August 26, 2024

National Stock Exchange of India Limited | **BSE Limited**

Symbol: NYKAA | **Scrip Code: 543384**

Dear Sirs,

<u>Subject: Integrated Annual Report for FY 2023-24</u>

Kindly note that the 12th Annual General Meeting (**"AGM"**) of the Company is scheduled to be held on **Wednesday, September 18, 2024 at 3:30 PM (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 (**"Listing Regulations"**), read with the circulars issued in this regard from time to time, the latest being 09/2023 dated September 25, 2023 issued by the Ministry of Corporate Affairs (MCA) and the circular dated October 07, 2023 issued by SEBI (collectively referred to as "Circulars").

Pursuant to Regulation 34(1) of the Listing Regulations, please find enclosed the Integrated Annual Report of the Company, including the Business Responsibility and Sustainability Report, for the Financial Year (FY) 2023-24 and the Notice convening the 12th AGM.

In accordance with the aforesaid circulars, the Integrated Annual Report for the FY 2023-24 and the Notice convening the 12th AGM is being sent to all the Members of the Company whose e-mail addresses are registered with the Company / Depository Participant(s). The same is also uploaded on the Company's website at www.nykaa.com/annual-report/lp and the website of National Securities Depository Limited at www.evoting.nsdl.com.

We request you to take this on record and to treat the same as compliance with the applicable provisions of the Listing Regulations.

Thanking You.

Yours faithfully,
For FSN E-Commerce Ventures Limited

NEELABJA CHAKRABARTY
Digitally signed by NEELABJA CHAKRABARTY
Date: 2024.08.26 16:08:04 +05'30'

Neelabja Chakrabarty
Company Secretary & Compliance Officer

Encl: a/a

BIGGER ASPIRATIONS.

BOLDER STRIDES.

FSN E-COMMERCE VENTURES LIMITED

INTEGRATED REPORT 2023-24

Highlights of the year

₹1,24,461 Mn
28% ↑
Gross merchandise value

₹63,856 Mn
24% ↑
Revenue from operations

₹27,392 Mn
20% ↑
Gross profit

42.9%
139 bps ↓
Gross margin[1]

₹3,462 Mn
35% ↑
EBITDA

5.4%[1]
44 bps ↑
EBITDA margin[1]

₹3,807 Mn
43% ↑
Adjusted EBITDA

6.0%[1]
80 bps ↑
Adjusted EBITDA margin

₹397 Mn
90% ↑
PAT[2]

0.6%[1]
21 bps
PAT margin[1]

CRISIL A-/Positive
Long-term credit rating
Outlook revised from 'Stable'- Rating reaffirmed

'India's Fastest Growing Brand'
Recognised by Asia One's 2023 Rankings

6,700+
Total brands

In-house brands
- 13 Beauty and Personal Care
- 14 Fashion

3,600+
Beauty and personal care brands[3], including international, luxe, FMCG, and D2C brands

3,200+
Fashion brands[3], including global brands/retailers, luxe labels, and sustainable brands

[1] Margin% is on Revenue from operations
[2] PAT is after considering share of loss of associate
[3] As on March 31, 2024

Adjusted EBITDA is before ESOP expenses, GCC business expenses, and organisation restructuring expenses

Contents

At Nykaa, our trajectory has been defined by a persistent drive to be the best and a vision to transform the beauty, wellness, and fashion industries. 'Bigger Aspirations. Bolder Strides' mirrors our conviction to push boundaries, embrace emerging trends, and adapt to the evolving needs of our diverse customers.

We continue to pursue 'Bigger Aspirations' - expanding our presence beyond the Indian market. Additionally, our product portfolio expansion and the introduction of global brands to India signify our determination to challenge the status quo and set new industry standards. By offering an extensive selection of international brands, we are redefining the way beauty and fashion are perceived and experienced.

We are also taking 'Bolder Strides' - creating unique, enriching experiences for our customers. With Nykaaland, and the launch of our flagship luxury format store in Mumbai, we are taking them on an immersive journey like never before. We have embarked on a tech transformation journey, driving growth with diverse brands, expert advice and a rapidly expanding online and offline presence.

In an ever-changing market landscape, we represent a forward-thinking mindset and our resolve to lead with purpose, passion, and innovation. After all, Nykaa is not just growing; we are revolutionising the way beauty and fashion are perceived and experienced.

Bigger Aspirations. Bolder Strides.

About the Report

Welcome to Nykaa's third Integrated Annual Report for 2023-24. We firmly adhere to the principles of Integrated Reporting, demonstrating our strategic thinking and focus on long-term value creation. This Report highlights how our operations impact individuals, businesses, and society as a whole. It allows stakeholders to evaluate our potential for value creation over the short, medium, and long term. This Report showcases our commitment to growth and our ability to implement strategies that deliver substantial financial and non-financial value for all stakeholders.

Reporting scope and boundary

The Report covers information about FSN E-Commerce Ventures Limited (Nykaa) standalone enterprise and material subsidiary companies.

Reporting period

Nykaa's Integrated Annual Report 2024, encompasses April 1, 2023, to March 31, 2024, performance, reflecting our integrated thinking through key performance indicators covering financial and non-financial performance as well as strategy, risks and how we deliver value to stakeholders in the context of our external environment.

Reporting framework, standards, and guidelines

This Report is prepared in accordance with the Integrated Reporting Framework <IR> established by the International Integrated Reporting Council (IIRC). It also aligns with the relevant United Nations Sustainable Development Goals (UN SDGs).

Financial and statutory information presented in this Report aligns with:

- The Companies Act, 2013 (and the Rules made thereunder)
- National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE)
- Indian Accounting Standards (Ind AS)
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- The Secretarial Standards issued by the Institute of Company Secretaries of India

Responsibility statement

The management acknowledges its responsibility to ensure the integrity, transparency, and accuracy of information presented in the Integrated Report while addressing all business-critical material issues pertaining to the organisation and its stakeholders.

Assurance

The statutory auditor, S.R. Batliboi & Associates LLP has provided assurance on the financial statements. The 'Independent Auditor's Report' has also been duly incorporated as a part of this Report. All non-financial performance-related information has been internally verified and assured by the management.

Refer to the Independent Auditor's Report on ***page 238 and 308***

Materiality

We apply the principle of materiality in assessing which information is to be included in our Integrated Report.

Top priority material issues

Consumer financial protection
Page 97

Privacy and data security
Page 97

Product safety and quality
Page 202-203

Business ethic and values
Page 96

Human capital development
Page 202-203

Transparent marketing and labelling
Page 97

Labour management
Page 202-203

Raw materials/product sourcing
Page 201

Key stakeholders

- Investors
- Customers
- Business partners
- Employees
- Communities
- Regulators
- Environment

Forward-looking statements

Some information in this Report may contain forward-looking statements, which include statements regarding the Company's expected financial position and results of operations, business plans and prospects, among others, and are generally identified by forward-looking words, such as 'believe', 'plan', 'anticipate', 'continue', estimate', 'expect', 'may', 'will' or other similar words. Forward-looking statements are dependent on assumptions made in good faith, and through our understanding of the external landscape as well as our abilities, we believe them to be reasonable in all material respects. However, we caution that actual results, performances, or achievements could differ materially from those expressed or implied in such statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Fair usage of third-party trademarks

All third-party trademarks referenced by Nykaa herein remain the property of their respective owners. Any references by Nykaa to any third-party trademarks in this Report are merely being used to identify the corresponding engagement that we have entered into with the brand/trademark owners and shall be considered fair use under trademark law.

Feedback

For queries and feedback, please write to us at nykaacompanysecretary@nykaa.com

NYKAA AT A GLANCE

India's largest omnichannel Lifestyle destination

We are India's premier beauty, wellness, and fashion destination. Through our omnichannel platform, we create a seamless experience for customers with an extensive network of online and offline stores.
By empowering millions to embrace their unique Lifestyle choices, we are setting new industry standards.

Vision

Bring inspiration and joy to people, everywhere, everyday.

Mission

To create a world where our customers have access to a finely curated, authentic assortment of products and services that delight and elevate the human spirit.

Values

Be bold and be good

Be better everyday

Be the customer's champion

One Nykaa

A culture of belonging

Sustainability in every action

Business verticals

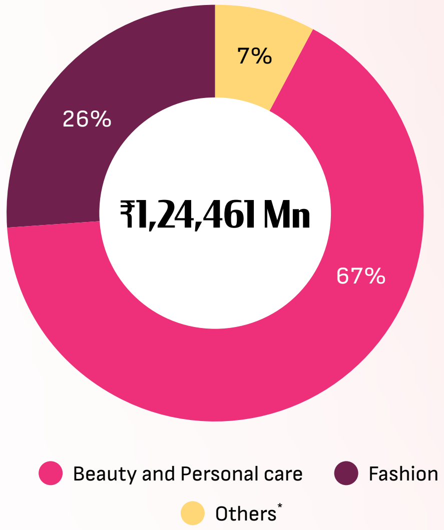
At Nykaa, we are not just a retailer; we are the creators and builders of India's beauty and fashion market. Through Nykaa Global Store, we have become the largest importer and distributor of beauty brands in India, making us the preferred partner for international brands entering the market.

BPC

Fashion

Others
[NykaaMan, eB2B platform 'SuperStore by Nykaa', International, LBB and Nudge]

Vertical-wise GMV (%)



Vertical-wise annual unique transacting customers (%)	(%)
Beauty and Personal Care	76
Fashion	19
Others*	5

Our strategic priorities

- Driving customer acquisition and retention across the funnel journey
- Deep relationships with a diverse set of domestic and international brands
- Penetrating across the value chain and channels to address the larger TAM
- Creating, acquiring, and scaling a portfolio of independent and new-age consumer-first brands
- Developing new ways of selling and holistic consumer connect

*Others includes our new businesses NykaaMan, eB2B platform 'SuperStore by Nykaa', International, LBB and Nudge.

BEAUTY BRANDS

CeraVe
COLOURPOP
florence by mills
REDKEN 5TH AVENUE NYC
URBAN DECAY
FENTY BEAUTY BY RIHANNA
NYKAA cosmetics
NYKAA SKINRX
NYKAA NATURALS
NYKAA WANDERLUST
NYKAA PERFUMERY
LANEIGE
MAC
Kay Beauty
DOT & KEY SKINCARE
earth rhythm
SOL DE JANEIRO
NYVEDA POTENT AYURVEDA
ELEMIS
URIAGE EAU THERMALE

Highlights of the year

3,600+
Beauty and personal care brands

13
Owned beauty brands

39
Global store brands

~90
FMCG brands

150+
Prestige brands

~600
D2C brands

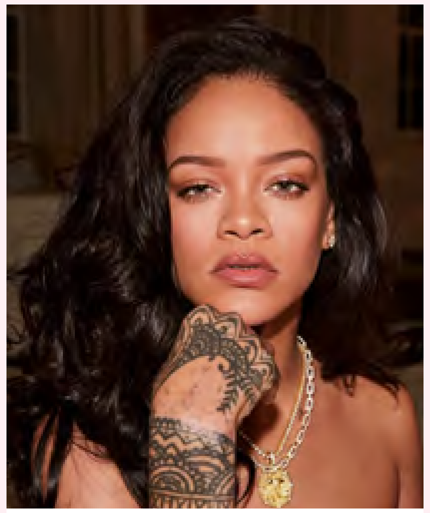
All brand count as on March 31, 2024

BRANDSCAPE/BEAUTY BRANDS

Connecting consumers ...

Exclusive brand launches

Committed to exceptional choices, we curate a diverse brand portfolio, introducing 16 new global/import brands and a few domestic brands in FY 2024. Through dynamic partnerships, we bring international brands and innovative products to our customers, ensuring exclusive access to a wide array of options.

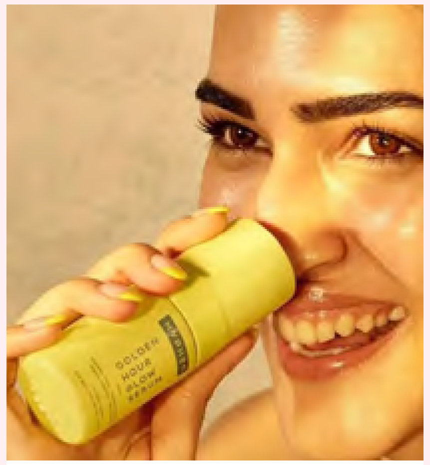


Fenty Beauty by Rihanna debuts in India

Launched UK's #1 skincare brand Elemis on the Global store on the Nykaa App

Introduced two international cult beauty brands: Virtue, a North Carolina-based hair care brand and Versed a Los Angeles-based vegan skincare brand

Unveiled D2C skincare brand – Foxtale



Hyphen is now available on Nykaa

Launches in the premium segment include: Redken, Dr. Barbara Strum

We have seen strong growth in our core skin and hair care categories. Makeup and colour cosmetics, which experienced slow growth in the first half of the year, have recovered and driven substantial growth. Emerging categories like fragrances and bath and body also performed well, growing faster than the platform average, adding promising incremental business. We expect these trends to continue, driving future growth and enhancing our customer metrics.

Strengthened our K-beauty portfolio by partnering with South Korean green beauty brand Isntree for its launch in India

Nivea partnership to launch its sun care range in the Indian market

In the premium category, Urban Decay introduced in FY 2024

Celebrating firsts in the beauty ecosystem

We have successfully launched Nykaaland, India's first-of-its-kind premier beauty festival. It set a new benchmark with our whirlwind of glamour, innovation, creativity, knowledge and entertainment. Over two days, we united beauty enthusiasts, industry influencers and prominent figures in a powerful celebration of beauty.

Nykaa Pink Friday Sale, getting bigger every year

Nykaa's 'Pink Friday' Sale is a massive success, with a 10x GMV growth from 2018 to 2023. The 2023 event saw a 67% YoY increase in offline sales and a 32% YoY rise in premium category GMV. The sale reached 400 million+ on social media, attracted 50 million unique visitors.

...with brands

FASHION BRANDS

Highlights of the year

3,200+
Fashion brands

650+
International brands

250+
Luxe labels

120+
GenZ brands

350+
Hidden gem brands

14
Owned fashion brands

Recognisable national/international brands we have in our assortment

Forever New	**New Balance**
Vero Moda	**Revolve**
W	**Puma**
Accessorize London	**Aldo**
Guess	**Cover Story**
Under Armour	**Marks & Spencer**
U.S. Polo Assn	

Exclusive, global brands that lend to our unique positioning

Cider	**Revolve**
Lipsy	**Little Mistress**

Our owned brands that help enhance our brand portfolio significantly

RSVP	**Twenty Dresses**
KICA	**NYKD**
Likha	**Gajra Gang**
Azai	**Pipa Bella**
Lola and Mae	**IYKYK**

All brand count as on March 31, 2024

BRANDSCAPE/FASHION BRANDS

Upping the ...

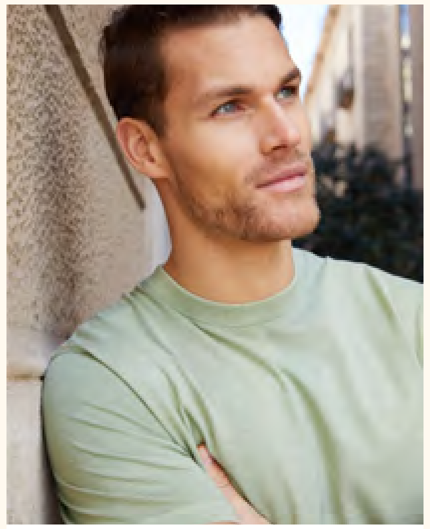
Partnered with Footlocker to launch footlocker.in in India and integrated the entire portfolio on Nykaa Fashion's website

We launched a total of 779 brands mostly in the online, emerging hidden gems and luxe brand portfolios

Introduced 150+ luxe brands from leading designers across India, including Rohit Bal, ITRH, Drzya by Ridhiiee Suri, Devnaagri, Jatin Malik, Kamaali Pret, and Siddharth Bansal

Strengthened the hidden gems portfolio with over 100 new brand additions, including Chokri Chorri, Mero Studio, Saaya The label, NOIB, Keva, Tatwa, The Yellow Gypsy, RadhaRaman, Mahee Jaipur and Ordinaree

Some key online brands onboarded – Gayraa, Mini Wesst, Quiz Clothing, Urban Space, House of Chikankari, Virgio and Miakee



International brands, JW PEI and threadbare launched on Global Store

At Nykaa Fashion, we distinguish ourselves with a commitment to premium, curated, and uniquely differentiated offerings. Our strategic emphasis enhances these qualities, ensuring a compelling market presence.

Private Label Collaborations
Launched exclusive collections through private label collaborations of RSVP with Nikita Mhaisalker and Gajra Gang with Rishi and Vibhuti

Launched Lola and Mae, a lingerie brand targeted at GenZ consumers

Launched a GenZ store featuring over 100+ brands

Scaled Mixt and IYKYK, new-age GenZ brands for westernwear and accessories

Focus on the premium segment

Increased focus on premium women customers through a curated assortment of brands and targeted acquisition strategies enables Nykaa Fashion to achieve a stronger Average order value of 2x compared to industry average.

Our seasonal collection First in Fashion drives growth

Nykaa Fashion amplified season launches – Spring Summer & Autumn Winter through its 'First In Fashion' positioning on- and off-platform. Sales contribution from new season assortments on Nykaa Fashion is almost double of industry average.

Most noteworthy brands that help drive this positioning include Puma, Forever New, Cider, Gayraa, Fashor, Twenty Dresses, RSVP, Biba, Vero Moda, Skechers to name a few.

... style quotient

MD AND CEO'S COMMENTARY

Being bold and being good

Dear Shareholders,

Your company delivered a strong and robust performance in Financial Year 2023-24. We remained focused on our long-term objectives across growth, customer acquisition and profitability, delivering operational excellence in our core businesses of beauty and fashion. We also invested in key drivers of our businesses including innovation, technology, consumer delight, and newer distribution channels including the launch of Nysaa in GCC.

Your company has witnessed a consolidated Revenue from Operations of ₹63,856 million, a growth of 24%, over the previous year. The company achieved an EBITDA of ₹3,462 million, a growth of 35% over the previous year, and an EBITDA margin of 5.4%. Nykaa continues to prioritise balance between growth and profitability while continuing to invest for the future.

Nykaa's business today operates across categories, platforms, distribution channels and brands. We are now defining our business broadly through two verticals – Beauty & Fashion. The beauty vertical consists of our beauty ecommerce platform, our physical retail stores, our beauty owned brands as well as our eB2B business, called Superstore. The Fashion vertical majorly comprises of our fashion ecommerce platform as well as our fashion owned brands, distributed through our own as well as third-party channels. Today, the Beauty vertical makes up about 73% of our GMV, while Fashion contributes 27% to our GMV. The beauty vertical is expected to continue to be the predominant share of the consolidated revenues over the next 5 years.

Our Beauty business crossed the $1 Billion GMV milestone in the year and it emphasises how over the last decade or so, we have witnessed significant shifts in consumption and customer behaviour towards beauty.

In FY 2024, we achieved a consolidated Revenue from Operations of ₹63,856 million, a growth of 24%, over the previous year.

Falguni Nayar

Executive Chairperson, Managing Director & CEO

Lifestyle changes, demographic shifts, increased incomes – combined with significantly improved access, awareness and experiences – driven by companies like Nykaa, have led to rapid evolution in the industry. Even then, today, the current per capita consumption of beauty and personal care in the country remains low and presents an immense opportunity as we look ahead. India's BPC story today resembles where China was in 2007 – about 15 years ago. China's BPC market today gives a glimpse into our future. Today India's BPC market size is around $20 Billion, with its ecommerce penetration in the late teens. By 2037, the BPC market in India is expected to reach $90 Billion, with $40 Billion of that market expected to be driven by digital, representing a 45% ecommerce penetration. The other key trend is the continuation of the premiumisation story, where today the share of premium BPC is only 5% in India as compared to 38% in China. These shifts are apparent through the interest and focus of global beauty companies in the Indian market – our country is increasingly being seen as the next big lever for global growth. As companies roll out their ambitions for India, Nykaa is poised to serve as the partner of choice having developed deep expertise in beauty retail, brand building as well as keen localisation capabilities. In the past year, many brands trusted Nykaa as their partner of choice in India, such as Fenty Beauty, Charlotte Tilbury, e.l.f. Cosmetics, CeraVe, Urban Decay, Redken, ColourPop, and Florence by Mills, to name a few.

With over 30% market share, Nykaa represents India's largest omnichannel beauty destination. With 11.7 million annual unique transacting customers placing 41.7 million orders, our GMV grew an impressive 25% YoY and stood at 2.5x of the GMV from three years ago.

Our beauty physical store network expanded to 187 stores across 68 cities, making us the largest speciality beauty retailer in the country. We also launched a new flagship luxury format to build destination stores for immersive beauty experiences. The first of its kind was launched in Mumbai and we will see many such stores open as well. We aim to double our store network with the next 2-3 years.

Our endeavours to drive awareness and education through content and experiences continued through the year. Our content IPs collectively drive billions of impressions across owned properties, on-platform and off-platform activations, social media, our influencer affiliate program, partnerships, events and more. We focused on routine building driving 'stepification of beauty' in makeup, skin and hair categories, drove physical experiences through masterclasses and beauty bars, and provided over 1 million makeovers and skincare consultations. We launched India's first ever beauty festival, Nykaaland, hosted over two days, which witnessed over 15,000 beauty enthusiasts enjoy brand booths, masterclasses, interactive games, and experiences.

The year also witnessed Superstore By Nykaa, our eB2B platform, continue to scale, achieving a GMV scale of close to ₹6,000 million and serving approximately 200,000 transacting retailers across 1.2 million orders annually from all over the country. This demand is difficult to fulfil through the traditional distribution networks and this is where we are able to play a critical role for retailers. With Superstore, we have been able to truly serve underserved retailers with a wide range of brands – 86% of our sales in FY24 have come from tier 2+ locations. The business also witnessed significant improvements in its unit economics – with a contribution margin improvement of over 900 bps in FY24 vs. FY23, owing to higher gross margins, improved fulfilment costs led by economies of scale as well as a concerted regionalisation strategy, and reduced sales and distribution costs owing to improved sales team productivity. This translates to a ~2200 bps improvement in the business' EBITDA margin in FY24 vs. FY23. Our ambition is to continue to grow this business in a sustainable manner - with a focus on growth as well as profitability.

I'm excited to share that FY24 witnessed the launch of Nysaa – expanding our multibrand omnichannel beauty retail operations into the GCC. The GCC presents a great opportunity with a $30 Billion BPC market and one of the highest per capita BPC consumption in the world. Nysaa is a joint venture between Nykaa and Apparel Group, a collaboration of Nykaa's strength in Beauty and Apparel Group's leadership in retail in the GCC market.

MD AND CEO'S COMMENTARY

Nysaa today retails over 50 brands in stores and over 170 brands online, including Kylie Cosmetics, Augustinus Bader, Dr. Barbara Strum and more. The ecommerce platform went live in January and the first store was launched in March of this year, and we aim to roll out 70 stores over the next 5 years.

We began our fashion journey in 2019 and Nykaa Fashion today holds approximately 20% of the Women's premium online fashion market, growing at a CAGR of 50% over FY21-24, and having served over 6 million customers. Our focus this year remained on building a unique, high quality and premium assortment and developing strong discovery and shopping journeys as well as delight for our consumers. As we continue to scale, we have witnessed significant improvements in our business unit economics with an EBITDA margin expansion of 640 bps in FY24 vs. FY23. The strength of our platform has allowed us to collaborate with Footlocker, one of the most popular multi-brand sportswear retailers, to bring the latest styles from some of the biggest brands like Nike, Adidas, Puma, New Balance, Asics and more through this partnership. Nykaa Fashion will not only be the exclusive e-commerce partner for Footlocker but will also launch Footlocker's own website in India, both launching later this year. Our successful partnership with Revolve continues to find customer love through a robust B2B2C platform delivering seamless shopping experiences across over 650 brands.

