00%)	(18.87)	(8.94%)	(00.0)	1
FSN Distribution Private Limited	100%	India	(816.29)	(2.86%)	(768.53)	(366.65%)	(768.42)	(363.88%)	0.11	6.70%
Dot & Key Wellness Private Limited	51%	India	428.59	3.08%	(29.32)	(13.99%)	(29.25)	(13.85%)	0.07	4.22%
Nykaa Foundation	99.93%	India	0.10	0.00%	I	I	I	I	I	I
Nudge Wellness Private Limited	60%	India	53.72	0.39%	(6.28)	(%00%)	(6.28)	(2.97%)	I	I
Iluminar Media Private Limited	100%	India	(28.84)	(0.21%)	(14.59)	(%96%)	(13.22)	(6.26%)	1.37	87.27%
Associate										
Earth Rhythm Private Limited	18.51%	India	87.46	0.63%	(28.66)	(13.67%)	(28.66)	(13.57%)	I	I
Step down subsidiary										
Nykaa International UK Limited	100%	United Kingdom	(18.76)	(0.13%)	(20.94)	(%66.6)	(21.41)	(10.14%)	(0.47)	(30.10%)
FSN Global FZE	100%	UAE	(19.19)	(0.14%)	(21.75)	(10.38%)	(21.73)	(10.29%)	0.02	1.49%
Nessa International Holdings Limited	55%	UAE	0.82	0.01%	(0.01)	(%00.0)	(0.01)	(%00.0)	I	I
Minority interest in subsidiaries			386.23	2.77%	16.99	8.11%	17.03	8.06%	0.04	2.55%
Adjustments on consolidation			(5,123.01)	(36.80%)	(89.89)	(42.89%)	(88.84)	(42.07%)	1.05	67.06%
Total			13,921.55		209.61		211.18		1.57	

## Notes

Forming part of the Financial Statements as at and for the year ended March 31, 2023

(Amount in ₹ Million, unless otherwise stated)

#### 56 Other Statutory Information

- i. The Company does not have any transactions with companies struck off.
- statutory period.
- iii. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- iv. The Company did not have any such transaction which is not recorded in the books of accounts that has been search or survey or any other relevant provisions of the Income Tax Act, 1961)
- Ultimate Beneficiaries.
- vi. No funds have been received by the respective Holding Company or any of such subsidiaries and associate from any
- 57 Previous year figures have been regrouped and reclassed wherever required.

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

P Ganesh Chief Financial Officer

Place: Mumbai Date: May 24, 2023

per Nilangshu Katriar

Membership No: 058814

Partner



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

surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as,

v. 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 and associate 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 and associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the

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 and associate 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.

For and on behalf of the Board of Directors of **FSN E-Commerce Ventures Limited** 

Falguni Nayar Executive Chairperson Managing Director & CEO DIN: 00003633

Place: Mumbai Date: May 24, 2023

Milan Khakhar Director DIN: 00394065

Sujeet Jain Company Secretary ACS M. No. F6144

# Notice **NYKAA**

#### **FSN E-COMMERCE VENTURES LIMITED**

CIN: L52600MH2012PLC230136 Registered Office: 104 Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel, Mumbai – 400013 Email: nykaacompanysecretary@nykaa.com; Website: www.nykaa.com; Phone No.: +912266149696

#### Dear Member.

NOTICE is hereby given that the 11th (Eleventh) Annual General Meeting of the Members of FSN E-Commerce (3) To appoint a Director in place of Ms. Adwaita Nayar Ventures Limited will be held on Monday, September 18, 2023 at 10:30 a.m. (IST) through Video Conferencing / Other Audio-Visual Means organised by the Company, to transact the following business:

#### **ORDINARY BUSINESS:**

(1) To receive, consider and adopt the:

(A) Standalone audited financial statements of the Company for the financial year ended March 31, 2023 together with the Reports of the Board of Directors and Auditors thereon and, in this regard, to consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the audited standalone financial statements of the Company for the financial year ended March 31, 2023 and the reports of the Board of Directors and Auditor thereon as circulated to the Members be and are hereby considered and adopted."

(B) Consolidated audited financial statements of the Company for the financial year ended March 31, 2023 together with the Report of Auditors thereon and, in this regard, to consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the audited consolidated financial statements of the Company for the financial year ended March 31, 2023 and the report of Auditor thereon as circulated to the Members be and are hereby considered and adopted."

(2) To appoint a Director in place of Mr. Milan Khakhar (DIN: 00394065) who retires by rotation and being eligible offers himself for re-appointment and, in this regard, to consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Milan Khakhar (DIN: 00394065), who retires by rotation at this meeting,

be and is hereby appointed as a Director of the Company."

(DIN: 07931382) who retires by rotation and being eligible offers herself for re-appointment and, in this regard, to consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Ms. Adwaita Nayar (DIN: 07931382), who retires by rotation at this meeting, be and is hereby appointed as a Director of the Company."

> By order of the Board of Directors of **FSN E-Commerce Ventures Limited**

### Sujeet Jain

Chief Legal and Regulatory Officer, Company Secretary and Compliance Officer Mem. No.: F6144

#### Registered Office:

104, Vasan Udyog Bhavan, Tulsi Pipe Road, Sun Mill Compound, Lower Parel, Mumbai, Maharashtra- 400013

Mumbai, August 11, 2023

#### **NOTES:**

(1) The Ministry of Corporate Affairs ("MCA") had vide its General Circular No. 10/2022 dated December 28, 2022, read with General Circular Nos. 2/2022 dated May 05, 2022, 21/2021 dated December 14, 2021, 02/2021 dated January 13, 2021, 20/2020 dated May 05, 2020, 17/2020 dated April 13, 2020 and 14/2020 dated April 08, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue, up to September 30, 2023. Accordingly, in compliance with the provisions of the Companies Act, 2013 ("the Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

- (2) In accordance with the Secretarial Standard-2 on General Meetings issued by the Institute of Company (6) Electronic dispatch of Annual Report and process Secretaries of India ("ICSI") read with Clarification/ for registration of email ID for obtaining copy of Guidance on applicability of Secretarial Standards -Annual Report: 1 and 2 dated April 15, 2020, issued by the ICSI, (a) In compliance with the MCA Circulars read the proceedings of the AGM shall be deemed to be with Securities and Exchange Board of India conducted at the Registered Office of the Company ("SEBI") Circular No. SEBI/HO/ CFD/CMD2/ which shall be the deemed venue of the AGM.
- (3) As the AGM shall be conducted through VC/OAVM, the facility for appointment of Proxy by a Member is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
- (4) However, Institutional/Corporate Members are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and cast their votes through e-voting. Institutional/Corporate Members are requested to send a certified true copy of the Board Resolution authorising its representatives to attend and vote at the AGM, pursuant to Section 113 of the Act, to the Scrutiniser at csllp108@gmail. <u>com</u> with a copy marked to <u>evoting@nsdl.co.in</u>.

#### (5) Re-appointment of Directors:

(a) Mr. Milan Khakhar, Non-Executive Director of the Company is interested in the Ordinary Resolution set out at Item No. 2 of the Notice, with regard to his re-appointment.

Ms. Adwaita Nayar, Executive Director of the Company is interested in the Ordinary Resolution set out at Item No. 3 of the Notice, with regard to her re-appointment. Ms. Falguni Nayar, Executive Chairperson, Managing Director and Chief Executive Officer, Mr. Anchit Nayar, Executive Director and Mr. Sanjay Nayar, Non-Executive Director, being related to Ms. Adwaita Nayar may be deemed to be interested in the resolution as set out at Item No. 3 of the Notice, to the extent of their equity shareholding interest, if any, in the Company.

The relatives of Mr. Milan Khakhar and other relatives of Ms. Adwaita Nayar may be deemed to be interested in the resolutions set out at Item Nos. 2 and 3 of the Notice, respectively, to the extent of their equity shareholding interest, if any, in the Company.

Save and except stated above, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Business set out under Item Nos. 2 and 3 of the Notice.