Our owned brands portfolio across beauty and fashion today represents a wide range of unique brands across categories and customer propositions, and aim at solving real customer problems. Dot & Key, a skincare brand we acquired in 2021, has seen breakout growth over the last two years with annualised GMV run rate of over ₹7,000 million (Basis Mar'24 exit). At the same time, Kay Beauty, India's first celebrity beauty brand with Katrina Kaif, has seen significant growth in the year. On the fashion side, Nykd By Nykaa, our lingerie and athleisure brand, continues to find customer love with its unique customer-first approach to the category, combining comfort with technology.

Both Kay Beauty and Nykd By Nykaa have an annualised GMV run rate of over ₹1,500 million (basis Q4FY24). Beyond these, Nykaa is nurturing many young brands across categories which are witnessing increasing scale and customer love.

Our investments in physical as well as digital infrastructure continue to drive positive outcomes for our beauty and fashion platforms. Right from improved discovery through personalisation, an increasingly sophisticated ad platform, increased availability through tech led supply chain planning, all the way to improved customer conversions, technology developments have aided our business outcomes significantly. At the same time, we have grown our warehouse network over the last 3 years by going closer to the consumer, to be able to drive speed and efficiency, aided by intelligent warehouse management technology. We are working towards making further strides towards delivery timelines by leveraging our supply chain network and technology to drive customer delight.

We remain committed as an organisation to serve and care for all our stakeholders - our consumers, communities we operate in and engage with, larger society, and the planet. Our regionalisation strategy has reduced not just order timelines, but also the per-order carbon footprint significantly. Our bold 10x10 plastic reduction initiative continues to find success through innovative means of combining packages from a single order, changing materials used as well as quantity of packaging materials per order. In the Superstore business, we re-use packaging materials we receive from brands to further fulfil orders to retailers. **Our owned brands are champions of the value 'Be Bold and Be Good' — ensuring the products, practices and processes are good for the planet.** Their focus on societal good is demonstrated through a strong message of inclusivity, not just in our messaging — we aim to serve all consumers and our products in beauty as well as fashion cater to everyone. Finally, we drive our mission towards inclusivity by being an equal opportunity employer and believe the diversity of our people is a key strength of our organisational effectiveness.

> As we look into the future, I am excited about what Nykaa can achieve and be for its consumers.

As an agile organisation constantly at the forefront of invention as well as a constant journey of improvement, I believe our people drive everything we do and we remain steadfast to our values as guiding principles for every action we take and every business decision we make.

Finally, as we look into the future, I am excited about what Nykaa can achieve and be for its consumers. We deeply value our shareholders' faith in us and are committed to the highest standards of governance and performance. With all the opportunities and developments across our businesses, I am confident of our ability to create lasting and sustainable value. I would like to thank you, our shareholders, our customers, our brand partners, and all the stakeholders in our ecosystem for your trust in Nykaa as well as your belief in our vision for the future.

FORGING DEEPER CONNECTIONS WITH CUSTOMERS

Getting up close and personal

At Nykaa, we stay ahead of the competition by continuously innovating and adopting cutting-edge technologies. By consistently prioritising customer satisfaction and staying attuned to market trends, we continue to remain a leader in the beauty and fashion industry.

80+
Global and local brands

15,000+
Attendees

12
Masterclasses attended by

5,000
Participants

Enhancing customer experience

At Nykaa, we stand out in the beauty and wellness industry because of our exceptional customer engagement across multiple channels. Offering personalised consultations and makeovers, through the Nykaa Beauty Bar, we ensure that each customer receives tailored advice and services that cater to their individual needs. Additionally, we host engaging events such as the First in Fashion Festival, Global Store Fiesta, and the Nykaa Femina Beauty Awards, that facilitate meaningful connections between customers, industry experts and brands. These events not only enhance customer experience but also provide valuable insights and trends.
By creating immersive and interactive platforms, we successfully bridge the gap between consumers and the beauty industry, fostering a loyal and informed customer base.

Nykaaland

✦ We created India's first-ever beauty festival, Nykaaland, last year, marking a groundbreaking event designed to accelerate the growth of the beauty market. This innovative and first-of-its-kind event facilitated customer engagement through multiple channels and received an overwhelming response from both brands and customers. The festival featured renowned celebrity makeup artists such as Mario Dedivanovic, who visited India for the first time, along with Baltasar Gonzalez Pinel, Daniel Bauer, and Namrata Soni. The event was graced by celebrities like Katrina Kaif, Janhvi Kapoor, Masaba, Kriti Sanon, Jim Sarbh, and Nushrratt Bharuccha, alongside over 800 influencers and key opinion leaders (KOL's). Nykaaland achieved significant online reach post-event, further amplifying its impact and setting new standards in the beauty industry.

Omnichannel approach

By seamlessly integrating our retail stores and online platform, we bring global brands within consumers' reach, offering a diverse range of international and local beauty and fashion products. Our retail outlets provide a tactile experience and personalised consultations and makeovers, while our online platform offers detailed product information and reviews, ensuring an informed shopping experience. This dual approach enhances accessibility while also forging a deeper connection with our customers, allowing them to engage with Nykaa in a way that best suits their lifestyles.

187
Retail stores in India across 68 cities

8%+
Sales through Nykaa physical stores

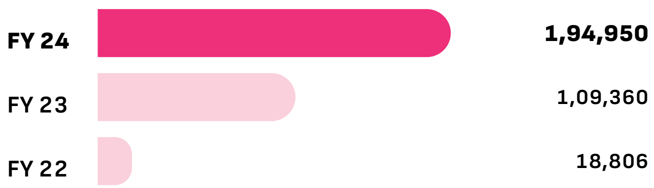
85+
Premium brands

Nykaa Superstore

The Nykaa Superstore is a B2B e-commerce platform that creates a distribution network designed to fix the inefficiencies of traditional distribution by focusing on underserved retailers, brands, and regions.
Sellers who join the Superstore benefit from access to a large customer base, which boosts their brand visibility and sales potential. The platform's Distribution-In-A-Box model facilitates smooth inventory management, sales tracking, and customer engagement. This distinctive approach not only enhances B2B relationships but also helps both established FMCG and emerging brands expand their reach and unlock new opportunities, while supporting retailers with improved availability, depth and width of assortment, and equitable scheme distributions.

Transacting retailers

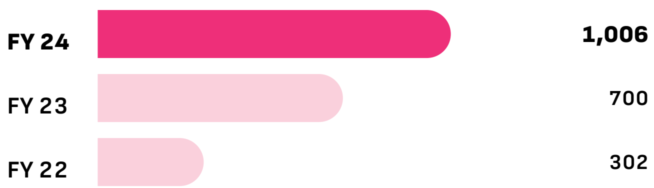
1,94,950



79% YoY growth

Cities

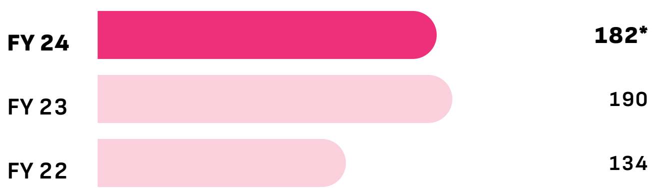
1,006



44% YoY growth

Brands listed

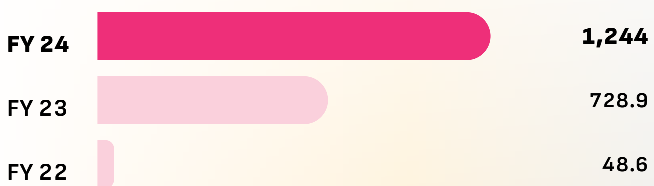
182*



*Decline in number of brands due to portfolio rationalisation based on channel and performance fit

Orders ('000)

1,244



71% YoY growth

FORGING DEEPER CONNECTIONS WITH CUSTOMERS

Strategic expansion and outreach

Our growth strategy is fuelled by our desire to provide the finest in beauty, wellness, and fashion. To achieve this, we have consistently expanded our reach and diversified our product range. We strive to establish ourselves as the preferred partners of international brands. Additionally, we are growing our own house of brands and exploring avenues to expand our global footprint.

New brands introduced

Beauty

555 brands
FY 2024

691 brands
FY 2023

Fashion

400+ brands
FY 2024

1,300+ brands
FY 2023

Integrated marketing

Our integrated marketing approach distinguishes us, as showcased by Nykaa TV, the Nykaa Affiliate Programme, and the Nykaa Network. By thoughtfully blending content, community and commerce, we offer a holistic and personalised experience. These unified platforms deliver engaging and informative content, building connections within a like-minded community, and driving demand for our various products.

- **Nykaa C.S.M.S** – Launched a 4-step skin routine tailored for Indian skin, which we developed in partnership with dermatologists
- **Healthy Hair Habits by Nykaa -** Influencers share their holy grail hair heroes, sworn-by hacks, and the beauty secrets they have been gatekeeping all this while, with customers
- **Nykaa TV** captivates beauty enthusiasts with immersive content, engaging them before they make a purchase
- **The Nykaa Affiliate Programme** harnesses the power of influencers to build a community of trusted advisors
- The **Nykaa Network** promotes interactive discussions around beauty topics
- **LBB** elevates brand discovery and content delivery, providing a curated product selection and a unique shopping experience, which reinforces Nykaa's leadership in the industry.

MESSAGE FROM THE CFO

Delivering growth with strong focus on profitability

P Ganesh Chief Financial Officer

Dear Shareholders,

We are pleased to highlight that financial year 2024 was yet another year, where we were able to deliver strong financial performance. The financial year gone by had its own challenges like continuing inflationary pressures which have impacted consumer demand for discretionary categories. Despite the challenges, we delivered a sustainable and profitable growth through our focus on serving the right customers, investment in category building and content awareness and improving the assortment of offerings by bringing best brands from across the world. Toward the end of the year, we accelerated our focus on customer acquisition through strong campaigns to uplift the lifestyle purchase journey of our customers. Our focus on customer acquisition will remain strong as we currently serve a little more than 1/3rd of the total Beauty & Personal Care (BPC) customer base in India, providing us the opportunity to penetrate further in this evolving and aspirational category.

Our Consolidated GMV grew by 28% YoY, to reach ₹124 billion in FY2024, led by ahead of industry growth in both BPC and Fashion business verticals. Our investment focus in ramping up our infrastructure and employee strength across businesses in the previous financial year helped in driving benefit in operating costs in FY2024. In FY2023, we invested heavily in scaling up our fulfilment capabilities by expanding our warehousing capacity by 78%. This enables us to get closer to the customer, thereby improving customer experience by reducing delivery timeline and providing cost efficiencies due to reduced air shipments. This regionalised fulfilment strategy helped us reduce our fulfilment expenses significantly from 10.9% of revenue in FY2023 to 9.5% in FY2024. Our ahead of the curve investment in employees also delivered scale efficiencies in FY2024, leading to improvement from 9.6% of revenue in FY2023 to 8.8% in FY2024.

With a strong focus on driving efficiencies in our operating expenses, we delivered an EBITDA of ₹3,462 million in FY2024, which is a 35% YoY growth, growing ahead of our revenue. Our Profit after tax (PAT) improved 90% YoY, reaching ₹397 million in FY2024, despite the high depreciation impact due to our peak capex investment in FY2023.

Post Covid, in FY2023 we ramped up our infrastructure on warehousing, offices and stores. **During FY2024, we continued to invest in physical store expansion as well on strengthening our technology capabilities, with the peak investment largely behind us.** Our capex in FY2024 was down by 49% YoY at ₹1,150 million vs ₹2,235 million in FY2023. Accordingly, over the next couple of years, the depreciation impact can be expected to normalise.

We achieved strong growth across all our verticals.

Our Beauty vertical achieved an industry leading growth in FY2024 growing 25% YoY, to cross the $1 billion GMV milestone. Through operating leverage, Beauty vertical maintained a healthy contribution margin of 25.5% (as % to NSV) in FY2024. We also strengthened its omnichannel presence with our physical store count of 187 across 68 cities in the country making us the largest specialised beauty offline retailer in India.

In an environment where fashion industry growth was subdued, our Fashion vertical was able to deliver strong growth, led by our position as the premium women's fashion destination. Fashion GMV grew by 27% YoY, to reach ₹32,699 million in FY2024.

The Fashion business is showing consistent improvement in profitability reflecting the strength of our platform and quality of our customers. Contribution margin as a % to NSV for Nykaa Fashion improved to 4.9% in FY2024 vs 2.2% in FY2023. This was supported by strong leverage from fulfilment and marketing expenses.

Nykaa distribution business - Superstore by Nykaa has now well established its unique position of being India's only specialised beauty B2B platform. Superstore witnessed strong GMV growth of 84% YoY to reach ₹5,973 million in FY2024. The distribution business has achieved scale with improving profitability as contribution margin (as a % to NSV) improved 919 bps YoY, from -27.4% in FY2023 to -18.2% in FY2024. This was supported by better unit economics resulting from optimisation of fulfilment and selling & distribution expenses.

During FY2024, we successfully launched our omnichannel beauty platform – "Nysaa" in the GCC region. We launched our ecommerce platform, Nysaa.com along with our first Nysaa store at City Centre Mirdif, Dubai. GCC has the highest BPC per capita spend of $500+ and offers Nysaa an opportunity to replicate Nykaa's successful omnichannel model.

In FY2024, we undertook a few restructuring initiatives towards bringing operational synergies by streamlining business operations across entities –

- We successfully completed consolidation of the Athleisure and Lingerie business of Nykaa Fashion Limited into FSN E-commerce Ventures Limited. This will help consolidate and streamline owned brand business in a single entity, similar to beauty owned brands business which is already housed within FSN E-commerce Ventures Limited.
- We have also received Board approval for consolidating Iluminar Media Limited (LBB) with Nykaa Fashion Limited. The proposed merger will drive synergies in technology infrastructure, collaboration with brand partners as well as content creation/marketing for all our businesses. The scheme is subject to necessary regulatory and stakeholder approval.
- The Board has approved demerger of eB2B business "Superstore by Nykaa" from FSN Distribution Limited to Nykaa E-Retail Ltd. This will help consolidate our online beauty business. The proposed demerger will drive synergies in two businesses which have common physical and technology infrastructure, and brand partners as well as engage in the retail/distribution of common products. The scheme is subject to necessary regulatory and stakeholder approval.
- Our constant endeavour to drive sustainable and profitable growth embodies Nykaa's values. Our unwavering focus on operational efficiency, innovation, and customer-centricity has been instrumental in maintaining our competitive edge. I extend my best wishes to everyone as Nykaa remains committed to delivering value to our stakeholders.

MESSAGE FROM THE CFO

Revenue from operations (₹ Mn)

63,856 ▲24% △38%

FY 24	**63,856**
FY 23	51,438
FY 22	37,739
FY 21	24,409

Gross profit (₹ Mn)
Gross profit margin (%)

27,392 ▲20% △42%

FY 24	42.9	**27,392**
FY 23	44.3	22,781
FY 22	43.6	16,439
FY 21	39.0	9,483

Profit before tax (₹ Mn)
Profit before tax margin (%)

690 ▲80%

FY 24	1.1	**690**
FY 23	0.7	384
FY 22	1.3	473
FY 21	2.7	661

EBITDA (₹ Mn)
EBITDA margin (%)

3,462 ▲35% △30%

FY 24	5.4	**3,462**
FY 23	5.0	2,560
FY 22	4.3	1,633
FY 21	6.4	1,567

Profit after tax (₹ Mn)
Profit after tax margin (%)

397 ▲90%

FY 24	0.6	**397**
FY 23	0.4	210
FY 22	1.1	413
FY 21	2.5	616

Cash flow from operations before working capital changes (₹ Mn)

3,828 ▲35%

FY 24	**3,828**
FY 23	2,839
FY 22	1,831
FY 21	1,856

Cash flow from/(used in) operations (₹ Mn)

3

FY 24	**3**
FY 23	-1,402
FY 22	-3,540
FY 21	1,332

Total orders (Mn)

50.7 ▲20%

FY 24	**50.7**
FY 23	42.2
FY 22	32.1
FY 21	19.5

Key operating expenses
(In % revenue)

	Marketing & Advertisement	Fulfilment	Employee Benefits	Selling and distribution
FY 24	**11.5**	9.5	8.8	2.4
FY 23	11.5	10.9	9.6	2.0
FY 22	12.8	12.7	8.7	1.0
FY 21	6.9	11.0	9.5	0.5

▲ YoY
△ 3-year CAGR
● Marketing & Advertisement
● Fulfilment
● Employee Benefits
● Selling and distribution

REVIEW: BPC

Driving growth in India's BPC industry

Anchit Nayar

Executive Director
FSN E-Commerce Ventures Limited (Nykaa)

Managing Director & CEO
Nykaa E-Retail Limited (100% subsidiary of Nykaa)

Dear Shareholders,

FY 2024 proved to be another exciting year for the Beauty & Personal Care (BPC) industry in India. As a nascent yet rapidly evolving category within the broader consumer discretionary & FMCG space, our belief in its multi-decadal growth potential is stronger than ever before. There are many reasons behind our optimism, but for the sake of brevity, I will highlight three key trends:

Firstly, the Indian average annual per capita spend on BPC of $15 is considerably lower than comparable markets such as Vietnam, Indonesia, Brazil, and Russia where the spend ranges from $30-80 per annum. As India's GDP per capita continues to increase towards $5,500 over the next 5-7 years, the per capita BPC is expected to increase to around $50, as per consensus. This presents a significant opportunity for us at Nykaa. As the leading specialty BPC retail platform in India, which has been instrumental in developing the BPC industry over the past decade, we are well positioned to continue our pivotal role in the ecosystem and benefit from the years of growth ahead.

Secondly, historically, China has been a growth driver for most global beauty companies. With China's recovery from the pandemic taking longer than expected, and future growth in categories such as beauty has slowed and proved unpredictable, India has emerged as the focus market for most global players to drive their next decade of growth. Many global brands are finding a partner in Nykaa to help them understand and participate in the India opportunity.

Why Nykaa? Beyond our commitment to being a trusted advisor with brand building at the centre of what we do on behalf of our brand partners, it is the scale and quality of the platform **we have built: 25 million+ customers, life till date, visiting the platform on average 50 times a year, totaling over 1.1 billion+ visits, spending ~$80 per annum on average; 187 brick and mortar stores across 68 cities;** servicing customers across 19,000 pin codes in India; about 17 million followers across our social media channels; 44 warehouses across 16 cities, spanning 1.5 million+ sq. ft.; world class technology; and most importantly, the consumer trust, making Nykaa the obvious partner for brands to realise their ambitions in India. This is evidenced by the marquee brands that launched on Nykaa in India in the past year, such as CeraVe, Redken, Urban Decay, ColourPop, Uriage, Florence by Mills, and Fenty Beauty by Rihanna, to name a few.

Thirdly, India was historically a personal care market, with beauty being considerably smaller in size. As India develops, the number of middle to high-income households increases, and women participation in the workforce grows. This will accelerate the shift from personal care to beauty. Currently 65%+ of the total BPC market is personal care, whereas in markets such as China, that ratio is the inverse. We are already seeing this trend begin to play out in India. Over the next 10-15 years, the beauty categories of colour cosmetics, skincare, and fragrance are set to grow 15-20% CAGR, versus mid-single digit growth for personal care categories.

Today, consumer preferences are changing rapidly, and becoming more nuanced as awareness grows. Sophisticated categories like night serums, sun protection factor ('SPF'), hair growth serums, blushes, and concealers are among the faster growing sub-categories, as Indians discover the sheer depth and breadth of beauty. This serves as a tailwind for a specialty vertically focused platform like Nykaa, which is synonymous with beauty in the minds of Indian consumers.

With this background, Nykaa has built a well-rounded presence in the Indian BPC space to address the entire $34 billion (2028)* total addressable market and capitalise on the opportunity by being a category creator and market builder and, not just a beauty retailer:

- India's largest online BPC player with 30%+ market share, 3,600+ brands and presence across traditional and emerging product categories
- India's most prominent brick & mortar beauty specialty retailer with 187 stores in 68 cities covering 1.7 lac sq. ft.
- India's largest beauty brand importer and distributor with 39 brands under the Nykaa Global Store and counting
- Brand builder and incubator for 13 BPC brands of which one is approximately ₹6 billion brand and one other is approximately ₹3 billion+ brand
- Beauty distributor to approximately 2 lac retailers across 1,000+ cities in India through the eB2B platform called Superstore
- India's specialised beauty vertical digital ad platform offering multiple ad formats
- India's #1 category creator and trend setter with about 17 million social media followers and counting

In FY 2024, Nykaa beauty multi-brand retail achieved the important milestone of crossing $1 billion (₹8,341 Cr) in Gross Merchandise Value (GMV) with 11.7 million annual unique transacting customers placing 41.7 million orders. Our GMV grew an impressive 25% YoY and stood at 2.5x of the GMV from three years ago, and our ambition is to maintain the growth momentum in the mid-late 20s% in the next 3-4 years. Our Annual unique transacting customers more than doubled over three years and were approximately 47% of Nykaa's BPC lifetime customer base, indicating a highly engaged and participating customer base.

**Redseer estimates for CY 2028*

This is further substantiated by the 1.1 billion+ visits we witnessed on our platform, which represented a YoY growth of 18% and a 3-year CAGR of 20%. Our orders grew 20% YoY, being a 3-year CAGR of 35%.

In the present Indian e-commerce space, largely driven by heavy discounting and deal hunting, a major differentiator for Nykaa is our unique art of retailing, which has held us in good stead and will continue to do so for years to come. Our art of retailing, combined with our rapidly increasing, highly engaged and loyal customer base, creates a virtuous flywheel contributing to a sustainable and healthy growth momentum for Nykaa. This flywheel instills and bolsters confidence in leading global brands to choose Nykaa as their preferred partner for establishing their presence in the Indian market. Through its Global Store, Nykaa acts as a brand custodian for international brands by providing 360° services, right from registration & logistics, market entry strategy, localisation & brand building, warehousing and operations, distribution channels, post-order servicing and retention, and many more services. Nykaa Global Store has grown to 39 brands, which is five times the number from FY 2021, and our ambition is to have 80-100 international brands in our Global Store by FY 2028.

For us at Nykaa, the customer comes first, and customer delight is of the highest importance. One of the many initiatives through which we endeavour to achieve customer delight is by ensuring faster deliveries with the lowest possible split shipments in the past three years. We have made significant investments in our supply chain and operations to deliver best-in-class service across India. We currently have 44 warehouses, adding 26 warehouses in the past three years. This has led to an 18% reduction in our Order to Delivery (O2D) timelines and a 24% reduction in split shipments in the past three years as well as a 19% reduction in fulfilment costs per order in the past year, which is a testament to our increased efficiencies at scale.

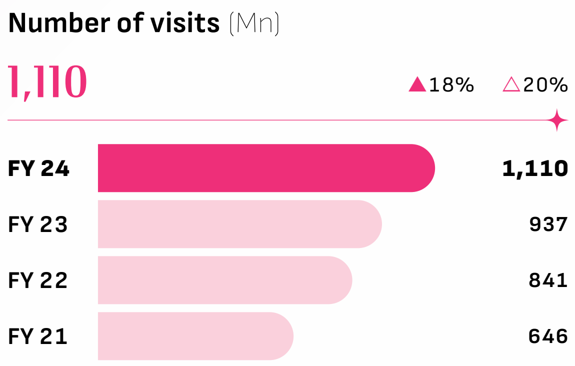
Our physical retail plays a critical role in holistically enhancing the omnichannel customer experience. Omnichannel is one of the major levers to ensure as well as enhance our overall customer delight. We have the largest network of 187 beauty specialist stores in 68 cities across India, across four formats — Luxe, Flagship, On Trend and Kiosk, and our ambition is to more than double this to 400+ stores by FY 2028. We leverage our granular online data to decide on the location for new stores and their brand mix.