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- (b) Information required pursuant to Regulation 36(3) of the Listing Regulations read with the applicable provisions of Secretarial Standard-2, in respect of the Directors seeking appointment / re-appointment, is provided at the end of this Notice as Annexure – A.
- CIR/P/2022/62 dated May 13, 2022 and SEBI/ HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023 (collectively referred to as "Circulars"), Notice of the AGM along with the Annual Report for the financial year 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company and/or with Depository Participants (DPs). In case any Members is desirous of obtaining physical copy of the Annual Report for the financial year 2022-23 and Notice of the 11th AGM of the Company, he/she may send a request to the Company by writing at nykaacompanysecretary@nykaa.com or Link Intime India Private Limited ("Link Intime") at rnt.helpdesk@linkintime.co.in.

Members may note that the Notice and the Annual Report for the financial year 2022-23 will also be available on the Company's website at www.nykaa.com, websites of the Stock Exchanges on which the equity shares of the Company are listed i.e. National Stock Exchange of India Limited (<u>www.nseindia.com</u>) and BSE Limited (www.bseindia.com), and on the website of Registrar and Transfer Agent i.e. Link Intime at https://linkintime.co.in/.

(b) Process for registration of email ID for obtaining Notice of the AGM along with the Annual Report:

Those persons who are Members of the Company as on Cut-off date for dispatch of AGM Notice along with the Annual Report i.e., August 18, 2023 and who have not yet registered their e-mail with the Depository Participants ("DPs") (if shares held in electronic form)/ Company (if shares held in physical form) are requested to get their e-mail addresses registered to receive the Notice of the AGM along with the Annual Report for the financial year 2022-23 by completing the process as under:

Members holding share(s) in physical mode: by registering e-mail address with Link Intime. Click the link in their web site www.linkintime.co.in at the Investor Services tab, choose the E-mail Registration heading and follow the registration process as guided therein. The Members are requested to provide details such as Name, DP ID, Client ID/ PAN, mobile number and e-mail id. In case of any query, a member may send an e-mail to Link Intime at <u>rnt.helpdesk@.linkintime.co.in</u>.

Members holding share(s) in electronic mode: by registering / updating their e-mail ID in respect of demat holdings with the respective DPs by following the procedure prescribed by the DPs for receiving all communications from the Company electronically.

#### (7) Documents open for inspection:

- (a) All the documents referred to in the accompanying Notice shall be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e., September 18, 2023. Members seeking to inspect such documents can send an email to <u>nykaacompanysecretary@nykaa.com</u>.
- (b) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act and the Certificate from M/s. S.N. Ananthasubramanian & Co., Company Secretaries, Secretarial Auditors of the Company certifying that the ESOP Schemes of the Company are being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, will be available electronically for inspection by the Members during the AGM.

#### (8) Instructions for Members for remote e-voting and e-voting during the AGM:

- (a) Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of Listing Regulations (as amended) and the applicable MCA Circulars, the Company is pleased to provide a facility to the Members to cast their votes using an electronic voting system from any place before the meeting ("remote e-voting") and during the meeting in respect of the resolutions proposed in this Notice.
- (b) In order to increase the efficiency of the voting process and in terms with SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020, demat account holders are being provided a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would now be able to cast their vote without having to register again with the e-voting

service providers, thereby facilitating seamless authentication and convenience of participating in the e-voting process.

- (c) National Securities Depository Limited ("NSDL") will be providing facility for voting through remote e-voting. The remote e-voting period commences on Thursday, September 14, 2023 from 09:00 a.m. IST and ends on Sunday, September 17, 2023 at 05:00 p.m. IST. The remote e-voting module shall be disabled by NSDL thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The Members who have casted their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- (d) The Members, whose names appear in the Register of Members or in the Register of Beneficial Owners (in case of electronic shareholding) maintained by the depositories as on the cutoff date i.e., Monday, September 11, 2023, are entitled to vote on the Resolutions set forth in this Notice. Voting Rights shall be reckoned on the paid-up value of equity shares registered in the name of the Members as on the cut- off date i.e., Monday, September 11, 2023. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.

In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

(e) Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes Members of the Company after the Notice is send through e-mail and holding shares as of the cut-off date i.e., Monday, September 11, 2023, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on <u>www.evoting.nsdl.com</u> or call on toll free no. 022-4886 7000 and 022-2499 7000. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., Tuesday, September 11, 2023 may follow steps mentioned below in Note 9 under "Login method for e-voting and joining virtual AGM for Individual Shareholders holding securities in demat mode".

#### (9) Procedure for remote e-voting and e-voting during the AGM:

The detailed process and manner for accessing and participating in the 11th AGM through VC/OAVM facility and voting through electronic means including remote e-voting are explained herein below:

#### STEP 1: ACCESS TO NSDL E-VOTING SYSTEM

- (A) Login method for e-voting and joining virtual AGM for Individual Shareholders holding securities in demat mode is given below:
  - (i) Individual Shareholders holding securities in demat mode with NSDL
    - (a) Users registered for NSDL IDeAS facility:
      - (1) Open web browser by typing the following URL: <u>https://eservices.nsdl.</u> <u>com/</u> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the 'Beneficial Owner' icon under 'Login' which is available under 'IDeAS' section.
      - (2) A new screen will open. Enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on 'Access to e-voting' under e-voting services and you will be able to see e-voting page.
      - (3) Click on options available against Company name or e-voting service provider - NSDL and you will be redirected to NSDL e-voting website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.
    - (b) Users not registered for IDeAS e-Services:

Option to register is available at <u>https://</u> <u>eservices.nsdl.com</u>. Select 'Register Online for IDeAS' Portal or click at <u>https://eservices.</u> <u>nsdl.com/SecureWeb/IdeasDirectReg.jsp</u>

- (c) Visit the e-voting website of NSDL:
  - (1) After successfully registering on IDeAS, visit the e-voting website of NSDL. Open web browser by typing the following URL: <u>https://eservices.nsdl.com/</u> either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholder/Member' section.
  - (2) A new screen will open. Enter your User ID (i.e., your sixteen-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful

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authentication, you will be redirected to NSDL e-voting website wherein you can see e-voting page.

- (3) Click on options available against Company name or e-voting service provider - NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.
- (d) Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on App Store Google Play

- (ii) Individual Shareholders holding securities in demat mode with Central Depository Services (India) Limited ["CDSL"]
  - (1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website <u>www.cdslindia.com</u> and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.
  - (2) After successful login the Easi / Easiest user will be able to see the e-voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-voting Service Providers, so that the user can visit the e-voting service providers' website directly.
  - (3) If the user is not registered for Easi/Easiest, option to register is available at CDSL website <u>www.cdslindia.com</u> and click on login & New System Myeasi Tab and then click on registration option.
  - (4) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a e-voting link available on <u>www.cdslindia.com</u> home page.

The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and also able to directly access the system of all e-voting Service Providers.

- (iii) Securities held in demat mode login through DPs
  - You can also login using the login credentials of your demat account through your DP registered with NSDL/CDSL for e-voting facility.
  - (2) Once logged-in, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/ CDSL site after successful authentication, wherein you can see e-voting feature.
  - (3) Click on options available against Company name or ESP - NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period.

**Important note:** Members who are unable to retrieve User ID/Password are advised to use Forgot User ID and Forgot Password option available at respective websites.

#### For Technical Assistance

Members facing any technical issues related to login may reach out the respective depositories helpdesk by sending a request on the e-mail id's or contact on the phone nos. provided below:

Login type Helpdesk details	Login type Helpdesk details
Securities held with NSDL Please contact NSDL helpdesk by sending a request at <u>evoting@nsdl.</u> <u>co.in</u> or	Securities held with CDSL Please contact CDSL helpdesk by sending a request at <u>helpdesk.</u> <u>evoting@cdslindia.com</u> or
call at toll free nos.: 022- 4886 7000 and 022- 2499 7000.	call at toll free nos.: 1800 22 55 33.

#### (B) Login method for e-voting and joining virtual meeting for shareholders other than Individual Shareholders holding securities in demat mode and shareholders holding securities in physical mode:

How to login to NSDL e-voting website?

- (1) Visit the e-voting website of NSDL. Open web browser by typing the following URL: <u>https://</u><u>www.evoting.nsdl.com/</u> either on a personal computer or on a mobile phone.
- (2) Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholder/Member' section.