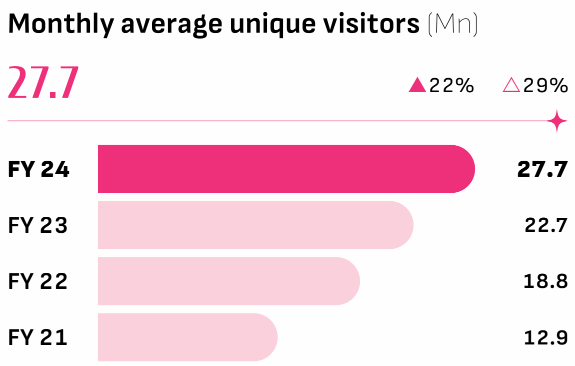
REVIEW: BPC

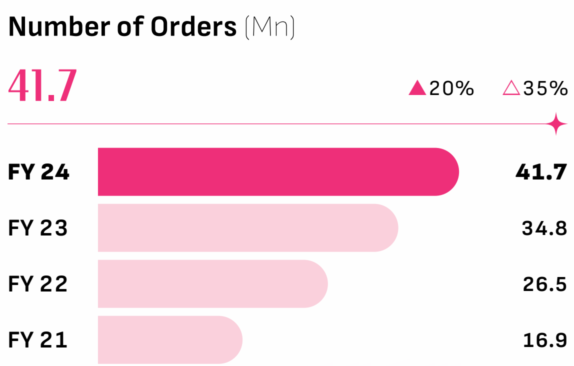
The retail GMV stood at approximately ₹690 Cr in FY 2024, enjoying a 3-year CAGR of 50%+, and we aim to ensure that retail contributes to a substantial 8-10% of our omnichannel GMV in the years to come. A significant proportion (30-40%) of our premium BPC business is driven by our physical retail stores, which offer a highly curated assortment of 80 — 100 brands and the services of our highly skilled and knowledgeable beauty advisors. To educate our customers on the latest beauty trends, we conducted more than 50 beauty master classes and 14 beauty bar events in cities like Bhopal, Gangtok, Jammu, Surat, Thiruvananthapuram, garnering approximately 65 million digital impressions. Last year, we took multiple initiatives for a seamless online-to-offline experience, such as hyperlocal delivery for quick fulfillment of online orders from our retail stores, launching the skin analyser tool at select luxe doors, and facilitating more than a million makeovers and skincare consultations, among various other initiatives. Our omnichannel customers are the biggest growth drivers for Nykaa, considering their Annual Consumption Value (ACV) is 4-5 times of customers who shop only on one channel, and they are 3-5 times more frequent purchasers than single-channel customers.

At Nykaa, we create thousands of pieces of insightful social media content for our about 17 million to inform them about our brand partners' multitudes of offerings and educate them on beauty trends and routines. Starting from June 2023, we spearheaded what we call the 'Stepification of Beauty' by creating simple but effective routines for skincare, haircare and makeup, which expanded the category width by making viewers aware of certain nuanced products, thereby expanding the market through demand generation. We also hosted India's biggest beauty festival, 'Nykaaland', in November 2023, which was a first-of-its-kind, innovative event and received a thunderous response.

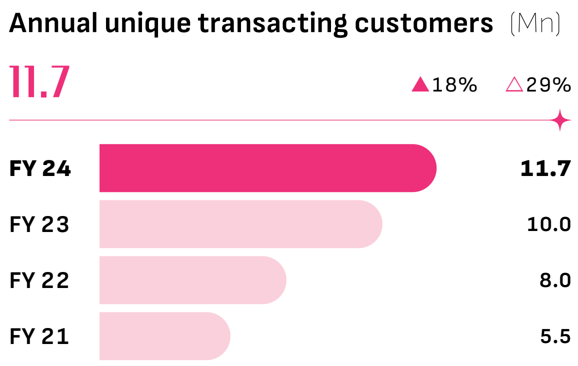
Above all else, we believe in the ability of beauty to empower the lives of hundreds of millions of women across our country, and it is this belief that keeps us steadfast in our mission to democratise beauty. It has been a little over a decade since we took on the challenge of building this category from the ground up. We have a long way to go, and our commitment is to continue investing in this incredibly unique opportunity for the benefit of all the stakeholders in the ecosystem.

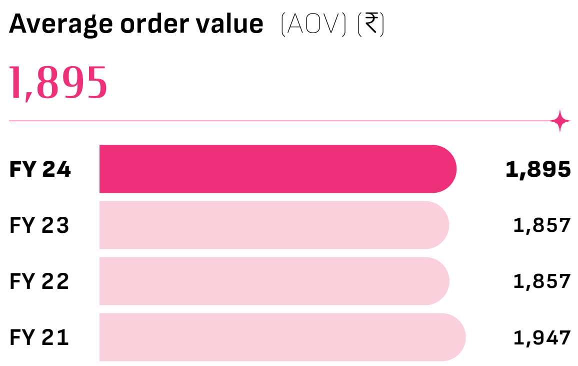


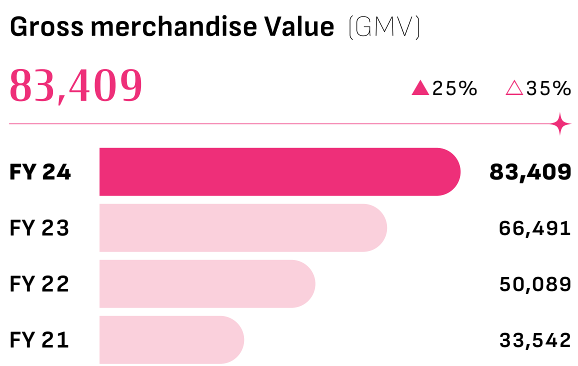




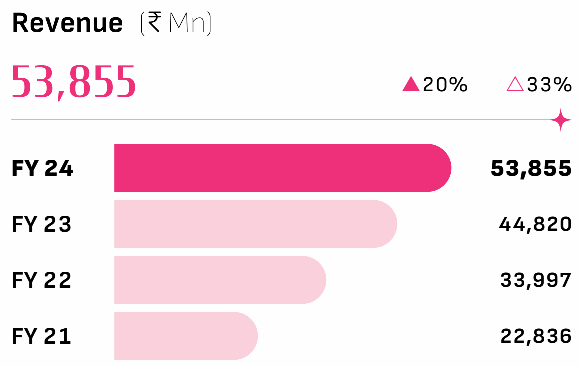
▲ YoY △ 3-year CAGR







▲ YoY △ 3-year CAGR



Building long-term relationships with brands

Unilever CEO — Hein Schumacher visit — Jan 2024

ELC CEO — Fabrizio Freda visit — Oct 2023

REVIEW: FASHION

Staying stylish and profitable

Adwaita Nayar

Executive Director
FSN E-Commerce Ventures Limited (Nykaa)

Managing Director & CEO
Nykaa Fashion Limited (100% subsidiary of Nykaa)

Dear Shareholders,

As I reflect on the year gone by, it's not just the great growth trajectory of different business groups that excites me but also the fact that each business is being shaped to deliver more value to all our stakeholders.

Our Fashion vertical has been built with focus on deep differentiation and customer obsession from day one. We identified a gap for a premium, curated fashion offering - and have remained steadfast in our focus on delivering on this particular proposition for the Indian consumer. Our focus this year remained adding unique, high quality and premium product assortment and developing strong on-site discovery for our customers.

Looking at the fashion consumption in India, we're still at the lower end of the spectrum with per capita consumption being at just USD 54 which is expected to grow to USD 160 by the year 2030, signifying that there's accelerated growth expected in the coming years. Despite the low per capita consumption in the country, the average spend per customer on our platform is about USD 130 and is likely to go up to ~USD 200 by 2030, indicating our premium positioning within the ecosystem. For a young entrant into the industry, it is no mean feat to create such a niche early on. While loosening our criteria on onboarding - either by going lower on price point or quality - is a choice that always presents itself, we remain focused on not diluting our positioning at this time. We are convinced that staying steady and differentiated in the customers mind has paid off this year and will continue to yield sustainable growth in the future too.

The business has grown 27% YoY, ahead of the fashion industry average, achieving a GMV of ~₹32,699 million in FY24. We now hold ~20% of the women's online premium fashion market - a market expected to grow 3.5x over the next 6 years. It's been a concerted effort to grow women's categories like Indian wear (28% YoY growth) and western wear (72% YoY growth) which show better customer behaviour and retention trends. Our existing customers contributed to 48% of our top line showing the power of strong cohorts coming through in our early years. It's been a privilege to serve 6 million+ customers that truly lie at the forefront of all our decision making.

Nykaa Fashion has been successful in driving the *"Stay Stylish"* motto through the industry. **We've partnered with 3,200+ brands** to curate styles that inspire our customers. Our Global Store portfolio that boasts of the trendiest brands from across the globe is 650+ brands strong with 31% YoY GMV growth. Tapping into emerging trends is a significant part of our fashion forward positioning and we believe the athleisure and sneaker category is the next big bet for us. While we have already retail around 200 brands in women activewear showing 45% GMV growth YoY, it's one space where we want to fortify our presence. **We're proud to collaborate with Footlocker,** one of the most popular multi-brand sportswear retailers, to bring the latest styles from some of the biggest brands like Nike, Jordan, Adidas, Puma, New Balance, Asics through this partnership. **Nykaa Fashion will not only be the exclusive e-commerce partner for Footlocker but will also launch and manage Footlocker's own website in India**.

Notably, FY24 also saw a step-function change in our unit-economics with efficiencies kicking in across the value chain. Our marketing expenses (as% of NSV) have come down from 28.0% in prior years to 25.4% this year on the back of higher brand awareness, better repeat behaviour as well as improved unique visitor conversion rate from 2.3% in FY23 to 2.9% in FY24. Fulfilment expenses have also been driven down with scale as well as freight optimisation initiatives. Subsequently, **the contribution margin (as% of NSV) has improved from 2.2% in FY23 to 4.9% in FY24**. This gives us the confidence that we will be able to scale our Fashion business sustainably in the coming years and reinforces our belief in our positioning.

While we remain immensely proud of our retail prowess, a key opportunity for the Nykaa group is building our own House of Brands across both beauty and fashion portfolios. With a cumulative customer base in beauty and fashion businesses of 33 million+, distribution spanning across 19,000 pin codes, 200+ retail stores, 44 warehouses and a deep understanding of consumer trends and preferences across categories, Nykaa is well-placed to build a host of brands that garner great consumer love and traction. Indian customers are becoming increasingly more willing to experiment with and embrace niche, homegrown brands catering to their specific needs. The shift comes with the rise in GenZ and Millennial customers which we're experiencing on our own platforms as well. Leveraging our ability to create brands catering to unique propositions for these customer segments can bring meaningful synergies and growth for the group.

The **Beauty owned brands' group's GMV grew by 39% YoY in FY24 to ₹10,954 million** and our **Fashion Owned Brands group grew 25% YoY to ₹4,149 million GMV**. While we have a bouquet of brands across both verticals that span across different subcategories - what unites the strategy is the focus on building high-quality brands that appeal to our existing base, address strong customer propositions and develop real loyalty.

Amongst our portfolio, 3 brands have broken through in terms of size and scale in a short span of time: Dot & Key, Kay Beauty and Nykd.

- On the back of great innovation and consumer connect, D&K has shown a 10x growth in its GMV run rate to achieve an annualised run rate of ~ ₹6 Bn in Q4FY24. The brand has a strong offline presence across our 185+ stores and 800+ points of sale via 3rd party retailers.
- Kay Beauty, India's first celebrity beauty brand launched in FY20 has now scaled to annualised GMV run rate of ₹1.5+ Bn in Q4FY24 and won many laurels year after year for its high-quality products.
- Nykd, our lingerie and athleisure brand, has truly found customer love with its strong positioning on "comfort meets technology". With annualised GMV run rate of ₹1.5+ Bn in Q4FY24, it's not just the #1 lingerie brand on our platform but has also started building a strong offline presence with 13 EBOs and 1,400+ points of sale across 3rd party retailers.

Looking ahead, I remain bullish on the positioning we've taken for both our Fashion and Owned Brands businesses. My teams and I will strive to deliver on another year of strong performance in this ever-dynamic landscape of beauty and fashion!

REVIEW: FASHION

Number of visits (Mn)

572 ▲13% △49%

FY 24	**572**
FY 23	504
FY 22	441
FY 21	172

Number of orders (Mn)

7.0 ▲16% △44%

FY 24	**7.0**
FY 23	6.0
FY 22	5.0
FY 21	2.3

Monthly average unique visitors (Mn)

17.6 ▲2% △45%

FY 24	**17.6**
FY 23	17.3
FY 22	15.3
FY 21	5.8

Annual unique transacting customers (Mn)

3.0 ▲20% △67%

FY 24	**3.0**
FY 23	2.5
FY 22	1.8
FY 21	0.6

Average order value (AOV)(₹)

4,361 ▲10% △17%

FY 24	**4,361**
FY 23	3,973
FY 22	3,400
FY 21	2,739

Revenue (₹ Mn)

5,302 ▲22% △55%

FY 24	**5,302**
FY 23	4,347
FY 22	3,254
FY 21	1,438

Gross merchandise value (GMV)

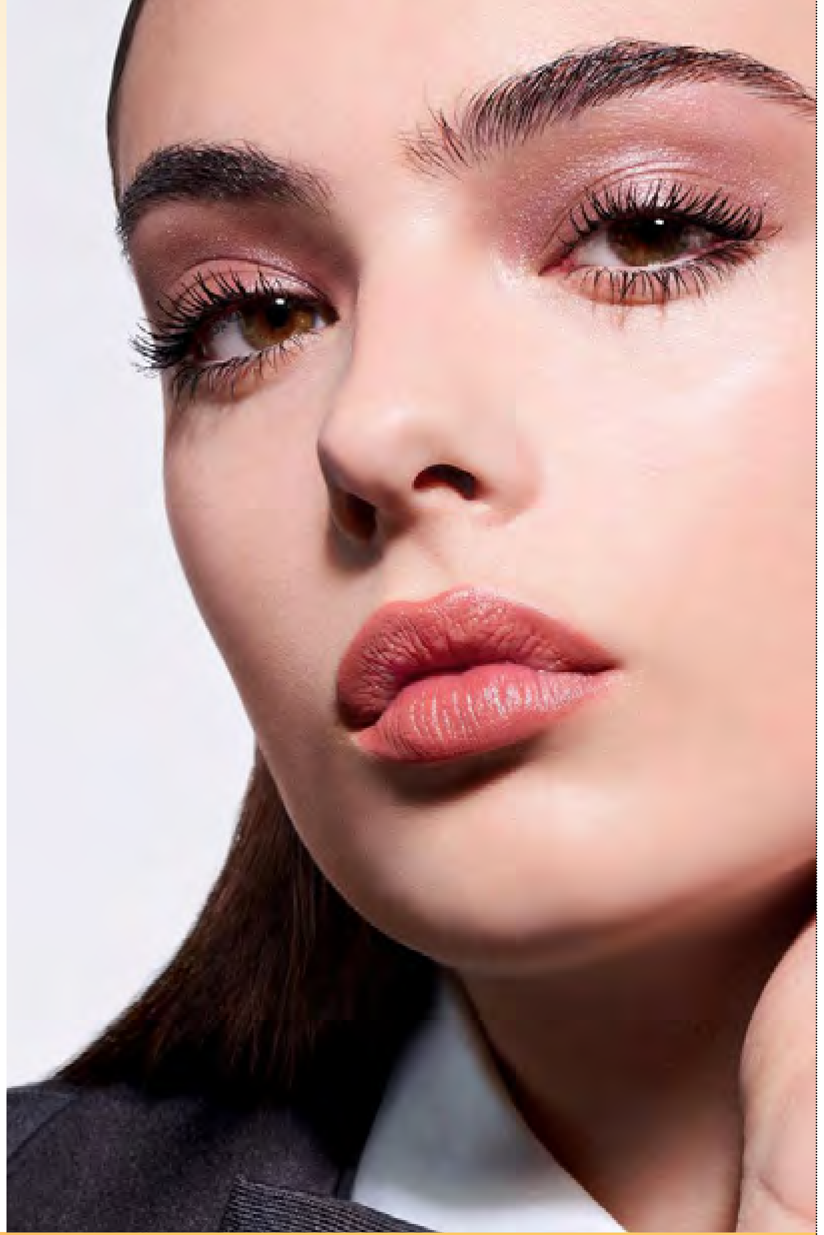
32,699 ▲27% △71%

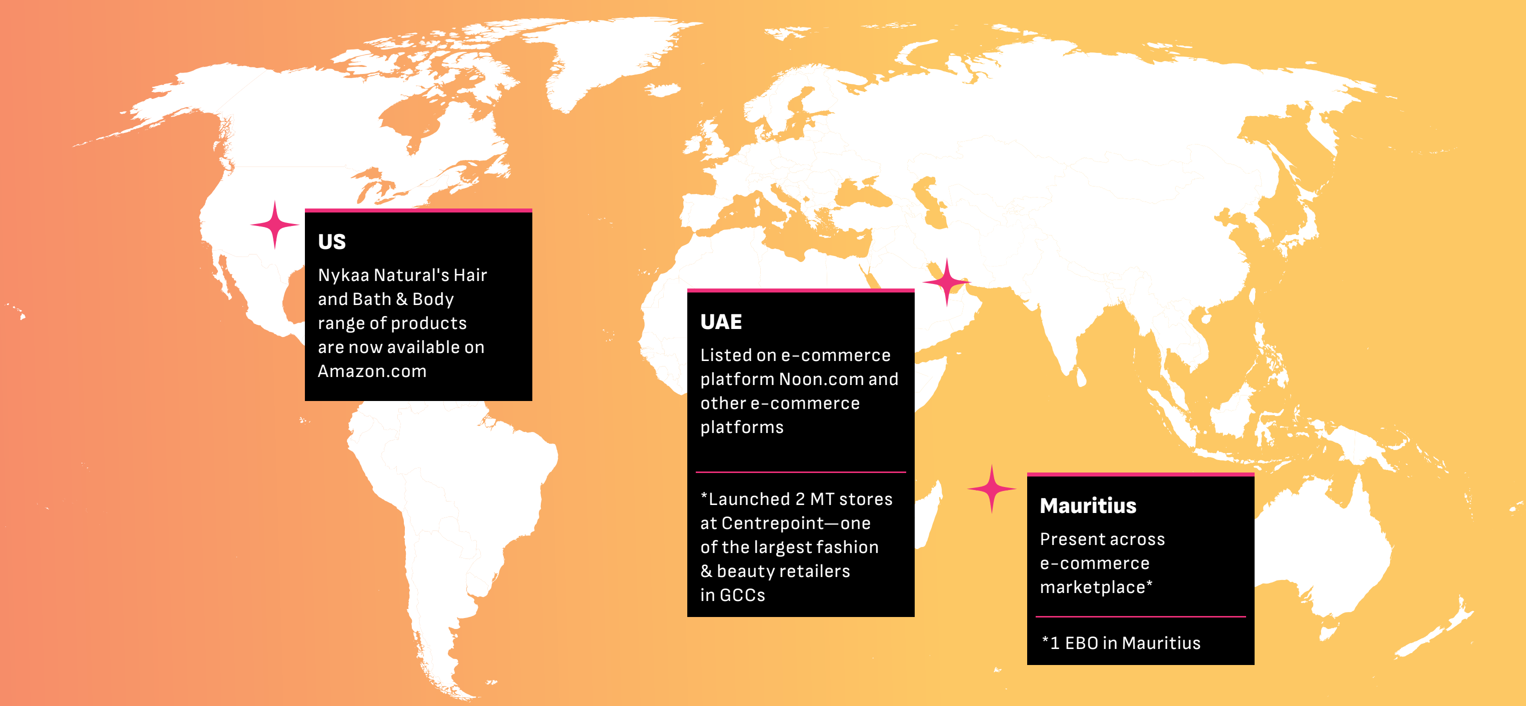
FY 24	**32,699**
FY 23	25,696
FY 22	17,516
FY 21	6,530

EXPANDING PORTFOLIO

Limitless ambitions. Bold pursuits.

At Nykaa, our success lies in seizing new opportunities and expanding our reach to a wider audience. Prioritising convenience, awareness, and personalisation, we aim to become the preferred brand for every facet of our customers' lifestyles. We support the growth of innovative, sustainable, and ethical brands, introduce renowned global brands to the Indian market, and collaborate with strategic partners. Through these efforts, we continually broaden our portfolio to meet our customers' desires.





Beauty and personal care

Expanding globally

Turning a part of our bigger aspirations into reality, we expanded internationally with the recent launch of Nysaa in the GCC (Gulf Cooperation Council) market. The GCC represents a $30 billion BPC market opportunity with a per capita consumption of $500+. Nysaa, launched in January 2024, encompasses e-commerce and physical retail, with its first store in Dubai. Plans include opening five new stores this year and growing to 70 stores within five years.

We are India's premier beauty category creator

We have adeptly addressed the total addressable market (TAM) in beauty and personal care, establishing ourselves as India's premier beauty category creator and market builder. This achievement is largely attributed to our unique omnichannel model. Looking forward, we aim to grow at a mid-to-late 20s CAGR until FY 2028.

Beauty online

We hold over 1/3rd of the online beauty and personal care market in India. Our growth strategy focuses on robust customer acquisition, expanding category breadth and depth, encouraging premium purchasing behaviour and delivering unparalleled in-person experiences.

Nykaa Global Store

Over FY 2021-2024, our Nykaa Global Store has grown fivefold, achieving a 56% CAGR and now featuring 39 global brands.

New brands added in FY 2024

FENTY BEAUTY BY RIHANNA | florence by mills | URBAN DECAY

eB2B distribution

Our Superstore is revolutionising traditional distribution by democratising access for underserved retailers, now reaching approximately 2.0 lakhs transacting retailers retailers across 1,000 cities. In FY 2024, we saw a 71% increase in orders, a contribution margin improvement of over 900 basis points, and an EBITDA margin expansion of around 2,200 basis points.

House of Brands

Our in-house beauty consumer brands have experienced a ~50% CAGR from FY 2021 to FY 2024. The portfolio includes 13 brands across categories such as makeup, skincare, personal care, fragrances, and Ayurveda.

EXPANDING PORTFOLIO

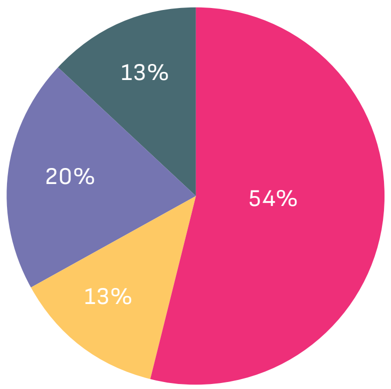
GMV of owned brands (₹ Mn)

10,954 ▲39%

FY 24	13.1%	10,954	13
FY 23	11.9%	7,889	12
FY 22	11.1%	5,578	10

▲ YOY
% Contribution of owned brands to BPC vertical GMV
☐ No. of brands

GMV channel mix (%)



[5]Others primarily includes other online marketplaces

1,650+
Active SKU's

8,000+
Selective doors distribution

215+
MT stores distributions

Nykaa Fashion

Nykaa Fashion has rapidly emerged as one of India's leading fashion platforms, offering more than 3,200 brands and a wide array of premium styles. In FY 2024, we achieved a GMV of ₹32,699 million and expanded our contribution margin by more than 270 basis points. Building on this success, we aim to grow 2.5x to 3x over the next three years and aspire to become EBITDA positive soon.

Portfolio expansion across categories

We introduced 400+ new brands in the FY 2024. This strategic initiative has enriched our product offerings across diverse categories, including bags, activewear, lingerie, Indianwear, Westernwear, and accessories. The addition of 150+ luxe brands and curated collections of hidden gems like NOIB and Keva further enhances our portfolio diversity, catering to a wide range of consumer preferences and market segments.

Brand and product diversification

Our portfolio expansion strategy aims at broadening our market reach and meeting evolving consumer demands. By introducing specialised brands such as Lola and Mae for lingerie and scaling up new-age GenZ brands like Mixt and IYKYK in westernwear and accessories, we continue to innovate and stay relevant in the competitive fashion landscape.

Global partnerships

We have partnered with Foot Locker, Inc. and Metro Brands Limited to launch an exciting range of global sportswear and footwear in India. Leveraging our strong e-commerce platform, we aim to capture a significant share of India's expanding sneaker market, projected to reach 66 million pairs by 2028.

House of Brands

Over the last four years, we have achieved a growth rate exceeding 100% CAGR. Starting from scratch, many brands under our portfolio have taken off and witnessed significant progress within our house of brands. In FY2024, we have 14 owned brands, further bolstering our successful expansion and strong market presence both within and outside the Nykaa ecosystem with more than 51,000 SKU's across categories. Approximately 57% of our business now originates within our established universe, a testament to our strategic growth.

51,000+
SKU's

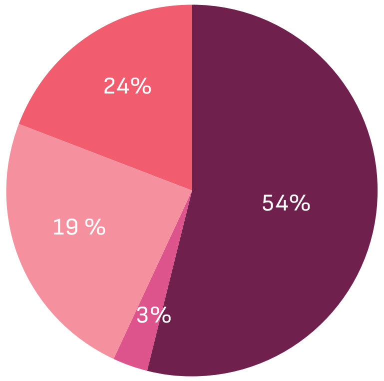
GMV of owned brands (₹ Mn)

4,149 ▲25%

FY 24	12.7%	4,149	14
FY 23	12.9%	3,312	13
FY 22	7.8%	1,372	7

▲ YOY
% Contribution of owned brands to fashion vertical GMV
☐ No. of brands

GMV channel mix (%)



[5]Others primarily includes other online marketplaces

TRANSFORMING WITH TECH

Reinventing the e-commerce landscape

As an e-commerce company, technology is the heart of our operations and gives us a competitive advantage. In FY 2024, we implemented key technology initiatives that contributed to top-line growth, strengthened the bottom line, and upheld engineering excellence. We launched self-serve capabilities for partners, allowing them to succeed on Nykaa. Additionally, we improved our information security posture and saw success with our GenAI programme.

Top-line triumphs

Enhanced Beauty sales and repeat customer features: Initiatives such as price reveals, early access, flash sales and best price implementation led to a 7% higher conversion rate for Prive compared to HPS 23 and a 3.3% increase in add-to-carts per page view. Personalisation efforts with homepage widgets improving click-through rates by 30-80% compared to non-personalised widgets.

7%

Higher conversion rate achieved for Prive

Driving retail growth: We created a brand management tool for booking advertisement slots within the store, with estimated revenue of ~₹35 crore at full asset utilisation. We enhanced customer purchasing power through strategic bank partnerships and overall increased store revenue by 0.7% for Nykd and fashion retail businesses.

Search improvements in Fashion and Beauty: Our team developed a machine learning-based query understanding layer that analyses user behaviour patterns to better capture user intent, leading to an 80 basis point increase in search CTR for Beauty and 120 basis points for Fashion. This new ML-based query understanding layer also reduced low recall query percentages from 25% to 15% in Beauty. For Fashion search, ratio-based signals addressing presentation bias improved cart additions by 4%.

Fashion conversion improvements: Personalised homepage banners have significantly improved engagement, with click-through rates reaching 1.5% (vs. 0.8% for non-personalised banners). Several bottom-funnel nudges like 'Price Drop on Wishlist' and 'Best Price' on product pages boosted conversion rates by approximately 3%.

₹7 crore

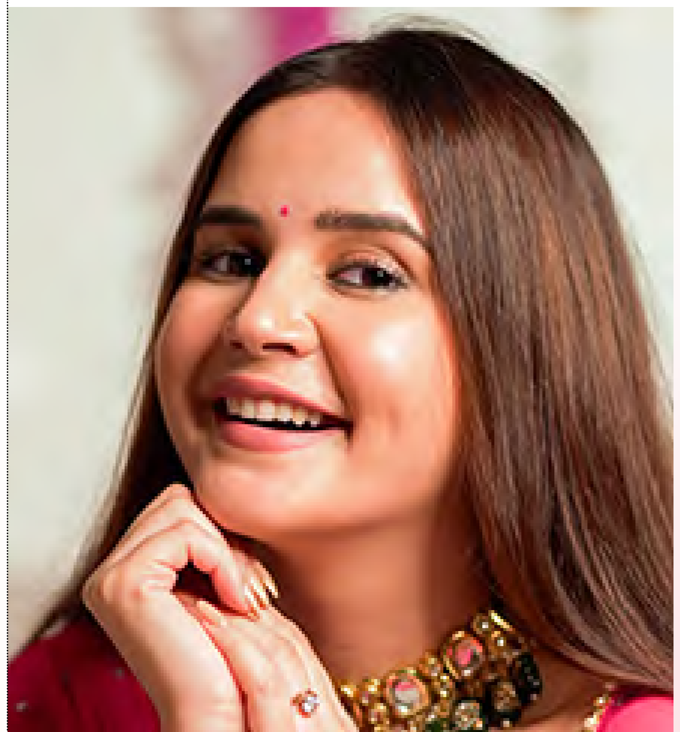
Added to annual top-line growth by curbing COD leakages

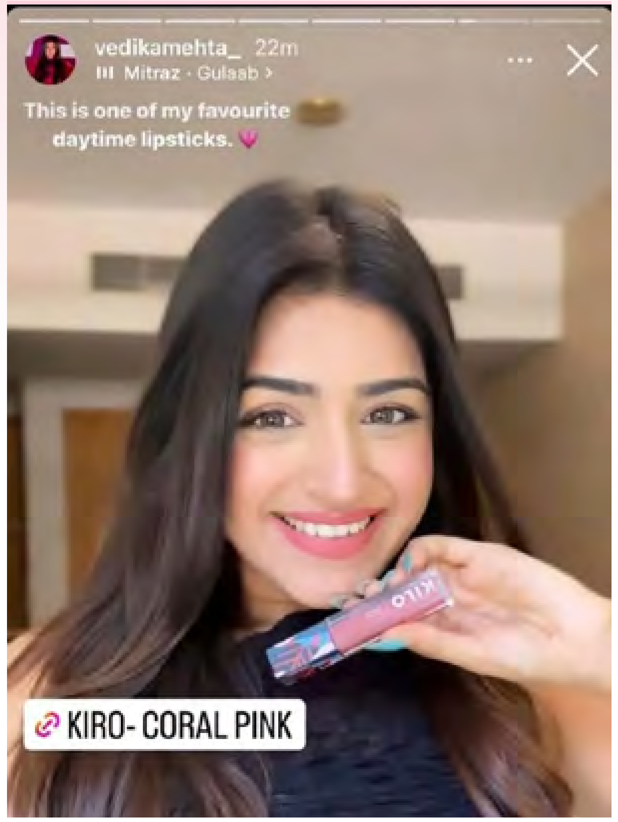
Unlocked fashion profitability: Instead of blocking COD as an option to entire pincodes, we moved this restriction to customer level adding ₹7 crore to top line growth for Fashion. Additionally, we introduced convenience fees, adding about 1% NSV to Nykaa Fashion's revenue without affecting conversion rates.

Superstore achievements: Launched regional catalogue visibility, with 15% of the catalogue being regional and driving 3.71% GMV. Implemented B2B loyalty through Target Schemes, resulting in a 62% increase in monthly spending from highly engaged retailers. Introduced Wallet and Supercash to enhance long-term customer retention. Personalised brand recommendations widget showed a 3.2% click-through rate.

Payments platform wins: Unified stack for Nykaa Fashion, diverse payment modes, refined routing logic, and strategic configurations improving prepaid success rates by 4.16% for Fashion and 2.19% for Beauty.

YouTube integration: Collaborated with YouTube to enable video shopping for influencers on Nykaa, introducing product cards that generated ₹63 lakh in overall revenue, with ₹21 lakh for NAP in the launch month. Channel revenue increased to ₹3.14 crore (Sep '23 to date) with 76 affiliates onboarded.





TRANSFORMING WITH TECH

Maximising bottom line impact

Infrastructure spend savings: We saved ₹30 lakh on communication costs, even with a 40% SMS cost increase, thanks to sharp messaging optimisations. The overall infrastructure cost for the November '23 PFS sale was 10% lower than the July '23 HPS sale, with a 30% growth in order volume.

Leakage reduction: Fashion converted high RTO customers to 'Prepaid Only,' reducing RTO by 0.8%. Superstore's Bengaluru Self Delivery pilot-controlled RTO, ensuring cost parity with 3rd-party couriers.

Automating operations: The Super Store team developed a gamified 'Targets and Achievements' feature on Disha, boosting productivity by 33%. The implementation of paperless audits in all warehouses improved audit efficiency by 30-40%. The Falcon team automated the creation of purchase orders (PO) and stock transfer orders (STO), as well as the calculation of marketplace seller commissions, penalties, and other income for Nykaa Fashion, thereby reducing manual effort and error potential. Additionally, the IT team implemented workflows for Admin, Technology, Finance, and Infosec teams, which enhanced resource productivity and streamlined service requests and incident management. Workflows for the HR department are currently in development.

₹1.72 Cr

Saved annually by implementing paperless audit in all warehouses

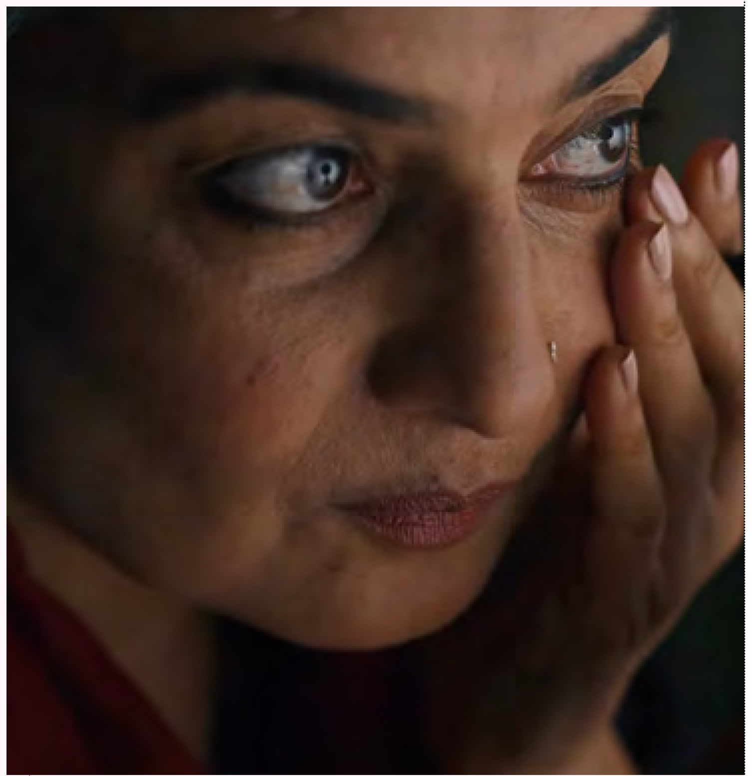
Tool savings: To achieve significant cost savings, we transitioned POS reporting from Tableau to Superset, saving ₹30 lakh annually across 140 stores. By implementing BillMe for digital invoicing, we reduced costs by ₹43 lakh per year. Additionally, we migrated Nykd stores from Ginesys to our in-house POS system, enhancing efficiency.

Launched key self-serve capabilities for our partners and teams

Catalogue automation: Catalogue automation was launched to validate feeds for errors, significantly reducing failure rates from 18% to 4% for the create flow and from 43% to 1.5% for the update flow.

Seller portal enhancements: The 'Discount Automation' feature was built for both Marketplace and non-Marketplace sellers, extending to internal users with an approval upload feature that captures seller approvals for each action, ensuring comprehensive audit trails and taking discount go-live time to just 1 hour.

Audience pipeline systems: The implementation of Central Audience Pipeline Systems (CAPS) allows BI teams to quickly send cohorts to third-party platforms, reducing turnaround time, protecting personally identifiable information and enhancing marketing campaign effectiveness.



AdTech transformation

AdTech – campaign manager launch: Enabled Brand Managers to directly set up ads, including media, budget, placement, and duration, for their brands.

Internal moderation tools: Ensure central oversight by finance and the site team.

Engineering excellence

Architectural issues ironed-out: Our engineering team tackled long standing architectural issues that typically arose during sales by enabling limitless personalisation, resolving inventory allocation software's database scaling issues, addressing scaling issues in our identity and cart services and migrating Fashion catalogue feed generation out of the legacy Magento system. Our tech systems' availability for FY 2024 is at an impressive 99.92%

Enhanced app performance: Significant improvements have been made to our apps, making them slimmer and more performant. The launch time for our Android Beauty app has improved by 45% and for iOS, by 21%, with both app sizes reduced by approximately 20%.

45%

Reduction in launch time of Android Beauty app

Raised the bar on security and compliance: This year, we made significant strides in enhancing our security and compliance measures. We reduced customer-reported fraudulent complaints by 63% and improved our security posture as measured by NIST Controls. These achievements were driven by our relentless focus on key initiatives such as WAF and Bot Management implementation, 24/7 SOC, restricting access to PII and data, automated quarterly application access reviews, adoption of advanced compliance standards, automated server patching, bot attack mitigation solutions, automating third-party risk management programmes, disaster recovery drills, and automated access management.

GenAI pursuits

Our GenAI initiatives are sharply focused and strategically targeted. Our GitHub Co-pilot has increased development velocity by 15%. We are implementing multiple GenAI initiatives to enhance conversion rates, including recommendation widgets, smart customer review filters, and semantic search. Our content generation efforts, such as catalogue enrichment and banner creation, have been highly successful. Additionally, we are leveraging conversational AI to train store staff.

ENHANCING VIRTUAL EXPERIENCE

Innovative shopping experiences

We are dedicated to providing top-notch customer service for a smooth online journey. Our platform brings beauty and wellness to our customers' fingertips, making it simple to explore and enjoy. With features like influencer-led content, virtual try-ons, tailored recommendations, and expert consultations, we offer unique and immersive shopping experiences that delight our customers.

Fuelling growth with engaging media

We have strategically established ourselves as India's leading content destination for aspirational lifestyle enthusiasts. We offer curated app content and engaging social media stories, like Live Shopping and educational videos, to educate our customers, build awareness, and help them make informed beauty decisions.

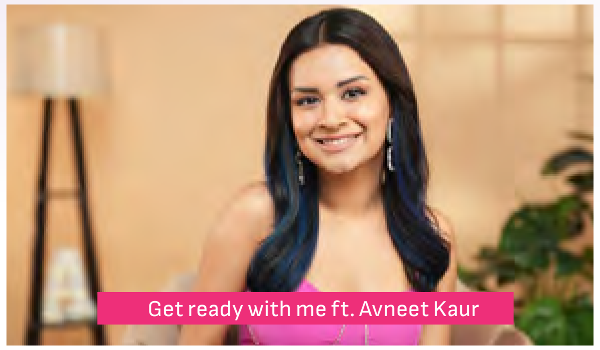
801 Mn
Average monthly reach on Nykaa social

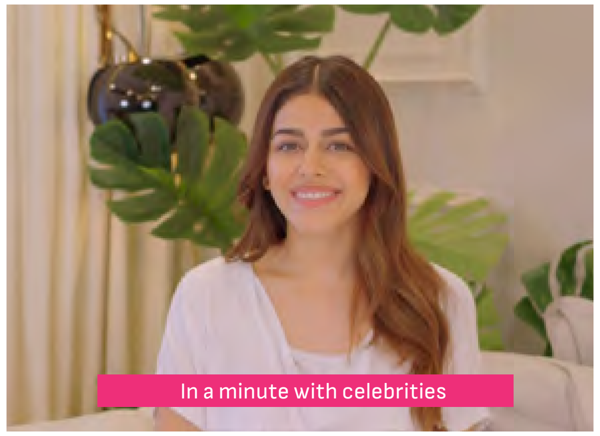
3.5 Mn
Average monthly reach through creators

~17 Mn
Followers on IG, YT and FB

8,14,000
Average monthly on-app content engagement

Creating game-changing educational content


Get ready with me ft. Avneet Kaur


In a minute with celebrities

On-platform offerings

Stream

Stream is an in-app hub where users can watch and buy products featured in real-time content from influencers and social media channels. It offers tutorials, reviews, and product trials tailored to consumer preferences. Recent upgrades, including intent-driven navigation and new features like vertical icon alignment and social proof integration, have significantly boosted engagement. Content views increased by 10.86%, feed CTR by 11%, and monthly retention rates improved to 71.2% with the launch of intent-driven navigation, up from 57.3%. These updates also led to a 9.8% rise in product views and a 9.4% increase in cart additions.

640
Shoppable videos and 360 live sessions featured to guide customers to discover their ideal brands

1.1 Mn Monthly Sessions
Visits received, with over 3.2 Mn visits on live sessions

Nykaa Affiliate Programme

Our programme focuses on empowering influencers to create and share content, rewarding them with commissions for driving sales and enhancing organic traffic growth across digital channels. By cultivating connections and nurturing digital communities, influencers play a pivotal role in driving our platform's success and effectively reaching our target audience.

6,000+
Influencers, and creators part of our network across lifestyle categories

Off-platform offerings

YouTube @ Nykaa TV

Nykaa TV, our YouTube-based platform, hosted 1.46 million subscribers and garnered 18.4 million monthly views in FY 2024. Throughout the year, it accumulated a total of 221 million views.

Instagram

On Instagram, we consistently posted on an average 210+ updates each month for our 4 million followers in Beauty and Fashion. This resulted in over 7.2 billion impressions and nearly reached 6.3 billion people.

Our Loyalty programme – Nykaa Privé

Nykaa Privé, our upgraded loyalty programme, offers enhanced benefits to our valued customers. Members of Privé 2.0 earn reward points with every purchase and reach spending milestones, progressing through Gold and Platinum tiers. Benefits include birthday gifts, reward point multipliers, exclusive sales, surprise coupons, premium customer care, and free delivery, providing an all-encompassing beauty experience.

Tech-driven enhancements for seamless shopping

Create the look

Enabling users to create a desired appearance using various apparel and accessories.

Explore feed

Empowering users to explore in-app content showcasing the latest trends and styles, ultimately enhancing their purchasing behaviour.

Style advice

Enables customers to engage with the Nykaa Fashion Stylist via an in-app widget that provides style advice and connects them directly through WhatsApp.

Hyper-personalisation

Introducing highly personalised recommendations to tailor and enhance the discovery experience for users.

Personalised replenishment nudges

Streamlining the repurchase process for customers, making it easier for them to buy products they have previously purchased.

Gamification

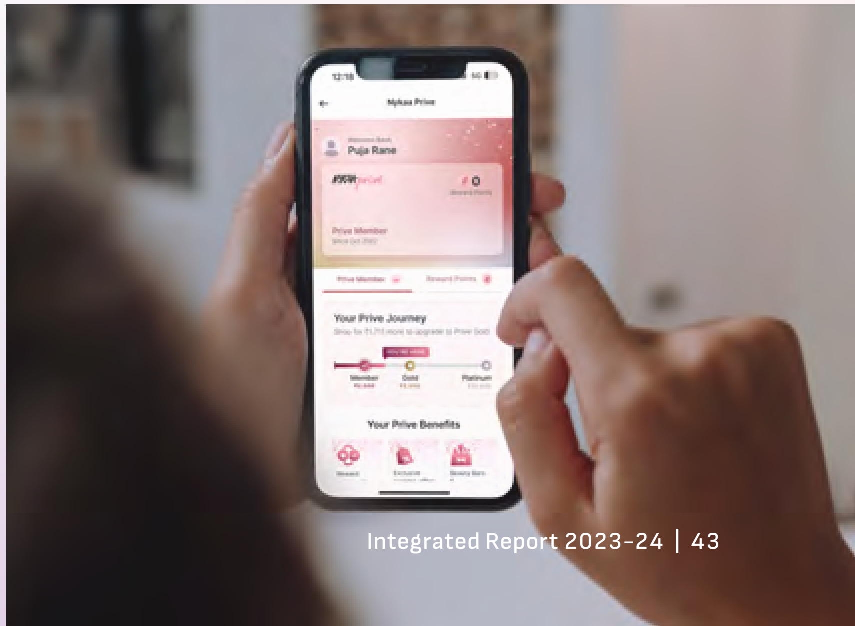
To enhance product discovery, elevate user engagement, and maximise conversions on Sale Day-1 through effective strategies like pre-buzz, price reveal, and wish list features.

Refund to wallet

Facilitating customers to receive immediate refunds directly to their Nykaa wallets, allowing them to utilise the fungible balance across Nykaa.com and Nykaa Fashion. com.

AI based Recommendation Engine

Revitalising recommendation widgets on various landing pages to assist customers in making easy choices from a wide array of products.



REFRESHING RETAIL SPACES

Elevating the in-store experience

We continue to expand our brick-and-mortar presence, aiming to offer customers a tactile shopping experience. Our stores are crafted to appeal to today's discerning Indian consumer, integrating offline and online shopping experiences.

In the diverse realm of specialty beauty and personal care, we boast one of the largest networks of physical retail outlets. Spanning value, prestige, and luxury categories, we command a leading position in India's luxurious segment. Our extensive presence guarantees customers a comprehensive array of beauty and personal care products across different price points, enhancing their shopping journey with enriching retail concepts.

187
Stores
▲29%

1.7 lakh+ sq. ft.
Total retail space
▲39%

50%+
GMV CAGR (FY21-FY24)

105%+
EBITDA CAGR (FY21-FY24)

▲ YoY growth

Nykaa luxe store

This concept presents a lavish beauty encounter, exhibiting prestigious international and domestic brands of utmost opulence.

67
Nykaa luxe stores

Nykaa on-trend stores

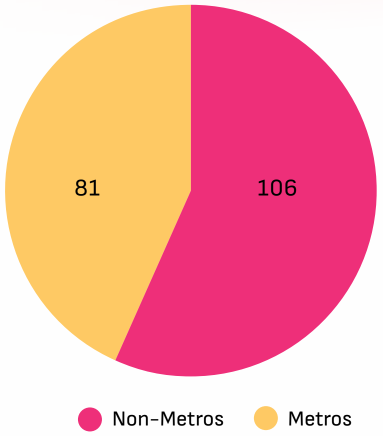
This presents a unique experience to our customers, featuring the latest and most popular products from various beauty and personal care brands.

79
Nykaa on-trend stores

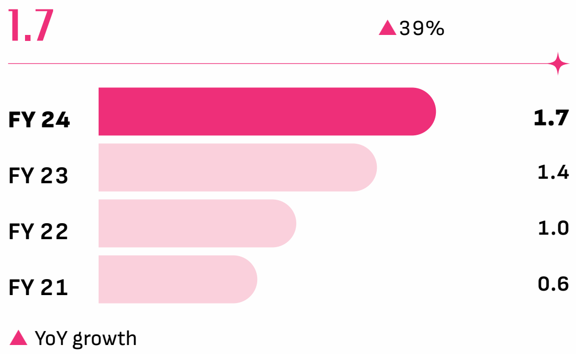
Nykaa kiosks

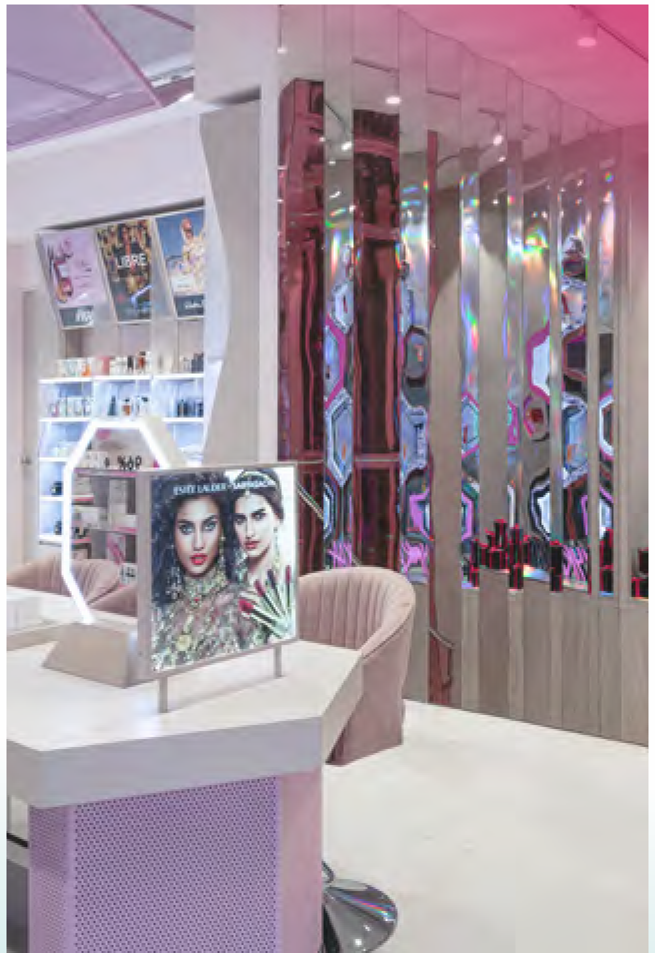
These are standalone units typically found in shopping mall atriums, primarily offering our owned brands for sale.