- (3) A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
- (4) Alternatively, if you are registered for NSDL e-Services i.e. IDeAS, you can login at <u>https:// eservices.nsdl.com/</u> with your existing IDeAS login. Once you login to NSDL e-services after using your login credentials, click on e-voting and you can proceed to Step 2 i.e., cast your vote electronically.
- (5) Your User ID details are given below:

De	nner of holding shares i.e. mat (NSDL/CDSL) or ysical	Your User ID is:
a)	For Members who hold shares in demat	8 Character DP ID followed by 8 Digit Client ID
	account with NSDL.	For example: if your DP ID is IN300*** and Client ID is 12****** then your User ID is IN300***12*****.
b)	For Members who	16 Digit Beneficiary ID
hold shares in demat account with CDSL	hold shares in demat account with CDSL	For example: if your Beneficiary ID is 12************************************
c)	For Members holding shares in Physical Form.	EVEN number followed by folio number registered with the Company
		For example: if folio number is 001***
		and EVEN is 123456 then your User ID is 123456001***

- (6) Your password details are given below:
  - (a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
  - (b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - (c) How to retrieve your 'initial password'?
    - (i) If your email id is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email id. Trace the email sent to you from NSDL in your mailbox from <u>evoting@nsdl.com</u>. Open the email and open the attachment i.e., a. pdf file. The password to open the. pdf file is your 8-digit Client ID for NSDL account, last 8 digits of Beneficiary ID for CDSL account or folio no. for

shares held in physical form. The. pdf file contains your 'User ID' and your 'initial password'.

- (ii) In case you have not registered your email address with the Company/ Depositories, please follow instructions mentioned below in this Notice.
- (7) If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:
  - (a) Click on 'Forgot User Details/ Password?' (If you are holding shares in your demat account with NSDL or CDSL) option available on <u>www.evoting.nsdl.com</u>.
  - (b) Click on 'Physical User Reset Password?' (If you are holding shares in physical mode) option available on <u>www.evoting.nsdl.com</u>.
  - (c) If you are still unable to get the password by aforesaid two options, you can send a request at <u>evoting@nsdl.co</u>. in mentioning your demat account number/folio no., PAN, name and registered address.
  - (d) Members can also use the OTP based login for casting the votes on the e-voting system of NSDL.
- (8) After entering your password, click on agree to 'Terms and Conditions' by selecting on the check box.
- (9) Now, you will have to click on 'Login' button.
- (10) After you click on the 'Login' button, home page of e-voting will open.

#### STEP 2: CAST YOUR VOTE ELECTRONICALLY AND JOIN GENERAL MEETING ON NSDL E-VOTING SYSTEM.

## (A) How to cast your vote electronically and join AGM on NSDL e-voting system?

- (i) After successful login at Step 1, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle and General Meeting is in active status.
- (ii) Select 'EVEN' of Company for which you wish to cast your vote during the remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on 'VC/OAVM' link placed under 'Join Meeting'.
- (iii) Now you are ready for e-voting as the voting page opens.
- (iv) Cast your vote by selecting appropriate options i.e., assent or dissent, verify/modify the number of shares for which you wish to cast your

vote and click on 'Submit' and also 'Confirm' when prompted.

- (v) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (vi) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- (vii) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- (B) Process for those Shareholders whose e-mail ids are not registered with the Depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this Notice:
  - (a) Members whose shares are held in physical form are requested to provide folio no., name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by e-mail to <u>evoting@nsdl.</u> <u>co.in</u>.
  - (b) Members whose shares are held in demat mode are requested to provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) to <u>evoting@nsdl.co.in</u>. If you are an Individual Shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e., Login method for e-voting and joining virtual meeting for Individual Shareholders holding securities in demat mode.
  - (c) In terms of SEBI Circular dated December 09, 2020 on e-voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and DPs. Shareholders are required to update their mobile number and e-mail ID correctly in their demat account in order to access e-voting facility.

# (C) The instructions for Members for e-voting on the day of the AGM are as under:

- (a) The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- (b) Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.