41
Nykaa kiosks



Physical stores area (Lakhs sq. ft.)





Nykaa's new flagship luxury format debuts in Mumbai

The launch of Nykaa's new flagship luxury format on Mumbai signifies our strategic response to the increasing presence of global brands in India. These larger stores offer immersive beauty experience. They embody our mission to educate and raise awareness about beauty and personal care. We are enhancing brand expressions through personalised displays and shop-in-shops, offering innovative services like skin analysis tools and hairstyling. With well-trained beauty advisors, we aim to recommend tailored routines and products, ensuring an unparalleled luxury shopping experience that resonates with our discerning customers.

VALUE CREATION MODEL

Blueprint for success

Capitals we use

Financial Capital

It accounts for the pool of funds available to us for use in business activities, which is obtained through capital raising, other financing activities or generated through profits.

- **₹12,810 Mn** Equity
- **5,28,173** Shareholders
- **₹6,804 Mn** Debt

Manufactured Capital

This encompasses our physical infrastructure and includes our warehouses, retail stores and offices.

- **202** Physical stores (187 BPC physical stores and 15 Fashion physical stores)
- **44** Warehouses
- **14.7 lakh sq. ft.** Warehouse space
- **1.7 Lakhs sq. ft.** Physical stores space
- **1.9 Lakhs sq. ft.** Office space

Intellectual Capital

This consists of our intangible assets, including our proprietary technology platform, software, data analytics know-how and use of latest disruptive tech.

- **₹1,230Mn** Technology spend
- **13** Own brands/private labels (BPC)
- **14** Own brands/private labels (Fashion)

Digital Capital

This comprises our state-of-the-art digital infrastructure, including our websites, applications and social media presence.

- **6** Apps
- **14** Websites
- **~15 Mn** Social media followers
- **₹7,372 Mn** Marketing & advertising spend

Human Capital

It entails the skills and know-how of our employees, in addition to their commitment and motivation

- **3,373** Full-time employees
- **55%** Employees under the age of 30

Social and Relationship Capital

This encompasses the relationships and associated resources with our stakeholders including those with customers, influencers, brand partners, suppliers, delivery partners, influencers customers, communities and government bodies.

- **3,600+** Brand partners - BPC
- **3,200+** Brand partners - Fashion
- **6,000+** Influencers

Natural Capital

It constitutes of the natural resources we consume to conduct our operations and seamlessly deliver our products.

- **2,887 Kwh** Total energy consumption
- **1,14,530 Kl** Total volume of water consumption

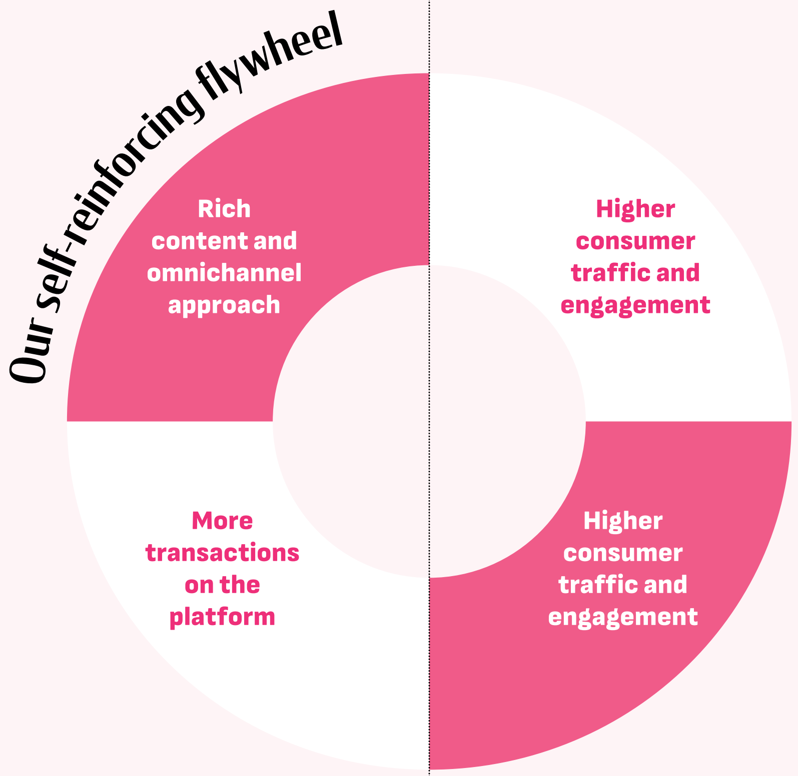
Businesses we operate

Beauty and Personal care

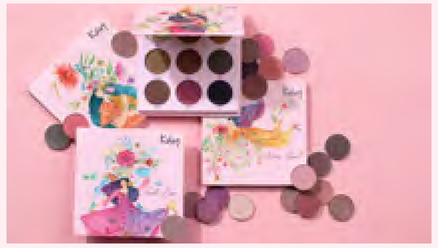
Inventory and Marketplace model

Fashion

Marketplace, Sale or Return (SOR) and Just-In-Time inventory model



Our output



Beauty and Personal care

- **1,110 Mn** Visits
- **27 Mn** Monthly average unique visitors
- **12 Mn** Annual unique transacting customers
- **42 Mn** Orders
- **₹83,409 Mn** GMV
- **₹1,895** AOV

Fashion

- **572 Mn** Visits
- **18 Mn** Monthly average unique visitors
- **3 Mn** Annual unique transacting customers
- **7 Mn** Orders
- **₹32,699 Mn** GMV
- **₹4,361** AOV

Others

- **60 Mn** Visits
- **3 Mn** Monthly average unique visitors
- **1 Mn** Annual unique transacting customers
- **2 Mn** Orders
- **₹8,353 Mn** GMV
- **₹3,799** AOV

Value we create

Investors

- **₹63,856 Mn** Revenue from operations
- **₹3,462 Mn** EBITDA
- **₹397 Mn** PAT
- **7.5%** ROCE %
- **CRISIL A-/Positive** Long term credit rating

➤Page 58-59

Customers

- **27,800+** Pin codes served
- **~98%** Pin codes coverage in India
- **91%** Orders delivered within 5 days of order for BPC
- **80%** Orders delivered within 5 days of order for Fashion
- **6,700+** Brand

➤Page 62

Business Partners

- **6** Delivery partners
- **17,500+** Suppliers
- **3,800+** MSME vendors
- **6,000+** Influencers
- **93,000+** Beauty professionals via Nykaa Pro Programme

➤Page 66

Employees

- **₹5,649 Mn** Spend on employees
- **43%** Female employee

➤Page 74

Communities

- **₹32.65 Mn** CSR spend

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Environment

- **407 tonnes** plastic waste recycled
- **90%+** sustainable packaging composition

➤Page 90

INDUSTRY TRENDS

From insights to innovation

The beauty, personal care, and lifestyle industry in India is experiencing rapid transformation fueled by diverse consumer demographics, changing preferences, rising incomes, broader market reach and digital advancements. At Nykaa, we lead by anticipating trends and empowering customers with innovative choices through thorough discovery and curated experiences, leveraging advanced data analytics.

Opportunity

$34 billion
Expected Indian BPC market size by 2028

$200 billion
Expected Indian Fashion market size by 2030

Increasing discretionary spends

With GDP per capita increasing, consumption is projected to grow at a compound annual growth rate (CAGR) of 25% over the next eight years. Consequently, the share of discretionary spending is expected to rise.

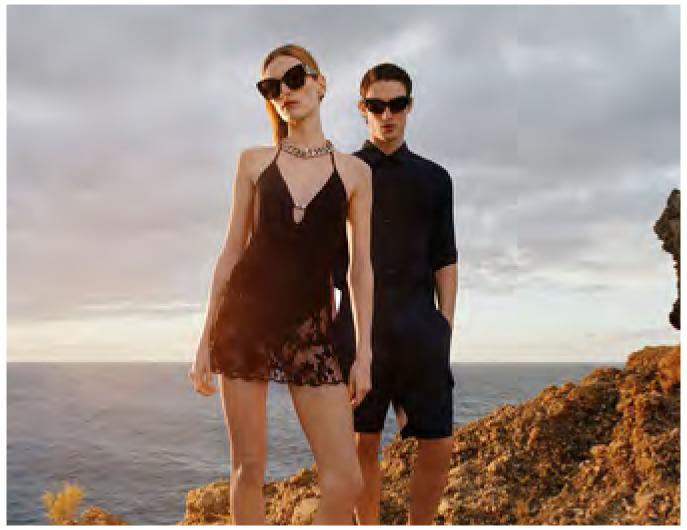
$5,500
Expected GDP per capita in 2030

Premiumisation of BPC consumption

Consumer spending on beauty products within the BPC sector is poised to grow significantly as consumers adopt more sophisticated beauty routines.

Evolving consumer preferences

The e-commerce industry has been profoundly influenced by emerging consumer needs and evolving preferences. GenZ consumers are known for their experimental approach, while millennials prioritise intricate makeup and skincare regimens. Both demographics are heavily influenced by current trends and educational content provided by prominent influencers.



92% of e-commerce transactions coming from **GenZ** and **Millennials** representing **42%** of the population

*For more details refer to the Management Discussion and Analysis on **page 104***

STRATEGIC PRIORITIES

Future-ready focus

Our strategic focus is on enhancing customer engagement through personalised recommendations, exclusive collaborations and seamless shopping experiences. These priorities are pivotal in strengthening our presence in India and driving our expansion into international markets.

Strategic positioning

Nykaa's strategic positioning as a leading omnichannel platform, offering a diverse range of beauty and fashion products, coupled with a resilient business model and strong brand trust, adds significant value to our business and stakeholders. This enables us to provide engaging shopping experiences, drive growth, foster trust among consumers, and attract brand partners, ultimately creating value for all involved.

Strategic outlook

The Indian retail sector, supported by a sizeable middle class and a largely untapped market, presents an attractive opportunity for international retail giants seeking expansion. This interest is poised to significantly boost the growth of the Indian retail industry. Nykaa, operating in the aspirational market segment, has achieved profitable growth, with a 28% year-over-year increase in GMV and a 5.4% EBITDA margin. Our strategic investments in fulfilment capacity and marketing optimisation are already driving improved profitability. With decreasing inflation and stabilising economic growth, there is potential for substantial consumer demand and continued strong performance in the upcoming financial year, supported by our strong customer base.

SP 1 Driving customer acquisition and retention across the funnel journey

Key goals

- Grow customer base
- Improve customer loyalty

Key interventions

- Provide an immersive shopping experience
- Content led marketing to engage and acquire customers
- Use levers of 'voice, video, and vernacular'
- Continuously expand product portfolio and refine tech capabilities for better consumer experience
- Strong engagement with every new visit to our platform and use to CRM to drive LTV
- Use data analytics to drive hyper personalisation

Progress and KPI of FY 2024

- Annual unique transacting customer YoY growth of 18% in BPC, 20% in Fashion, and 40% in Others vertical
- Cumulative customer base of about 33 million as of March 31, 2024
- Volume driven revenue growth with order YoY growth of 20% in BPC, 16% in Fashion, 53% in Others vertical
- BPC GMV from existing customer was 79% in FY 2024
- Fashion GMV from existing customer was 48% in FY2024

Targets

- Expand customer base
- Drive premiumisation

Capital impacted

- Financial
- Intellectual
- Digital
- Social and Relationship

SP 2 Deep relationships with a diverse set of domestic and international brands

Key goals

- Exclusivity of relationships
- Drive engagement

Key interventions

- Make strategic investment towards creating a symbiotic relationship with brand partners
- Create value for our brand partners through improved merchandising, refined marketing, and new data driven brand specific experiences
- Ensure that our platform maintains itself as a go-to lifestyle destination for beauty enthusiasts and fashion conscious customers with an unmatched brand assortment
- First port of call for brands to launch in India

Progress and KPI of FY 2024

- Almost 3,600 brands and over 0.2 million+ SKUs in BPC and 3,200+ brands and over 3.2 million+ SKUs in Fashion as of March 31, 2024
- Created strong distribution capability for 182 brands across 1,006 cities through our eB2B channel as of March 31, 2024

Targets

- Strengthening brand relationships
- Offering more curated choices in customers

Capital impacted

- Financial
- Human
- Intellectual
- Social and Relationship

STRATEGIC PRIORITIES

SP 3 Penetrating across the value chain and channels to address the larger TAM

Key goals

- Seamless and connected digital and offline marketing
- Influencer network complemented by expert advisory at physical stores
- Assisted buying experience in stores and retail channel

Key interventions

- Invest in the expansion of physical stores network and fulfilment centres to get closer to customers and improve customer journey and bring stakeholders in the industry together
- Focus in growing our presence beyond Tier 1 cities
- Invest in people and infrastructure to create strong offline and online integration to drive seamless journey across touchpoints
- Organise and sponsor events, meet and greets and content screening to create an engaged customer base

Progress and KPI of FY 2024

- 202 physical stores (187 BPC stores and 15 fashion stores) across 68 cities in India as of March 31, 2024
- 44 warehouses (34 for BPC and 10 for Fashion) across 16 cities in India with a total area of 14.7 Lakhs sq. ft. as of March 31, 2024
- Served more than 1.94 Lakh retailer in the unorganised BPC market as of March 31, 2024

Targets

- Create omnichannel dominance

Capital impacted

- Financial
- Manufactured
- Social and Relationship

SP 4 Creating, acquiring, and scaling a portfolio of independent and new age consumer-first brands

Key goals

- Brands that win in key niches
- Driving a holistic portfolio of brands that delight customersy

Key interventions

- Identifying market and category gaps and building innovative products to address customer needs
- Expand product offering in our house of brands portfolio
- Add new and long-term focused brands
- Uphold product quality, differentiation, and authenticity of our house of brands

Progress and KPI of FY 2024

- 13 owned brands in BPC and 14 owned brands in Fashion
- 13.1% of BPC GMV from owned brands and 12.7% of Fashion GMV from owned brands

Targets

- Expanding our house of brands portfolio organically and inorganically

Capital impacted

- Financial
- Manufactured
- Natural

SP 5 Developing new ways of selling and holistic consumer connect

Key goals

- Create strong connect with consumer with curated content, offline and online events

Key interventions

- Leverage insights on the latest regime, styles and trends in beauty & personal care and lifestyle categories and construct detailed and informative content to improve customer journey
- Conduct live offline and online events to increase brand and categories awareness among customers

Progress and KPI of FY 2024

- Partnered 6,000+ influencers as of March 31, 2024
- Social Media follower base of ~17 million as on March 31, 2024
- Key Events conducted – Nykaaland, Nykaa Femina Beauty Awards, Fashion Global Store events, First in Fashion events

Targets

- Creating multiple touch points to stay connected with the customer and enable a better discovery and experience

Capital impacted

- Financial
- Human
- Intellectual
- Digital
- Social and Relationship

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Focusing on what matters

At Nykaa, stakeholder engagement and materiality are pivotal to our operations and strategic planning. Engaging with our stakeholders—including customers, employees, investors, suppliers, and community partners—enables us to understand their needs, expectations, and concerns. It allows us to proactively address emerging trends and challenges, ensuring that we remain resilient and adaptive in a dynamic market environment.

Regular two-way dialogue with our stakeholders informs our decision-making processes, ensuring that our strategies are aligned with the interests of those we serve. Materiality assessments help us identify and prioritise the issues that are most significant to our stakeholders and our business. By focusing on these key areas, we can drive sustainable growth, mitigate risks, and create long-term value.

Materiality process

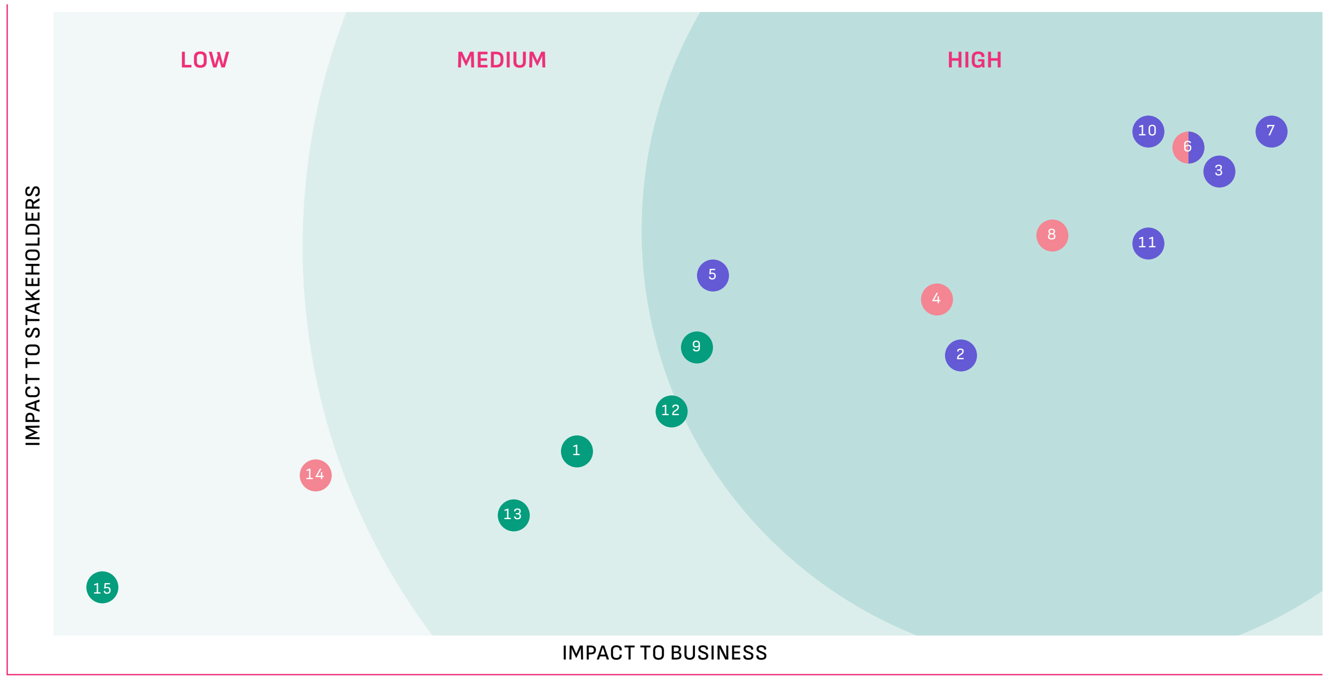
In FY 2022, we carried out a materiality assessment to pinpoint, prioritise, and tackle the key issues that matter most to our stakeholders and our business. This assessment enables us to narrow down our focus on the areas with the highest impact and value for our stakeholders, ensuring we address their needs and concerns effectively while fostering sustainable growth.

IDENTIFY
Identified materiality issues based on global standards such as GRI, SASB, SDGs, MSCI and DJSI, peer benchmarking, megatrends and aligning them with our goals and objectives.

PRIORITISE
Engaged our leaders to record their response to material issues identified

DISCLOSE & ADDRESS
Develop our materiality matrix to disclose, address and monitor performance against the indicators going forward

VALIDATE
Conducted a survey, engaging internal and external stakeholders to capture their responses to the material issues identified



Material issues and relevance to ESG and stakeholders

No.	Material issue	ESG	Stakeholders
(1)	Carbon emissions management	E	
(2)	Raw material/product sourcing (including sustainable products)	G	CU BP EN
(3)	Privacy and data security	G	IN CU BP EM RE
(4)	Labour management	S	BP EM RE
(5)	Supply chain labour standards	G	
(6)	Product safety and quality	S G	CU BP RE
(7)	Consumer financial protection	G	CO
(8)	Human capital development	S	BP EM
(9)	Chemical safety	E	
(10)	Business ethics and values	G	IN BP EM RE CO
(11)	Marketing and labelling	G	CU BP RE
(12)	Sustainable supply chain (Including logistics)	E	
(13)	Waste recovery and circular economy (including sustainable packaging)	E	
(14)	Community development and engagement	S	
(15)	Product carbon footprint	E	

LEGEND | IN Investors CU Customers BP Business Partners EM Employees CO Communities RE Regulators EN Environment
E Environment S Social G Governance

INVESTORS

How we engage with them

We maintain regular contact with our stakeholders through various channels, including corporate announcements via email, newspaper advertisements, regulatory body portals, website updates, press releases, earnings calls, and investor day events at our AGM.

Frequency

Quarterly

Key priorities

- Good governance
- Transparency
- Growth and expansion
- Operational and resource efficiencies
- Financial matters and results

How we deliver value

- Creating consistent return
- Prioritising capital efficiency
- Tapping the untapped to drive continuous

Material topics

- Privacy and data security
- Business ethics and values

INVESTORS

Maximising returns

We value the confidence our investors have placed in us and are dedicated to meeting their expectations. Our focus is on creating substantial opportunities for capital appreciation and ensuring fair dividend payouts. By aligning our strategies and financial performance with investors' interests, we aim to deliver sustainable growth and maximise returns.

5,28,173
Total shareholders

52.2%
Promoter shareholding

30.2%
Institutional shareholding

17.6%
Public shareholding, including 7.5% of NRIs and foreign nationals shareholding

100%
Resolution of shareholders' complaints

All figures are as of March 31, 2024

Enhancing shareholder trust through transparent reporting

We are dedicated to maintaining a strong connection with our shareholders and cultivating an environment of trust. Over the past year, we have made significant progress in providing comprehensive information through our quarterly and annual reports, enabling shareholders to gain a deeper understanding of each of our business verticals.

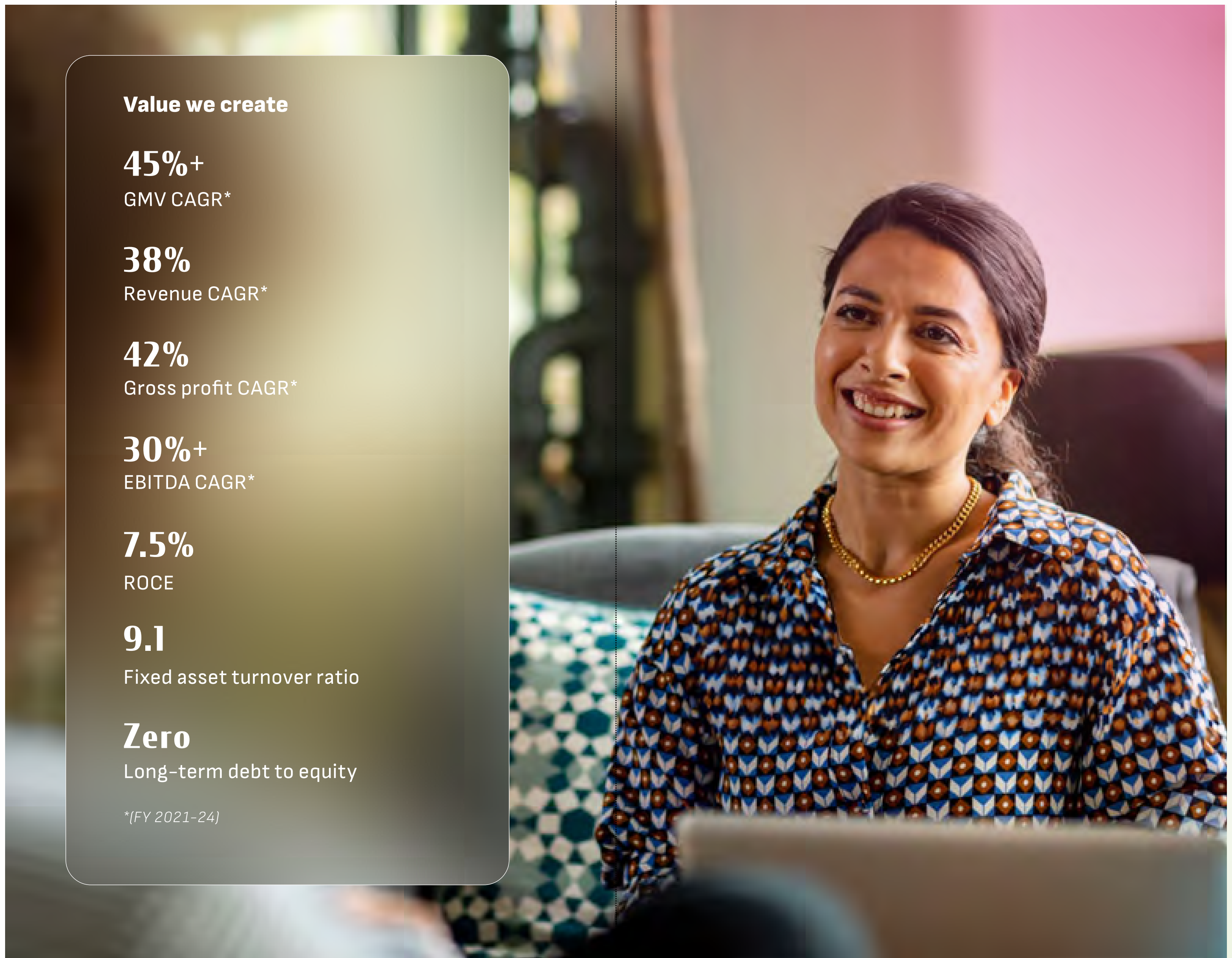
We continue to present our financials across three major verticals: BPC, Fashion, and Others. This approach allows our investors and shareholders to accurately assess the performance of each segment and gain insights into our strategic investments for future growth. We believe these efforts have been well received by the investor community, and we remain committed to maintaining this level of transparency as we track our business progress.

Prioritising capital efficiency

We have attained substantial business growth with a strong emphasis on capital efficiency and unit economics. Over the past three fiscal years, our revenue from operations has surged from ₹24,409 million in FY 2021 to ₹63,856 million in FY 2024. During the same period, our EBITDA increased from ₹1,567 million to ₹3,462 million. As we venture into new verticals, we remain committed to fostering healthy, profitable growth.

Financial profile and risk profile

At Nykaa, we maintain a strong financial profile with a net worth of approximately ₹12,810 million as of March 31, 2024, and an expected increase in net worth by March 2025. Our controlled debt levels with a net debt/equity ratio of 0.33 and improved debt protection metrics contribute to a stable risk profile, while our prudent risk management practices mitigate inherent trading risks.



Value we create

45%+
GMV CAGR*

38%
Revenue CAGR*

42%
Gross profit CAGR*

30%+
EBITDA CAGR*

7.5%
ROCE

9.1
Fixed asset turnover ratio

Zero
Long-term debt to equity

*(FY 2021-24)

CRISIL A-/Positive
Long-term credit rating

Accelerating customer acquisition

Our strong platforms, targeted offerings, and unique value propositions have driven a remarkable two-fold increase in new customer acquisitions, highlighting significant interest. Investments in technology and marketing have further strengthened our platform capabilities, leading to enhanced order-to-visit conversions. Over the past two years, order to visit conversion rates have risen from 3.7% to 3.8% in the Beauty, Personal Care, and Wellness (BPC) segment, and from 1.1% to 1.2% in the Fashion segment. These improvements validate the effectiveness of our long-term strategy and our commitment to sustained growth.

Exploring new growth horizons

Recognising the potential in international markets, last year Nysaa entered the GCC beauty market with a strategic alliance with Apparel Group. We aim to stand out in the Middle East with an experiential multi-beauty retail concept that engages customers at every level of their beauty journey—from online to in-store and beyond. Our goal is to capture a 7% share of the GCC Prestige Beauty Market through 70 stores within the next five years.

Driving operational excellence

We have strategically invested in strengthening our online retail operations while simultaneously expanding our offline presence. Our immersive physical stores now offer a wide array of beauty products, with store space increasing from 0.6 lakh sq. ft. in FY 2020 to 1.7 lakh+ sq. ft. in FY 2024. By boosting warehouse capacity, we have optimised inventory management and streamlined logistics. Additionally, our expanded office spaces support our growing team. These strategic investments have led to enhanced operations, increased customer satisfaction, and an improved shopping experience.

CUSTOMERS

How we engage with them

Regular interaction with customers through content creation, social media platforms, customer service centres, physical outlets, and marketing initiatives. Use of calls, messages, email, and chat for interactions with customers for easy access.

Frequency

Regularly

Key priorities

- Service quality
- Differentiation and product relevance
- Safety and privacy
- Ethical business practices
- Environmental impact

How we deliver value

- Diverse portfolio of owned brands
- Content-first approach to retailing
- Commitment to authenticity
- Omnichannel shopping experience
- Comprehensive assortment and focus on curation and merchandising

Material topics

- Product safety and quality
- Consumer financial protection
- Privacy and data security
- Marketing and labelling
- Raw material/product sourcing
- Product carbon footprint

CUSTOMERS

Putting you first

Our customers are at the heart of everything we do. We go to great lengths to deliver an exceptional shopping experience, both online and offline, by offering a curated selection of the finest beauty, wellness, and fashion products. By continuously engaging with our customers and listening to their feedback, we build lasting relationships based on trust and satisfaction. Our goal is to empower our customers to express their unique identities and feel confident in their choices, driving our mission to make beauty and fashion accessible to all.

Monthly average unique visitors (Mn)

FY 21	19.3	
FY 24	**47.8**	35%* ▲

*CAGR

Annual unique transacting customers (Mn)

FY 21	6.3	
FY 24	**15.4**	35%* ▲

*CAGR

Orders (Mn)

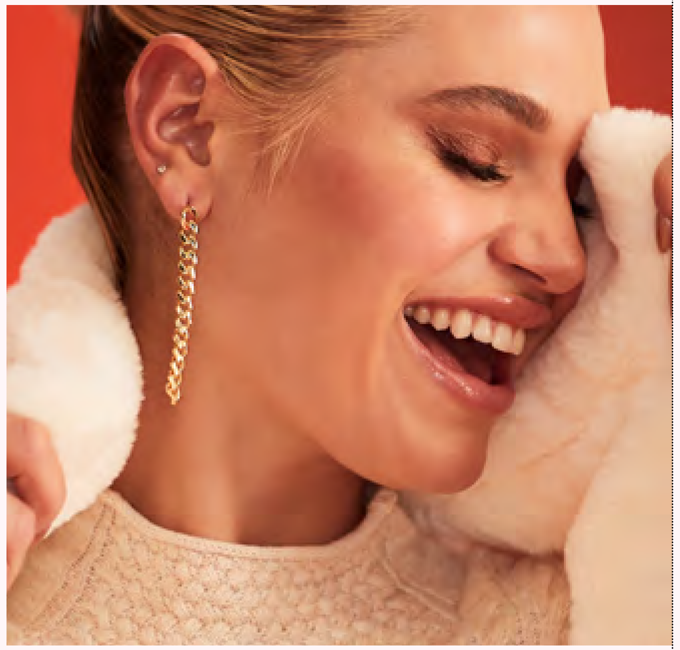
FY 21	19.2	
FY 24	**50.7**	38%* ▲

*CAGR

17 Mn
Social media followers

33 Mn
Customer base

138 Mn
App installs



Testimonies from our customers

Thanks for resolving the issue. I have received the refund. I will consider this as one of incident and will surely be your customer in future. Hope we can work on avoiding such issues in future. On my side I will be more careful to match the quantity mentioned on package with the content inside while accepting a delivery. On Nykaa side I am sure there must be a team working on mitigating such issues.

@Ashutosh Tola

"Thank you, @MyNykaa, for your excellent customer service! Despite my impatience, you handled my refund smoothly and took necessary steps against the delivery partner. Your dedication to customer satisfaction is commendable! @NykaaMan @nykaafashion #Customer Experience #NykaaRocks"

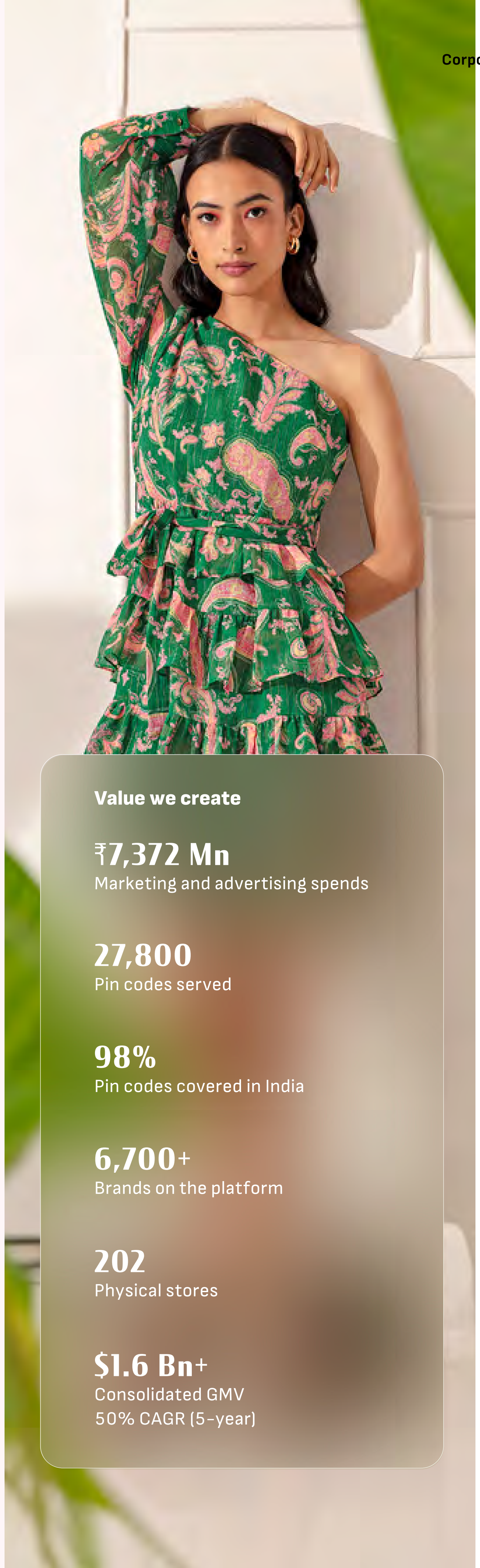
@Runalreddyy

The product quality is consistently outstanding, exceeding my expectations every time I was completely impressed with their professionalism and customer service I would rate 11/10. Thank you social media would suggest many of my colleagues. And please I will basically give an honest review for the person who handled my queries all credit goes to him need such workers around social media.

@Ruchi0305

Dear @mynykaa You know you my fav. Thank you for being so helpful in erry way err'day. Also your social media team is always on their toes. Loveee it. Thankoooo.

@tinadatta – Tina Datta (Actress)



Value we create

₹7,372 Mn
Marketing and advertising spends

27,800
Pin codes served

98%
Pin codes covered in India

6,700+
Brands on the platform

202
Physical stores

$1.6 Bn+
Consolidated GMV
50% CAGR (5-year)

Dedication to genuine quality

At Nykaa, we prioritise authenticity to guarantee that our customers receive only genuine and high-quality products. Our robust systems and procedures have fostered trust with both our customers and brand partners. We source products directly from authorised distributors, resellers, or the brands themselves, and conduct stringent quality checks at our warehouses to ensure excellence.

Upholding the highest standards of product safety

At Nykaa, we prioritise our customers' trust and safety by adhering to the highest standards of product quality and ethics. Our products are crafted with ethically sourced ingredients and comply with all regulatory frameworks. We conduct rigorous testing to ensure safety and longevity. Our consciously formulated products are vegan, incorporate natural actives, and are free from parabens, mineral oil, and cruelty. Manufactured with low carbon footprint practices in compliance with Good Manufacturing Practice (GMP) standards, we also utilise environmentally friendly packaging materials. Thorough pre-launch testing on real consumers ensures an exceptional purchasing experience, reinforcing our commitment to socially responsible products. Additionally, our platforms guarantee the sale of authentic products, upholding the highest standards of quality.

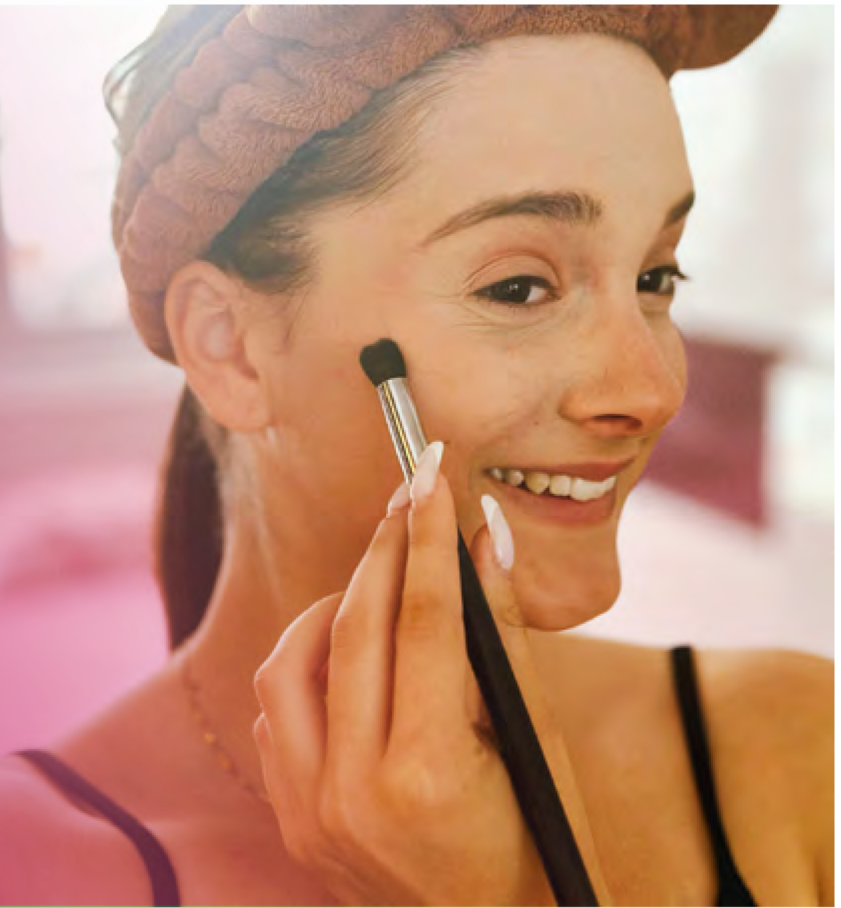
CUSTOMERS

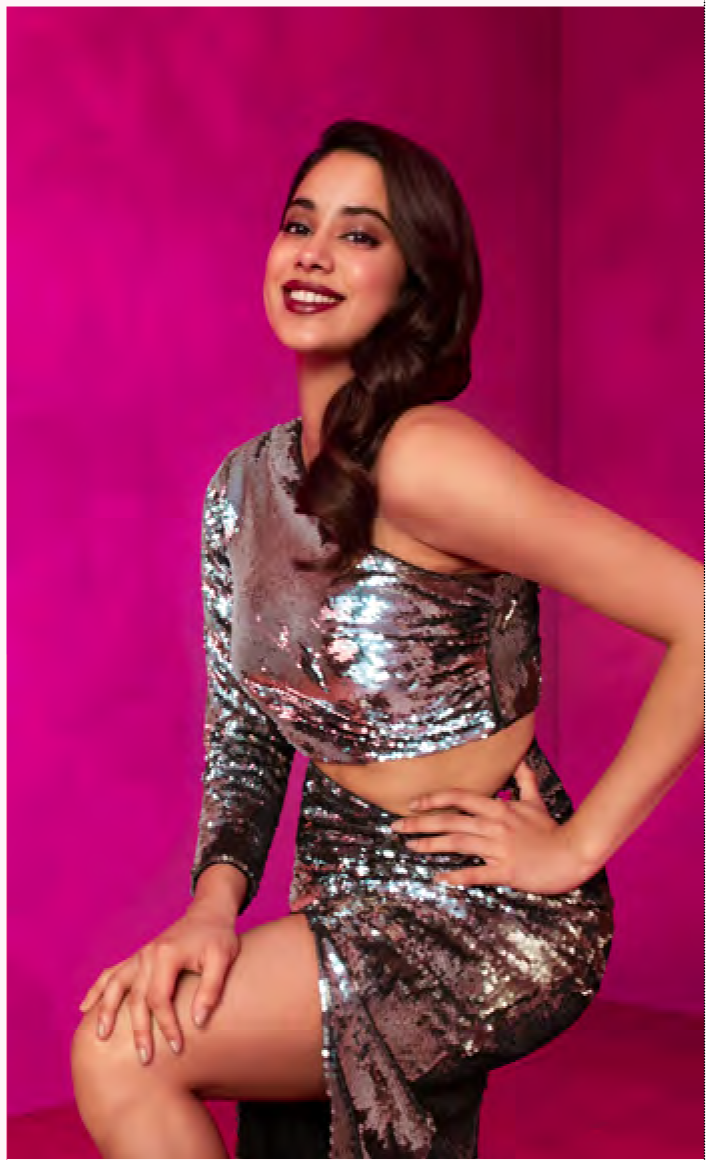
Precision in assortment curation

Understanding and anticipating our customers' needs is important to us. Using advanced data analytics, we curate a dynamic assortment that mirrors the latest lifestyle trends. Our expert curators collaborate with brand partners to align collections with diverse demand profiles. Additionally, we proactively discontinue outdated products, ensuring our offerings remain fresh and relevant. This approach enables us to consistently deliver a curated and timely selection to our customers.

Taking customer engagement to the next level

We engage customers through multiple channels, adopting a content-first approach to retail. Curated, informative content educates and inspires our customers, aiding them in making informed purchasing decisions. Leveraging hyper-personalisation techniques, we deliver tailored shopping experiences. Additionally, our event-driven initiatives, including exclusive launches and promotions, generate excitement and foster meaningful connections with our customers.





Delivering a flawless Pink Friday Sale experience

During our biggest sale of the year, the Pink Friday Sale, our customers enjoyed a seamless and hassle-free shopping experience. We addressed long-standing architectural challenges by

- Scaling Homepage Display Network widgets to support limitless personalisation
- Fixing the inventory allocation software's persistent database scaling issues, resolving scaling issues in our identity and cart services
- Migrating the Fashion catalogue feed generation from the legacy Magento system, reducing SKU go-live time from 5 hours to 1.5 hours.

Excellence in customer care and resolution

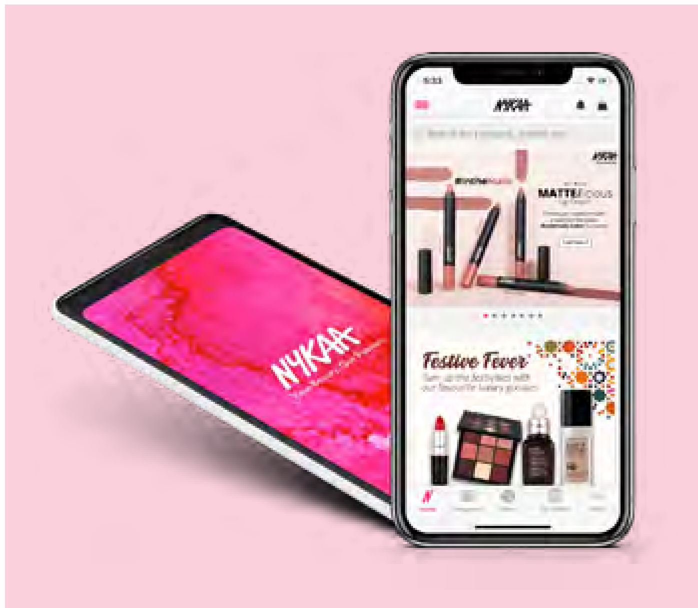
We prioritise customer satisfaction by ensuring a seamless process for handling complaints and feedback. Each complaint is registered in our customer relationship management (CRM) system with a unique tracking ticket number, allowing us to promptly address and resolve issues via email, phone, app notification, or SMS. This commitment underscores our dedication to authenticity and exceptional customer service.

100%
Customer complaints resolved in FY 2024

Personalised assistance for confident purchases

At Nykaa, assisted buying drives awareness and sales. Our personalised chat services connect customers with beauty, fashion, and grooming experts for real-time support. In physical stores, our BPC advisors use our mobile app to facilitate online purchases, ensuring a seamless shopping experience. This approach boosts customer engagement and satisfaction, propelling our business forward.

~60%
Customer queries on chatbox addressed through bots



BUSINESS PARTNERS

How we engage with them

Connecting through physical meets, telephonic conversations, mailers, annual meets, training programmes and workshops.

Frequency

Regularly

Key priorities

- Business performance
- Operational and resource efficiencies

How we deliver value

- Access to a growing customer base
- Technology for seamless operations
- Furthering brands

Material topics

- Product safety and quality
- Labour management
- Privacy and data security
- Business ethics and values
- Marketing and labelling
- Raw material/product sourcing (including sustainable products)
- Sustainable supply chain (including logistics)
- Supply chain labour standards

Relevant SDGs

8, 12, 13, 15, 17

BUSINESS PARTNERS

Strengthening alliances

Nykaa's success in the beauty, wellness, and fashion sectors hinges on robust partnerships with business partners. We recognise the importance of nurturing strong relationships and have implemented a multifaceted strategy to enhance collaboration, optimise operations, and drive innovation. Our approach encompasses collaborative planning, digital and structural transformation, and a commitment to sustainability and ethical practices.

Our network of partners includes influencers who offer valuable insights and content, brand partners and sellers who provide a diverse array of choices, suppliers who enhance our own brand portfolio, and delivery partners who guarantee prompt and hassle-free delivery.

6,000+
Influencers

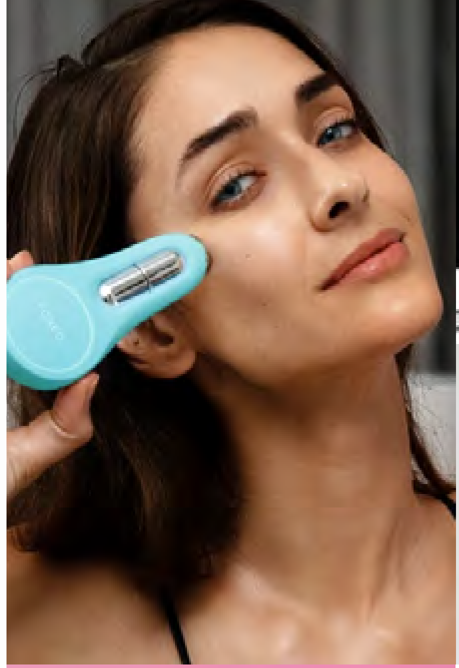
6
Logistics partners

17,500+
Suppliers

3,800+
MSME vendors

3,600+
Brand partners – BPC

3,200+
Brand Partners – Fashion



Building personal connections

Our committed network of influencers, beauty advisors, and customer-care executives prioritises establishing personal connections with customers. Through various channels such as in-person meetings, phone calls, mailers, events, training programs, and workshops, we engage with customers to understand their unique needs and offer exceptional support. By focusing on these interactions, we strive to build trust, nurture long-lasting relationships, and ensure every customer feels valued and heard throughout their journey with us.

Nykaa Global Store: Integrated brand solutions

We provide 360° brand services to our partners. Our unparalleled strength in distributing global brands makes us the partner of choice for many international brands.

One stop shop for global brands

- Market entry strategy
- Warehouse & operations
- Distribution channels
- Post order servicing & retention
- Registration and logistics

Our strengths

- **Nykaa.com**
  1 billion+ annual Visits
  25 million customer base
- **Nykaa beauty store network**
  187 stores in 68 cities
- **Superstore: Nykaa Distribution**
  1.95 lakh retainer across 1,000+ cities
- **EBO and brand website**
- **Third party distribution channels**

Collaborative Planning, Forecasting and Replenishment (CPFR) strategy for sustaining relationships

Forecasting

- We are forecasting the demand for over 60,000 SKU's across 20+ fulfilment centres and 150+ retail stores.
- Our monthly Sales and Operations Planning (S&OP) process involves all stakeholders to set targets and identify trends.
- By integrating S&OP with advanced AI-based demand sensing models, we achieve demand forecasts with above-market average accuracy

Replenishment

- Replenishment at Nykaa is managed via an Auto Replenishment System (ARS) that considers lead times from partners to fulfilment centres and associated demand and supply variability.
- The ARS system ensures optimal SKU availability across fulfilment centres, maintaining the right inventory levels.
- An advanced allocation logic is used for optimal stock distribution to stores, and frequent milk runs help maintain lean inventory while ensuring availability across all locations.