- (c) Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- (d) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of <u>www.evoting.nsdl.com</u> or call on toll free no.: 022-4886 7000 and 022-2499 7000 or send a request to Mr. Amit Vishal, Assistant Vice-President, NSDL at <u>evoting@</u> <u>nsdl.co.in</u>.

#### (10) Procedure for joining the 11th AGM through VC/ OAVM:

- (a) The Company has engaged the services of NSDL e-voting system as the authorised agency for conducting of the AGM through VC/OAVM and providing e-voting facility during the AGM.
- (b) Members may note that the VC/OAVM facility, allows participation of at least 1,000 Members on a first-come-first-served basis and shall open 30 minutes before the time scheduled for the AGM. However, the participation of Members holding 2% or more shares, Promoters, and Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first come first serve basis.
- (c) Members are encouraged to join the Meeting through Laptops / Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
- (d) Members joining the AGM from their mobile devices or tablets or through laptops connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- (e) Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may attend the AGM by following the steps mentioned above for access to NSDL e-voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join Meeting" menu against the Company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN (123456) of Company will be displayed.
- (f) Members who do not have the User ID and Password for remote e-voting and e-voting or have forgotten the User ID and Password may

retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further, Members can also use the OTP based login for logging into the e-voting system of NSDL.

- (g) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- (h) Members who need assistance before or during the AGM, you may refer the Frequently Asked Questions ("FAQs") for shareholders and e-voting user manual for shareholders available at the download section of <u>www.evoting.nsdl.com</u> or can:
  - Send a request at <u>evoting@nsdl.co.in</u> or use toll free no.: 022-4886 7000 and 022-2499 7000; or
  - Contact Mr. Amit Vishal, Assistant Vice-President, NSDL at the designated e-mail ID: <u>evoting@nsdl.co.in;</u> or
  - Contact Ms. Pallavi Mhatre, Senior Manager, NSDL at the designated e-mail ID: <u>evoting@</u> <u>nsdl.co.in</u>

## (11) Procedure to raise questions/seek clarifications with respect to Annual Report at the ensuing 11th AGM:

- (a) Members are encouraged to express their views/ send their queries in advance mentioning their name, DP ID and Client ID/folio no., email ID, mobile no. at <u>nykaacompanysecretary@nykaa.</u> <u>com</u>. Questions/queries received by the Company till 05:00 p.m. (IST) on September 13, 2023 shall only be considered and responded during the AGM.
- (b) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker, by following the steps mentioned at note no. 9 "Step 1: Access to NSDL e-voting system" till 05:00 p.m. (IST) on September 17, 2023. After successful login, Members will be able to register themselves as a Speaker Shareholder by clicking on the link available against the EVEN (123456) of the Company.
- (c) The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM and avoid repetition of questions, as appropriate for smooth conduct of the AGM. All shareholders attending the AGM will have the option to post their comments / queries through a dedicated Chat box that will be available below the Meeting Screen.

(12)The recorded transcript of the AGM will be hosted on the website of the Company post the AGM.