BUSINESS PARTNERS

Digital transformation

Technological innovations

We have leveraged technology to make our processes system-driven and autonomous. Key technological levers include:

Online interface: Real-time sharing of transactional information such as Open POs, Delivery Schedules, GRN, and Inward Discrepancies to streamline information flow with partners.

Periodic intelligence sharing: This improves collaboration and pre-empts supply or demand-related challenges, while also addressing product or transactional concerns like damages and returns.

Structural transformation

- Building physical infrastructure of Fulfilment and Distribution centres enables higher assortment and speedy delivery to customers.
- Complementary assortments for e-commerce and brick-and-mortar stores develop cross-serving capabilities between channels.

Innovation and efficiency

Digital interface rollout

- Partner portal: A cloud-based portal for all partners to access real-time information throughout the Procure to Pay journey.
- Electronic Data Interchange (EDI): System-driven information exchange with top partners, eliminating manual dependencies in the Purchase Order process and improving fill rates.

Automation for operational efficiency

Automated systems like self-service kiosks and virtual concierge services streamline operations, reduce wait times, and provide personalised assistance, contributing to reduced labour costs and efficient resource management.

Personalised guest experiences through AI

AI-driven systems use data analytics to customise guest interactions, while video conferencing ensures round-the-clock accessibility, significantly enhancing the guest experience.

Collaborative initiatives and joint projects

One notable example of our collaborative efforts is the successful integration of Electronic Data Interchange (EDI) with ELCA. This initiative involved integrating six transactional messages of the order cycle, including Price List, Purchase Order, Advance Shipping Note, Invoice, Sales Report, and Inventory Report. The benefits of this integration include:

- Reduction in PO cycles and order processing timelines.
- Improved inventory freshness and reduced working capital.
- Enhanced master data management and real-time information availability.
- Initiation of similar discussions with other major partners like HUL and L'Oréal.

Fenty Beauty in India now!

We have successfully launched and grown multiple global and luxe brands in India for over a decade. With the largest base of premium beauty customers and an extensive assortment of luxe brands, our 360-degree marketing and distribution strategy made us the partner of choice for Fenty Beauty. Rihanna's Fenty Beauty, known for its inclusive and cruelty-free products, has now launched in India through Nykaa, marking a significant milestone in making globally acclaimed beauty products accessible to Indian consumers. Orders can be placed on Nykaa's cross-border store.

Launch event highlights

- Collaborated with 100+ influencers
- Strong reach of ~100 million

Sustainability and ethical practices

We are committed to enhancing sustainability and ethical practices throughout our supply chain, focusing on responsible sourcing, production, and distribution. Our sustainable practices, including a decentralised supply chain for localised fulfilment, help us reduce costs, optimise inventory, and lower our ecological impact. We source most of our packaging materials from small- and medium-scale enterprises and prioritise biodegradable or eco-friendly products to eliminate single-use plastics. This commitment to sustainable supply-chain management supports our long-term success and positively impacts the communities we serve.

EMPLOYEES

How we engage with them

Through town halls, training programmes/ workshops, festivals, celebrations, rewards and recognition programmes, and other employee communication forums.

Frequency

Regularly

Key priorities

- Talent management
- Capability building
- Positive and enabling work environment
- Employee well-being and satisfaction

How we deliver value

- Holistic well-being for employees
- Leadership connect - for continuous mentorship
- Embodying our values and essence
- Skill enhancement through Nykaa Academy

Material topics

- Human capital development
- Labour management
- Privacy and data security
- Business ethics and values

Relevant SDGs

EMPLOYEES

Empowering our people

Our employees—Nykaaites—help us win. Naturally, we make focused efforts to create a supportive and inclusive workplace where every team member can thrive. Through continuous learning and development programmes, we equip our employees with the skills and knowledge they need to excel in their roles. We cultivate a culture of belonging by fostering inclusivity, open communication and empathy, ensuring that every individual feels valued, respected and empowered to bring their authentic selves to work.

1,209
New employees onboarded

43%
Female workforce

₹19 Mn
(Revenue per on-roll employees)

Value we create

₹5,649 Mn
Spend on employees

100%
Enrolment in Nykaa Academy

3,373
Number of employees provided training

Our core strategy to building a highly engaged and inclusive culture

- Employee experience excellence
- High performance culture
- Talent and capability
- Employee well-being

Meritocracy, equal opportunity and fair pay

We practice a culture rooted in meritocracy, equal opportunity and fair pay, reflecting our ethos of 'Be Better Every Day'. Our 'Pay for Performance' approach allows us to recognise and reward excellence. The performance evaluation process and differentiation highlight our dedication to meritocracy and equality, ensuring promotions that support our diverse and gender-inclusive workforce. We maintain market competitiveness through rigorous benchmarking, offering a pay structure that includes variable pay, sales incentives and talent retention plans. To retain our top talent, we prioritise career development and offer competitive compensation, ensuring our employees see a clear path for growth within Nykaa.

Retention: We cultivate a stimulating work environment that motivates high performers to remain with us and continue their professional journey, fostering a culture of continuous improvement and excellence. Further, to promote career growth, initiatives like ICON are in place to advance internal talent based on merit.

Governance: Maintaining a strong governance framework with clear policies, regular compliance checks and robust communication channels to ensure alignment with Nykaa's values and standards.

Talent acquisition initiatives

Nykaa has a very robust Talent Acquisition strategy to ensure that the best talent is onboarded which reinforces our belief building a meritocratic organisation. The rigour that we put in hiring provide us a competitive advantage and position us better to innovate, adapt to changes, and outperform competitors.

We bring in energetic and enthusiastic talent from top institutes and some of the best brands. We maintain a very healthy source mix of Consultants, Employee Referrals, Job Portals, etc. and continuously adopt a data centric approach to understand the success metrics. Typically, we source around 30% of candidates through Employee Referrals. In addition, we also embrace a very healthy diversity mix while hiring which helps us to maintain a gender diversity of 43% within the organisation.

To impart the best candidate experience, we have well-defined induction plan for all new joinees which help them to assimilate within the organisation faster. There are regular connects planned with the respective people partners to ensure that new joinees feel comfortable in their new place.

Nykaa actively manages its brand as an employer through social media, content marketing, and employee advocacy. We continuously highlight our values and culture through social media posts and employee stories.

The entire Talent Acquisition strategy is driven by a strong inclination towards data. All our hiring numbers are defined at the beginning of our AOP and are linked with various metrics like productivity and cost. We publish regular reports to ensure strong compliance with AOP and overseeing the effectiveness of our recruitment channel.

Benefits provided to all employees

- Health Insurance
- Flex Pay
- Accident Insurance
- Parental Leaves

EMPLOYEES

Channels for sharing employee feedback and ideas

Top leadership interaction: Direct engagement with top leadership to foster transparent communication and gather firsthand insights from employees.

Central Town Halls: Company-wide meetings to discuss major updates, achievements and address employee questions.

Business/Functional Town Halls: Focused sessions tailored to specific business units or functions to discuss relevant issues and gather targeted feedback.

Off the Record Platform: Informal sessions where employees can discuss matters candidly, providing a space for open dialogue without the constraints of formal settings.

Meet the CEO: Regular sessions where employees have the opportunity to interact directly with the CEO, sharing their thoughts, ideas and concerns.

Diverse Listening Posts: Multiple channels to ensure voices from all demographics and levels within the company are heard, promoting inclusivity in feedback collection.

Manager Connections and Skip Level Meetings: Regular one-on-one meetings between employees and their managers to discuss performance, ideas and any concerns, ensuring continuous and open communication. Additionally, meetings where employees can directly interact with their skip level manager to share their insights and feedback.

SpeakUp and Whistleblower Forums: Anonymous platforms where employees can report unethical behaviour, concerns, or suggestions without fear of retaliation, ensuring a safe and supportive environment.

New Hire Feedback: Structured feedback sessions at 7 days, 1 month and 3 months to understand the onboarding experience and identify areas for improvement.

Inspiring engagement and wellbeing

At Nykaa, we cultivate a culture of high engagement that reflects our core belief that "in giving, we receive." This philosophy is embodied in our **'Nykaa Gives'** initiative, which encompasses a wide range of charitable endeavours and community outreach programmes. Our vibrant workplace culture is further highlighted through festive celebrations during Nykaa Sales, Thanksgiving, Potluck, Friendship Day and various other festivities, creating a sense of family and camaraderie among our employees.

We have made significant investments in enhancing and expanding our office infrastructure to foster better collaboration, synergy and cohesive teamwork within Nykaa. Our commitment to employee well-being is evident in activities like Marchathon, which encourages employees to focus on their fitness journey. By promoting a healthy work-life balance and an engaging work environment, we ensure that our team remains motivated, connected and ready to contribute to Nykaa's continued success.

Employee engagement programmes

Nykaa Gives: Demonstrates our commitment to community outreach and charitable endeavours.

Long Service Awards: Honouring employees who have dedicated years to Nykaa's success, celebrating their commitment and contributions.

Recognition: Nykaa's recognition efforts include the prestigious Chairperson's Annual Awards, which honour employees who exhibit excellence, go above and beyond and make a significant impact.

Quarterly Business/Function Townhalls: Locally recognising and appreciating employees, ensuring their hard work and achievements are consistently acknowledged.

Festivals and Celebrations: Various festivals were celebrated all across Nykaa to foster a sense of community and togetherness among employees. These celebrations bring joy and vibrancy to our workplace, enhancing team spirit and creating memorable experiences for everyone.

100%

Enrollment recorded in Nykaa Academy in FY 2024

94%

Eligible people managers were covered under NMP in FY 2024

Learning and upskilling initiatives at Nykaa

Our 'Be Better Everyday' culture emphasises continuous learning and growth. By helping our employees develop skills and internal capabilities, we empower them to grow alongside the Company. Our comprehensive learning and upskilling initiatives are designed to build a future-ready workforce and drive organisational growth.

On-the-job learning and stretch assignments

We conduct targeted learning interventions for specific businesses and functions to enhance employee skills, improve productivity, and drive organisational growth. These initiatives ensure that our team members continually develop their expertise, contributing to both their personal growth and Nykaa's success.

Learning and development programmes

Nykaa Manager Programme (NMP): Specialised training for first-time managers to develop their leadership skills, leading to better team performance and employee satisfaction.

Nykaa Leader Programme (NLP): Enhances the learning journey for leaders, equipping them with the tools to lead effectively.

Nykaa Academy: Employees enroll in self-paced learning on globally recognised learning platforms.

PACE Programme: Supports career development in the retail business unit (BU).

Diversity and inclusion

At Nykaa, our DEI initiatives include hosting events and sessions that celebrate diversity, such as Women's History Month and Visionaries Unplugged where we conduct engaging sessions with external thought leaders to inspire and motivate our employees. These initiatives not only promote awareness but also empower our employees through shared stories and experiences. Our Company-wide Women's Day celebrations honour the invaluable contributions of our women employees with various events and activities. This commitment to diversity and inclusion has been recognised by Economic Times Edge, which awarded Nykaa the Progressive Places to Work in India recognition. This accolade reflects our dedication to creating an inclusive, innovative and employee-centric workplace where everyone can thrive.

43%

Female workforce

30%

Women managers

EMPLOYEES

✦ Spreading joy: Nykaa Gives

During the Christmas season, Nykaa launched a heartfelt Secret Santa initiative to bring joy to underprivileged children by providing them with school bags. Nykaa employees enthusiastically participated, donating these essential items and creating memorable experiences by spending time with the children. Extending its philanthropic efforts, Nykaa partnered with the global hunger relief organisation Rise Against Hunger, packing 32,666 nutritious meals for underprivileged children and individuals. This campaign underscored Nykaa's commitment to social responsibility, with significant employee involvement fostering a strong sense of community and shared purpose. These initiatives not only supported children's education and addressed immediate hunger needs but also highlighted the vital role of community support and corporate philanthropy.

Health, safety, and environment (HSE)

Our comprehensive Health, Safety, and Environment (HSE) framework covers all stakeholders, including employees, customers, business partners, and visitors. It includes a variety of awareness programs for employees to ensure safety for all stakeholders. These initiatives ensure employees are well-informed about safety protocols, potential hazards and best practices for maintaining a safe workplace. By covering critical areas such as fire safety, emergency response procedures and road safety, we promote a secure working environment across the workplace, warehousing, logistics operations and on the road. We also conduct sessions on POSH (Prevention of Sexual Harassment) guidelines to promote inclusivity. We provide monthly updates on relevant regulations for security personnel. Furthermore, we organise periodic seminars that emphasise positive social values, including women's empowerment.

H

- Employee benefits
- Employee well-being: physical, emotional and mental
- Established a partnership with a doctor to ensure access to medical services when necessary

Page 212

S

- Occupational health and safety
- Safety culture

Page 215

E

- Waste management – Extended Producer Responsibility (EPR)

Page 210

- Sustainable packaging practices

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> To ensure adherence to safety regulations, Nykaa undergoes external HSE audits of all locations on regular basis.

Commitment to Employee wellness and Workplace Safety

At Nykaa, maintaining a safe working environment for all employees is our top priority. Our HSE Policy establishes a comprehensive framework that includes:

- **Proactive risk management:** Actively identifying and mitigating potential hazards.
- **Performance monitoring and benchmarking:** Continuously enhancing safety by aligning with industry standards.
- **Enhanced incident management:** Strengthening the processes for reporting and investigating incidents.
- **Continuous improvement programs:** Implementing regular audits and safety initiatives to drive ongoing improvements.
- **Employee engagement:** Encouraging active participation in safety activities.
- **Comprehensive safety awareness programs:** Providing robust training and clear communication on safety policies.
- **Knowledge sharing:** Disseminating insights from past incidents to prevent future occurrences.
- **Employee wellness:** Nykaa is focusing on over all employee wellness, with a particular emphasis on mental well being through external experts.

This year, we have strengthened our emergency preparedness by empowering our Emergency Response Teams (ERTs) across all warehouses, supplemented with extensive training sessions. Regular external HSE audits were conducted to ensure compliance with safety regulations. As a result, no major incidents occurred during FY 2024, with only minor incidents of low severity. Monthly monitoring continues to enhance early hazard identification.

Infrastructure measures

- Implementation of safety systems, including smoke detectors, public addressing systems, sprinklers, and fire hydrant systems, across all workplaces.

Operational measures

- Regular safety training for employees and workers.
- Regular mock drills in collaboration with building management to assess emergency preparedness, identify areas for improvement and boost employee confidence in handling emergencies.
- Introduction of HSE audits to identify potential hazards and risks.
- Placement of first-aid boxes in all workplaces.
- Established ERTs comprised of first-aid trained personnel and fire-fighting teams to enhance emergency preparedness.
- All new employees undergo comprehensive HSE inductions and an e-learning module on HSE policy is available to all employees.

Future strategies

- Development of Standard Operating Procedures (SOPs) for employee-centric HSE training modules.
- Creation of SOPs and guidelines for mock drills to enhance their effectiveness and reinforce the process.

COMMUNITIES

How we engage with them

We actively engage with communities through collaborations with NGOs, direct consultations, field visits, and training sessions. Our initiatives include utilising digital platforms, participating in volunteering work (including e-volunteering), and regularly reviewing programme achievements and impact to ensure meaningful contributions and sustained progress.

Frequency

Regularly

Key priorities

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

Material topics

- Business ethics and values
- Community development and engagement

Relevant SDGs

COMMUNITIES

Our social impact

At Nykaa, community initiatives that promote sustainability, education, health and women empowerment are central to our social commitments. Through various programmes and partnerships, we aim to make a difference that counts, bettering the lives of the communities we serve. The larger goal behind these initiatives is to build a brighter, more inclusive future, ensuring that our growth positively influences the society and environment around us.

Our vision is to bring inspiration and joy to people everywhere, every day. This, coupled with our Mission and Values, forms the core of our Corporate Social Responsibility (CSR) agenda. Since our inception, giving back has been an integral part of our journey. Through our CSR initiatives, we strive to champion authentic self-expression and inspire positive change.

Our focus area and partners

Focus area	Partners			
Promoting education & research	IIM Ahmedabad	Rangeet (Adiwasi Seva Sanstha)		
Health	Anushkaa Foundation for Eliminating Clubfoot (AFECF)	Meal Packing Programme		
Skill development	Sambhav Foundation (A LabourNet project)	NCAER	Daniel Bauer Academy & Salaam Bombay	Beauty & You
Sports	Indian Deaf Cricket Association	Slum Soccer- Krida Vikas Sanstha		

Promoting education and research

Advancing consumer technology: The Nykaa Chair at IIM-A

Nykaa Foundation continued its partnership with the IIM-A Endowment Fund to establish the Nykaa Chair in Consumer Technology. Now in its third year, the programme focuses on advancing research and education in marketing, particularly emphasising the scientific application of digital, social, and mobile technologies. The Chair aims to provide valuable insights into the impact of these technologies on business models, customer behaviour, and broader social changes through research papers and engaging events. Additionally, the Chair's research explores economic and statistical models to measure the role of the Internet and new media on consumer and firm behaviour while addressing the future of privacy-preserving digital advertising.

Empowering adolescents through holistic education: Project Rangeet

Rangeet is a mobile app designed for facilitators, including schools, teachers, communities, families, and caregivers, to foster well-being among adolescents. The app features a play-based Social, Emotional and Ecological Knowledge (SEEK) curriculum that utilises alternative education methods to engage with young people. Designed around the Sustainable Development Goals (SDGs), Project Rangeet's social-emotional learning approach aligns with Nykaa's focus on self-expression and supports community upliftment through holistic education programmes.

Starting with teacher training across the districts of Rajasthan, the SEEK curriculum was subsequently taught to children aged 7-16. This initiative bridges the gap towards achieving government education objectives centered around comprehensive education, ensuring that children receive a well-rounded, holistic learning experience.

840
School teachers trained to impart SEEK curriculum

17,772
Students benefitted

as of March 2024

Health

Nykaa's commitment to children's health: Partnering with Anushka Foundation

Nykaa continues its association with the Anushkaa Foundation for Eliminating Clubfoot (AFEC) to treat 75 children across India born with this condition. Clubfoot, a birth defect affecting 1 in every 800 newborns, requires specialised care. Nykaa's partnership aligns with the Rashtriya Bal Swasthya Karyakram (RBSK), a crucial initiative aimed at early identification and intervention for children's health. Through this collaboration, Nykaa supports AFEC in training doctors in the Ponseti Method, developing them as Medical Trainers, and providing supportive supervision, thereby contributing to improved healthcare outcomes for affected children.

75
Underprivileged children undergoing treatment for clubfoot

Nykaa Nourishes

In association with Rise Against Hunger, employees in Mumbai, Delhi, and Bengaluru joined a meal packing programme, collectively packaging over 32,000 fortified and nutritious meals for the underprivileged. These initiatives highlight the commitment of Nykaa's workforce to making a positive impact in their communities.

COMMUNITIES

Skill development

Empowering women through the Labournet programme

The Labournet programme aims to integrate more young women into the mainstream workforce by training them as skilled beauty professionals. These ambitious women, coming from low-income communities, aspire to become independent and contributing members of society but often lack the right opportunities. Through these collaborations, five centres in Bengaluru, Guwahati, Noida, Pune, and Mysuru are currently operational, each fully equipped with beauty stations for practical sessions. These centres offer months-long beginners training and internships to young women, seeking opportunities to become financially independent. Upon completing the programme, these young women will have the opportunity to work at beauty salons in their local neighbourhoods, unlocking new career paths for them to explore and grow.

402
Women employed
**as of March 2024*

1,000+
Women to benefit
**by November 2024*

Advancing women's empowerment: Partnering with NCAER

In collaboration with India's oldest and largest independent, non-profit economic policy research think tank, the National Council of Applied Economic Research (NCAER), Nykaa has launched a nationwide study to assess the economic and financial empowerment of women. This ground-level sample survey, conducted in 11 states during the first phase, aims to create an index of women's empowerment. The study's findings will help measure progress and identify barriers to women's empowerment, enabling the design of targeted policies to overcome these obstacles and promote greater inclusion and equality.

Beauty & You Awards: Empowering the next generation of beauty entrepreneurs

Launched in partnership with Estée Lauder Companies' New Incubation Ventures, the Beauty & You Awards aim to discover and propel the next generation of beauty entrepreneurs. This initiative supports founders, innovators, and creators in growing their businesses holistically by identifying brand goals, achieving scale ambitions, and curating product portfolios for Indian consumers. Awardees will receive grants to advance their ideas and grow their beauty ventures, along with mentorship, guidance, training, and awareness to facilitate their progress in the beauty and fashion industry.
In FY 2024, Nykaa supported three beauty brands through this initiative.

Building brighter futures: Nykaa's Partnership with Salaam Bombay Foundation

Salaam Bombay Foundation equips at-risk youth in urban slums with the skills needed to break the cycle of poverty and build brighter futures. Nykaa partnered with the foundation to support and upskill five young girls, advancing their careers in the beauty sector. Through a six-month certification programme at Daniel Bauer Hair and Makeup Academy, the selected candidates received comprehensive training in various beauty skills, followed by internships at leading beauty salons. This initiative aims to empower these young women, providing them with opportunities for sustainable career growth.

Sports

Nykaa's support for differently-abled cricket: Partnering with IDCA

For the second consecutive year, Nykaa partnered with the Indian Deaf Cricket Association (IDCA) to support the inaugural IDCA First T-10 Women's Premier League. IDCA is dedicated to the development, training, and promotion of differently-abled cricket, especially Deaf Cricket, across the country and boasts a robust network of 20 State Deaf Cricket Associations. Through this endowment, Nykaa aims to provide a unique opportunity for talent from underprivileged backgrounds to excel in disability sports, fostering inclusivity and empowerment within the sporting community.

180
Young women with hearing disabilities participated

Nykaa's continued support for Krida Vikas Sanstha (Slum Soccer)

For three years in a row, Nykaa has been supporting Krida Vikas Sanstha's (Slum Soccer) mission to help at-risk, underprivileged youth come together and engage in sports. These young girls and boys, potential game changers, hail from impoverished communities across various states including Jharkhand, Delhi, Maharashtra, Karnataka, Tamil Nadu, Chhattisgarh, and Gujarat. All participants undergo specially designed training programmes focused on equipping them with skills, knowledge, mindset, confidence, determination, and motivation to bring sustainable change to their communities through the power of football. This initiative culminates in the National Inclusion Cup, where teams from all over the country compete, with some players being selected to represent India in the Homeless World Cup.

480
Underprivileged children impacted

REGULATORS

How we engage with them

We are actively involved in multiple trade associations and chambers relevant to our business. Our engagement with regulators includes regular meetings, interactions, policy citations, and disclosures about our business matters, ensuring compliance and fostering transparent communication.

Frequency

Regularly

Key priorities

- Transparent and open operations
- Timely compliance with regulations
- Timely tax payments
- Support to various schemes of central and state governments

How we deliver value

- High compliances with regulations
- Robust compliance and ensuring that all complaints received from stakeholders are resolved
- Support government initiatives

Material topics

- Product Safety and quality
- Labour management
- Privacy and data security
- Business ethics and values
- Marketing and labelling

Relevant SDGs

REGULATORS

Upholding trust and transparency

At Nykaa, we prioritise strict adherence to regulatory requirements and maintain transparent communication with regulatory bodies. Our compliance framework ensures that we meet all legal and ethical standards across our operations. By engaging proactively with regulators, we stay informed of evolving regulations and industry standards, fostering a culture of accountability and integrity.