#### (13) Declaration of voting results:

- (a) The Board of Directors have appointed Mr. Sachin Sharma (Membership No. 46900/CP. No. 20423), Designated Partner, M/s. Sharma and Trivedi LLP (LLPIN: AAW-6850), Company Secretaries, Mumbai or failing him Mr. Dinesh Trivedi (Membership No. 23841/CP. No. 22407), Designated Partner, M/s. Sharma and Trivedi LLP (LLPIN: AAW-6850), Company Secretaries, Mumbai as the Scrutiniser to scrutinise the remote e-voting and e-voting at AGM process in a fair and transparent manner. They have communicated their willingness to be appointed and will be available for the said purpose.
- (16) SEBI vide its Circular No. SEBI/HO/MIRSD/ They have communicated their willingness to be MIRSDPoD-1/P/CIR/2023/37 dated March 16. appointed and will be available for the said purpose. 2023, in supersession of earlier Circular(s) issued on the subject, has prescribed common and simplified (b) The Scrutiniser will submit the results to Executive norms for processing investor's service request by Chairperson, Managing Director and CEO of the RTAs and norms for furnishing PAN, KYC (contact Company or any person authorised by her after details, bank details and specimen signature), and completion of the scrutiny of the e-voting, and nomination details. As per the said Circular, it is the results will be announced not later than 48 mandatory for the shareholders holding securities in (forty-eight) hours of the conclusion of the AGM. physical form to, inter alia, furnish PAN, KYC, and Subject to receipt of requisite number of votes, nomination details. Physical folios wherein the PAN, the resolutions shall be deemed to be passed on KYC, and nomination details were not available on or the date of the AGM. after April 01, 2023, were to be frozen by the RTA and (c) The voting results along with the Scrutiniser's would be eligible for lodging grievance or any service Report will be displayed at the Registered Office request only after registering the required details. The said timeline of April 01, 2023 for freezing of folios of the Company, communicated to the Stock Exchanges viz. BSE Limited (www.bseindia.com) has been extended to October 01, 2023.
- (c) The voting results along with the Scrutiniser's Report will be displayed at the Registered Office of the Company, communicated to the Stock Exchanges viz. BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com) and additionally be uploaded on the Company's website: www.nykaa.com and on the website of NSDL: <u>https://www.evoting.</u> nsdl.com/.

### Others:

- (14) As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company or Company's Registrar and Share Transfer Agent, Link Intime for assistance in this regard.
- (15) SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_ RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in

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dematerialised form only while processing certain prescribed service requests. Accordingly, the Members are requested to make service request by submitting a duly filled and signed Form No. ISR-4, the format of which is available on the Company's website at <u>https:// www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/investor-service-request/investorservice-request.pdf and on the website of Link Intime at <u>https://linkintime.co.in/</u>. Members are requested to note that any service request would only be processed after the folio is KYC Compliant.</u>

Accordingly, the Members are advised to register their details with the RTA or DPs, in compliance with the aforesaid SEBI guidelines for smooth processing of their service requests and trading without any hindrance.

By order of the Board of Directors of **FSN E-Commerce Ventures Limited** 

#### Sujeet Jain

Chief Legal and Regulatory Officer, Company Secretary and Compliance Officer Mem. No.: F6144

#### Registered Office:

104, Vasan Udyog Bhavan, Tulsi Pipe Road, Sun Mill Compound, Lower Parel, Mumbai, Maharashtra- 400013

Mumbai, August 11, 2023

#### Annexure A

### DETAILS OF DIRECTORS RETIRING BY ROTATION / SEEKING APPOINTMENT / RE-APPOINTMENT AT THE MEETING

Particulars	Mr. Milan Khakhar	Ms. Adwaita Nayar
Designation	Non-Executive Director	Executive Director
Director Identification Number	00394065	07931382
Date of Birth (Age in years)	18/01/1961 (62 years)	16/08/1990 (32 years)
Date of joining the Board	28/09/2015	22/01/2018
Qualification	Bachelor's degrees in commerce and law from the University of Bombay.	Bachelor's degree in applied mathematics from the Yale University.
		• Master's degree in business Administration with distinction from the Harvard Business School.
Expertise in specific functional area	Over 32 years of experience in natural stones and helping build the Indian material industry sector.	More than 11 years in various roles of investment banking, marketing, operations and product development.
Term & Condition	Non-Executive Director of the Company, liable to retire by rotation	Executive Director of the Company, liable to retire by rotation.
Profile	natural stones and helping build the Indian material industry sector. Currently he is the Chairman	Ms. Adwaita Nayar is the CEO of Nykaa Fashion & the co-founder of Nykaa. Over the decade at Nykaa, she has held multiple roles within the Nykaa ecosystem. In the early years, she was the COO of the beauty business, where she drove marketing, operations and product. Later, in 2017, she moved on to lead the foray into physical retail, where she launched 30 stores over 1.5 years across two formats. Another milestone in her journey of serial entrepreneurship at Nykaa was establishing our Fashion business in 2018. Ms. Adwaita Nayar is currently the CEO of Nykaa Fashion, where she spearheads the multi-brand retail business, as well as a vast assortment of owned brands including Nyri (pronounced as Naa-ree), NYKD (pronounced as Naked), Likha, MIXT, Azai, Kica, 20Dresses, Pipa Bella and more.
		Ms. Adwaita Nayar holds a bachelor's degree in applied mathematics from Yale University. She also holds an MBA from Harvard Business School. Prior to Nykaa, she worked with Bain and Co. in New York City. Recently, owing to her contribution to growing India's fashion market and her stellar leadership at Nykaa Fashion, she was part of Entrepreneur India's 35 Under 35 achievers. She has also been recognised as a Fortune India's and The Economic Times' 40 Under 40 achiever in 2022. In 2020, She was awarded Fashion & Lifestyle Women Entrepreneur of the year, by Business World.
Number of meetings attended during the year	8 out of 9	9 out of 9

Particulars	Mr. Milan Khakhar	Ms. Adwaita Nayar
As the full-time employments of the Directors will be counted in the Number of Board Membership for giving voting decision, Disclosure regarding such full-time employments of Directors, if Board is of the opinion that the Director will be able to devote sufficient time along with the reason for such opinion.	N.A.	Ms. Adwaita Nayar is Chief Executive Officer of Nykaa Fashion Private Limited, wholly owned subsidiary of FSN E-Commerce Ventures Limited and is also responsible for fashion business of Nykaa group. With regard to the above and in opinion of the Board, she will be able to devote full time to the business of the Company and its group entities.
Whether atleast 75% Board Meetings have been attended in past 3 years by the Director	Yes	Yes
In case the Director is a past employee, whether the said Director was appointed on the Board after the Completion of 5 years cooling off period	N.A.	N.A.
Detail of Remuneration amount drawn	Nil	24.29 million
Detail of Remuneration proposed	Nil	Shareholders pursuant to their resolution dated July 16, 2021, proposed / approved:
		<ul> <li>Fixed Pay: ₹2 crore p.a.</li> </ul>
		<ul> <li>Variable Pay: 0.5% of profit before tax of the Company on a consolidated basis, subject to applicable statutory limits.</li> </ul>
		<ul> <li>Perquisites / Benefits: Standard perquisites and benefits as per Company's policy in this regard.</li> </ul>
		<ul> <li>Further increments and revisions: To be reviewed annually in accordance with performance, market and applicable statutory limits.</li> </ul>
Directorships along with		Current Directorships:
entities from which the person has resigned in the past three		Nykaa Fashion Private Limited
years	Global Instile Solid Industries Limited	<ul> <li>Nykaa Foundation</li> </ul>
•	Universal Tiles & Stone Company Limited	Entities from which resigned in past three years:
	Solid Realty Company Private Limited	<ul> <li>Nykaa-KK Beauty Private Limited</li> </ul>
	Entities from which resigned in past three years:	Epimoney Private Limited
	Nil	Nykaa E-Retail Private Limited
	FSN E-Commerce Ventures Limited:	FSN E-Commerce Ventures Limited:
Director holds Memberships & Chairpersonship of Committee	Audit Committee - Member	Stakeholders' Relationship Committee - Member
	<ul> <li>Nomination &amp; Remuneration Committee - Member</li> </ul>	<ul> <li>Corporate Social Responsibility &amp; Environmental, Social, and Governance Committee – Member</li> </ul>
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Particulars	Mr. Milan Khakhar	Ms. Adwaita Nayar
Companies which displayed poor governance practices and oversight, on which the said Director was a Board Member or that he failed in discharging fiduciary responsibilities in other Companies	Nil	Nil
Whether they are Promoter Director of any Company whose performance has been continuously deteriorating	No	No
No. of shares held in the Company as on March 31, 2023 (Including shareholding as a beneficial owner)	Nil	1,80,360 Equity Shares
Number of Promoter family members on the Board of the Company	Nil	4
Relationship with other Directors / KMP	N.A.	<ul> <li>Daughter of Ms. Falguni Nayar and Mr. Sanjay Nayar</li> <li>Sister of Mr. Anchit Nayar</li> </ul>
Reputational Risk, if any, associated with the said Director or any transactions associated in a manner prejudicial to minority shareholders	Nil	Nil
Director's political linkages, if any	Nil	Nil