Regulation	Applicability for operations	Measures taken to ensure compliance
Consumer Protection Act 2019 with E-Commerce Rules 2020	• Retail Trade • E-Commerce Trade • Website Compliance • Products Claims	• Company vendor onboarding policy • Invoice terms, e-commerce terms/conditions • Returns Policy and appointment of Grievance redressal mechanism with grievance/nodal officer
Drugs and Cosmetic Act 1940 Cosmetic Rules 2020	• Cosmetic Products Manufacturing Own and Contract • Cosmetic Products Import • Cosmetic Products Labelling and Advertising	• Cosmetic Imports – CDSCO permission for all cosmetics import • Own Brands Manufacturing – Contract manufacturing and Loan Licence for Quality Safety management • Labelling – Artwork management process for product declaration and compliance
Drugs and Cosmetic Act 1940	• Drug Pharmacy Licence	• Storage and Sales of OTC and Medical Devices • Pharmacist and Responsible person for operation management • GHP at Warehouse for storage and Records management
Food Safety and Standards Act, 2006	• Food Articles - E-Commerce • Storage and Sales	• E-commerce Food Licence • Documentation management • Vendor onboarding policy for Safety and Quality
Bureau of Indian Standards Act 2016	• Import of Electronic fashion accessories • Import of Footwear • Quality of Cosmetic Products • Quality certification for household appliances	• Vendor Import permission • Vendor agreement for compliances
Legal Metrology Act 2009 and Packaged commodity Rules 2012	• E-Commerce Site Compliance • Products Labelling Compliances • Dealer Licences • Cosmetic Products -Import, Local Manufacturing and Packing	• LM registration for Importer/Manufacturer/Packers registration • Labelling compliance management
Ministry of Environment and Forests – Central Pollution Control Board (Plastic Waste Management and E-Waste Management)	• Plastic Waste management for - Import – Cosmetic and Fashion • Local Mfg – Brand owned products • Warehousing – Products catered in local market. • E-Waste – Electronic waste management	• CPCB – Plastic Waste management registration • Recycling of the plastic waste via registered vendor • Annual Filling of the waste recycled. • EPR on-going compliance for 100% target achievement • E-Waste recycling via registered vendor
Ayurvedic Unani and Siddha (AYUSH)	• Ayurvedic Proprietary Formulation – Contract manufacturing and marketing	• Ayush certified manufacturing • Labelling compliance • Product testing and Quality and Safety Management
Advertising Council of Indian	• ASCI – self-governing for advertising and fair in trade practice	• Claim check • Beauty Bloggers – Disclaimers mandate and implementation, etc.

Ensuring regulatory compliance

Nykaa rigorously adheres to all administrative regulations, including the Foreign Exchange Management Act for export-import processes, labour laws such as the Employees State Insurance Act and Minimum Wages Act, IT laws like the Information Technology Act, and industry-specific regulations like the Consumer Protection Act and E-Commerce Rules. Understanding the long-term risks associated with evolving labour practices, Nykaa exceeds legal requirements to uphold fair and ethical labour management. By prioritising compliance, Nykaa fosters a positive and supportive ecosystem for all stakeholders. Further, Nykaa also complies with the applicable provisions of the Companies Act, 2013, SEBI Regulations, IPR Laws, Shop and Establishments Act.

100%
Resolution of complaints received from investors, employees, and customers

NIL
Complaints related to child labour, forced labour, discriminatory employment, and human rights

NIL
Cases filed against the Company regarding unfair trading practices, irresponsible advertising, and/or anti-competitive behaviour

100%
Resolution of one sexual harassment incident

Enhancing payment security

Nykaa has successfully achieved PCI DSS compliance on its second attempt, ensuring a safer and more secure environment for card transactions. This milestone not only enhances transaction security for our users but also reduces dependency on any specific payment gateway for saved card tokens, offering greater flexibility and protection

Effective compliance management

Training

We ensure compliance through comprehensive training, maintaining checklists, and internal audits for its operational teams.

Cross-functional engagement

Nykaa coordinates with Legal, Admin, HR, and Management teams to establish and maintain ongoing compliance practices.

Compliance management tool

We utilise Legatrix as a compliance management tool for regular status reporting and effective tracking of compliance activities.

Impact assessment

We conduct thorough impact assessments to address regulatory issues promptly and implement necessary corrective measures.

Advocacy

We actively participate in various industry associations to stay updated on market practices and regulatory changes.

Proactive engagement and contributions to policy discussions

Indian Beauty Health Association (IBHA)

Collaborating with IBHA to address local manufacturing and import issues with regulators for Nykaa, Kay beauty and other beauty owned brands participating in IBHA's technical and legal committees to advocate for upcoming amendments and new regulations with CDSCO, Consumer Affairs, Health Ministry, and Commerce Ministry.

Federation of Indian Chambers of Commerce and Industry for Trade (FICCI)

Engaging with FICCI to highlight issues, participate in discussions, and address forthcoming regulatory changes with regulators.

The Confederation of Indian Industry (CII)

Collaborating with CII to foster consensus, network on industry matters, and leverage advisory and consultative processes.

Retailers Association of India (RAI)

As a member of RAI, we communicate our operational hurdles to regulators through sharing of market insights, thereby, facilitating a better understanding of our industry's needs.

NASSCOM

Collaborating with NASSCOM and leveraging its deep connections with the digital ecosystem - industry, government, and other stakeholders for highlighting/discussing various industry matters and also participating in consultations on subjects like cybersecurity, IT Policy, digital competition, data privacy, etc.

ENVIRONMENT

What we do to preserve it

We understand the critical role of environmental stewardship and are committed to reducing our ecological footprint. We aim to incorporate sustainable practices throughout our operations and supply chain, fostering a greener and more sustainable future.

Key priorities

- **Reducing carbon footprint**
- **Sustainable packaging**

How we deliver value

- High compliances with regulations
- Optimising our energy needs and focus on reducing GHG emissions from operations
- Promoting sustainable packaging practices

Material topics

- **Chemical safety**
- **Sustainable supply chain** (including logistics)
- **Raw material/product sourcing** (including sustainable products)
- **Carbon emissions management**
- **Waste recovery and circular economy** (including sustainable packaging)
- **Product carbon footprint**

Relevant SDGs

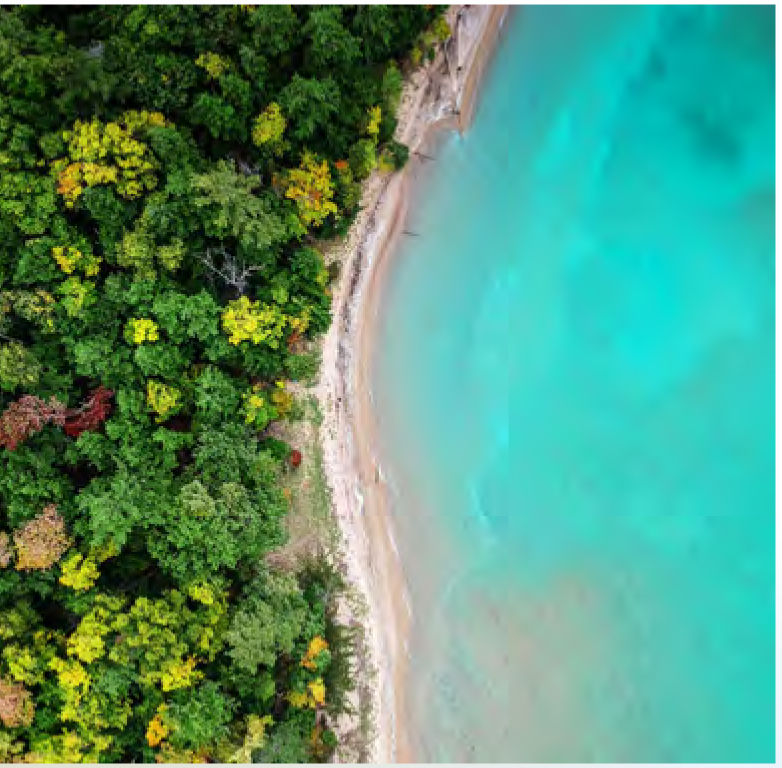
ENVIRONMENT

Protecting our planet

At Nykaa, we integrate eco-friendly practices across our operations and supply chain, from sourcing materials responsibly to implementing energy-efficient processes. Our initiatives include reducing waste, promoting recycling, and utilising sustainable packaging solutions. By continuously evaluating and improving our environmental impact, we aim to create a greener future and set industry standards for sustainability.

Reducing our carbon footprint

At Nykaa, we place a strong emphasis on reducing our greenhouse gas (GHG) emissions and optimising energy management. We actively comply with environmental regulations and adopt eco-friendly practices. Our initiatives include the use of energy-efficient solutions like LED lighting and the establishment of regional fulfilment centres to minimise air shipments. By integrating sustainable measures, we strive to minimise our carbon footprint and do our best to contribute to a greener future.

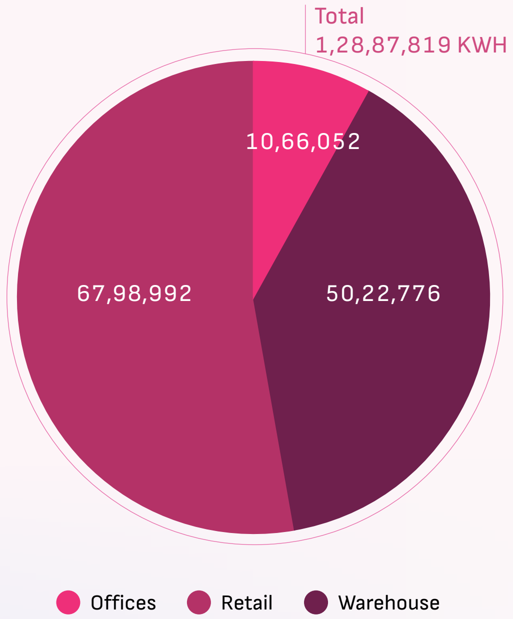


Green initiatives

Nykaa is committed to enhancing its sustainability practices by continuously exploring and implementing innovative initiatives and technologies. These initiatives, focused on reducing their environmental footprint, aim to significantly lower greenhouse gas emissions through renewable energy adoption and other targeted measures. The phased approach, will ensure a structured and effective integration of these green initiatives into their operations, contributing to the global effort against climate change while setting a strong foundation for long-term sustainability.

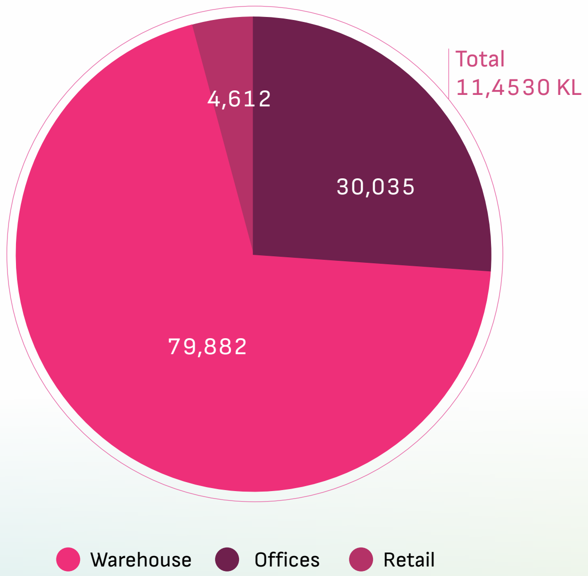
Lifecycle management of energy-using equipment

Our approach includes comprehensive asset capacity planning, load balancing, power factor correction, emission monitoring, and preventive maintenance activities. These measures ensure efficient energy use and prolong the life of our equipment, contributing to overall sustainability.



Sustainable water management

At Nykaa, we are dedicated to responsible water management in our offices and warehouses, using water strictly for domestic purposes. By adhering to water consumption guidelines, we aim to minimise our environmental impact and promote sustainable resource allocation. In FY 2024, we enhanced our data collection methods through the use of water meters, tanker logs, and location extrapolations, providing a more accurate picture of Nykaa's water usage. Previously, in FY 2023, water consumption was calculated based on formulas due to the lack of measuring systems.



Note:

1. At Nykaa, the water consumed is only for Domestic purpose and not for any Manufacturing.

2. Water consumption for Retail stores is computed on a theoretical basis.

ENVIRONMENT

Responsible EPR compliance and waste management

In line with our commitment to environmental responsibility, we strictly adhere to Extended Producer Responsibility (EPR) regulations. Since April 2021, we have been recognised as a 'Brand Owner and Importer' by the Central Pollution Control Board (CPCB). To ensure proper waste management, we have entered into agreements with authorised CPCB-registered recyclers, facilitating efficient waste collection across various states. By achieving our EPR target for FY 2024 through a designated recycler, we have completed all necessary updates for annual filings on the EPR portal. We also manage e-waste responsibly through authorised vendors. Expired products are incinerated using approved channels. These initiatives reflect our focus on sustainable waste management and our efforts to minimise our environmental impact.

Reducing plastic consumption

In FY 2024, we have reduced plastic waste generation, indicating progress towards sustainable packaging and decreased plastic consumption. In FY 2024, we recycled plastic waste through EPR [Extended Producer Responsibility] is 407 MTA in FY 2024 we sourced approximately 85%** of our packaging material from eco-friendly sources.

Other waste

Corrugated boxes, not reported in FY 2023 due to measurement unavailability, accounted for around 1,478 tonnes of disposed waste in FY 2024.** We have achieved 100% reuse of corrugated boxes across all private-label warehouses. Notably, we generated zero e-waste in FY 2024, and all battery waste was responsibly disposed of through a buy-back process.

Plastic waste recycled (MTA)

FY 23	324
FY 24	**407**

Hazardous waste intensity per rupee of turnover (MT/million)

FY 23**#	0.0012476
FY 24**	**0.0002416**

*** for two entities - FSN E-Commerce and Nykaa E Retail, only*

 # Hazardous waste includes both expiry and damaged products

Embracing eco-friendly packaging

We are dedicated to reducing our environmental footprint through sustainable packaging practices. Our initiatives focus on eliminating plastic usage and promoting eco-friendly alternatives to support a greener future.

Sustainable packaging practices

Reduced plastic bubble width

Actively reducing the width of plastic bubble wrap to minimise waste and optimise resources.

Reuse of packaging material

Prioritising the reuse of Return to Origin (RTO) packaging materials to foster a circular economy and reduce waste.

Manpower training on plastic management

Conducting regular training sessions to educate our staff on responsible plastic management, including waste reduction, recycling, and proper disposal practices.

Paper packaging

We are replacing plastic with paper to reduce single-use plastics and promote renewable resources.

Paperless picking

Increased order fulfillment capacity by improving picking process and achieved zero paper utilisation for orders processed

Nykaa 10x10 initiative

Currently, approximately 85% of our shipments are packaged using sustainable materials like recycled paper, while the remaining 15% involves responsibly managed plastic packaging. There has been a reduction in the amount of plastic waste we recycle due to the reduction in our plastic consumption on account of alternative packaging.

Plastic waste intensity per rupee of turnover (MT/million)

FY 23**	0.005707
FY 24**	**0.002799**

*** for two entities - FSN E-Commerce and Nykaa E Retail, only*

CORPORATE GOVERNANCE

Driven by purpose

At Nykaa, our corporate governance philosophy is rooted in our core values and principles, ensuring trust and transparency at all levels. By prioritising long-term value creation and stakeholder interests, we commit to ethical practices and dynamic management, cultivating sustainable relationships and responsible decision-making throughout the organisation.

Corporate governance structure

We maintain a robust governance structure with a multi-tiered system that clearly defines the roles and responsibilities of each constituent. Our Board, established by our shareholders, serves as the apex body overseeing the Company's overall functioning. The Board is responsible for providing strategic supervision, monitoring management performance, and ensuring governance on behalf of the shareholders and other stakeholders. Exercising independent judgment, the Board is integral to maintaining the integrity and direction of our operations.

The day-to-day operations are managed by our experienced management team under the Board's overall supervision. To enhance focus and efficiency, we have constituted several Committees dedicated to specific areas of responsibility, each mandated to make timely recommendations. Additionally, we have adopted various Codes and Policies to uphold the highest standards of corporate governance.

Business ethics and values

Code of conduct

Nykaa's Code of Conduct is the foundation of our ethical business practices, advocating fairness, transparency, respect and accountability. It guides employee behaviour and our efforts toward societal impact and strong stakeholder relationships.

Compliance and Ethics

We uphold a zero-tolerance policy for any violations of laws, codes of conduct, or internal regulations. Our robust policies ensure strict adherence, with comprehensive employee training and regular updates.

We encourage reporting of any compliance or ethical concerns and protect whistle-blowers through our anti-corruption and anti-bribery policy. We have implemented the human rights policy in FY 2024. Reports can be made through email to whistleblower.employees@nykaa.com / nykaa@tip-offs.in and/or through a web portal at www.nykaa.tip-offs.in. On receipt of any report/complaint, thorough investigations are conducted by a dedicated forum. Senior leaders are committed to implementing and enforcing these compliance measures.

	Received	Resolved
Whistle-blower cases (Nos.)	3	2
Shareholder complaints (Nos.)	8	8
Shareholders queries/requests (Nos.)	159	159
Customer complaints (Nos.)	8,156	8,156

Note: Contains data for FSN E-Commerce Ventures Limited and Nykaa E-Retail Limited

ESG governance

As part of Nykaa's ESG governance framework, the Corporate Social Responsibility & Environmental, Social, and Governance (ESG) Committee oversees our business operations with a focus on environmental and social impacts, developing and implementing initiatives aimed at fostering positive outcomes for stakeholders. The committee formulates proposals and recommendations which are further reviewed by the Board. ESG-related matters are discussed with the Board biannually. We are concurrently developing an ESG strategy to integrate these principles across our operations and streamline the monitoring of our progress.

Policies

- Anti-Corruption and Anti-Bribery Policy
- Health, safety and environment Policy
- Policy on Board diversity
- Policy on succession planning for the Board and Senior Management
- Remuneration Policy for Directors, KMPs and Other Employees
- Risk Management Policy
- Vigil mechanism/Whistle Blower Policy
- CSR Policy
- Human rights policy

*Access our policies on our website **Here***

Board's effectiveness evaluation

Our Board of Directors undergoes regular evaluations to ensure their performance and effectiveness. Led by the Chairperson of the Nomination and Remuneration Committee, annual assessments evaluate both the overall Board performance and individual members. This practice fosters continual improvement and accountability within our organisation. The criteria for evaluating their effectiveness are outlined below:

- Contribution to and oversight of corporate governance practices
- Commitment to fulfilling directorial obligations
- Contribution to enhancing and safeguarding shareholder value
- Fiduciary responsibilities
- Any other aspects agreed upon by the Board periodically

Board succession planning

Recognising the importance of smooth leadership transitions for organisational continuity, we prioritise robust succession planning. Our Nomination and Remuneration Committee (NRC) oversees the implementation of succession planning policies for both the Board and Senior Management, with our Chief Human Resources Officer (CHRO) ensuring policy administration and compliance.

Board/Board Committee meetings and attendance

Board and its Committees	Meetings	Attendance (%)	Members	Independence
Board of Directors	5	92	10	5
Audit Committee	6	93	4	3
Nomination and Remuneration Committee	5	100	3	2
Stakeholders' Relationship Committee	2	88	3	1
Risk Management Committee	2	83	3	1
Corporate Social Responsibility & Environmental, Social, and Governance Committee	3	100	3	1

In addition to the above, we have also established a Fundraise and Investment Committee to review and recommend investment proposals, including mergers and acquisitions, as well as fundraising initiatives, to the Board.

Consumer financial protection

We have established strong protocols to identify and thwart fraudulent activities, scams and other potential issues that could impact our customers negatively. Customers are encouraged to voice any concerns they may have, and we actively monitor activities deemed higher risk. Furthermore, we assess sellers based on their transaction records and implement appropriate measures, such as restrictions or suspensions, to uphold a safe and dependable shopping environment.

Privacy and data security

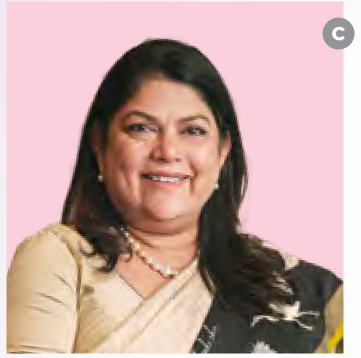
We place a high priority on safeguarding customer data privacy and security, focusing on managing risks associated with data collection, storage and protection. Guided by Nykaa beauty privacy policy, our efforts include significant investments in robust cybersecurity measures, such as third-party evaluations of critical IT systems and infrastructure. Advanced technologies and stringent IT controls are utilised to uphold the confidentiality and sensitivity of customer information. Regular training sessions for employees reinforce best practices, maintaining strong cybersecurity and data privacy standards throughout our organisation.

Transparent marketing and labelling

Our marketing and labelling practices adhere to the highest standards of transparency and compliance. We provide accurate and detailed information on product labels, clearly indicating the presence or absence of ingredients such as parabens, mineral oil, and other potential allergens. Marketing efforts are focused on highlighting key product qualities important to our customers. We also comply with industry regulations, including displaying logos and information related to parameters like cruelty-free, vegan, and clean under our Conscious at Nykaa brand. By strictly following local laws and regulations, we ensure that our product labelling is informative, reliable and empowers customers to make well-informed purchasing decisions.

BOARD OF DIRECTORS AS ON MARCH 31, 2024

Shaping corporate vision


C

Falguni Nayar
Executive Chairperson, Managing Director and Chief Executive Officer


M M M

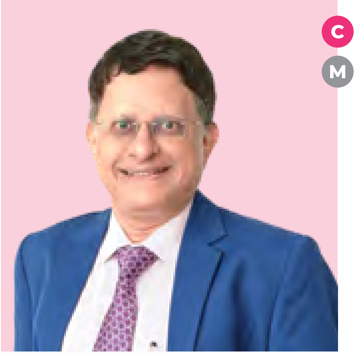
Sanjay Nayar
Non-Executive, Non-Independent Director


M M

Adwaita Nayar
Executive Director


M M M

Anchit Nayar
Executive Director


C M

Milind Sarwate
Independent Director

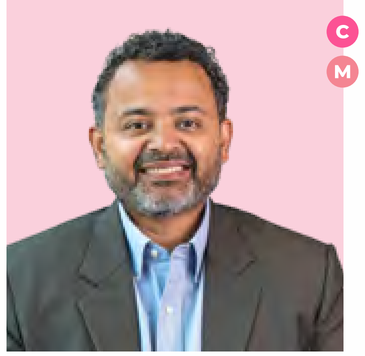

C C M

Anita Ramachandran
Independent Director

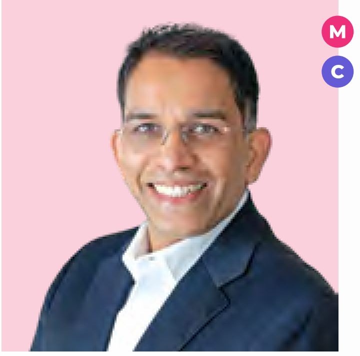

M M

Milan Khakhar
Non-Executive, Non-Independent Director

Alpana Parida
Independent Director


C M

Pradeep Parameswaran
Independent Director


M C

Seshashayee Sridhara
Independent Director

50%
Independent Directors

40%
Female Directors

Board skill matrix

Entrepreneurship	100
Leadership/operational experience	100
Business strategy	100
Marketing – digital, consumer & e-commerce	90
Industry knowledge	100
Brand building committee	80
Governance and regulatory oversight	100
Financial literacy	100
Human capital management	80
M&A, investment management, risk management	80

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

CORE MANAGEMENT TEAM

Steering the course

Falguni Nayar
Executive Chairperson, Managing Director and Chief Executive Officer

Adwaita Nayar
Executive Director, Managing Director & CEO – Nykaa Fashion Limited

Anchit Nayar
Executive Director, Managing Director & CEO – Nykaa E-Retail Limited

Rajesh Uppalapati
Chief Technology Officer

Nihir Parikh
CEO - Nykaa Fashion.com

P. Ganesh
Chief Financial Officer

Vishal Gupta
CEO - Nykaa Distribution

Surender Mehta
Chief Human Resource Officer

Manoj Jaiswal
Chief Officer-Supply Chain

Sujeet Jain
Chief Legal and Regulatory Officer

Awards and accolades

- LinkedIn's list of Top Companies 2024: The 15 workplaces in India to grow your career
- IReC Awards: Apparel Retailer of the Year (Nykaa Fashion)
- IReC Awards: D2C Brand of the Year (Kay Beauty)
- VCCircleAwards2024: Consumer Company of the Year Award
- Times Group's Promising Brands 2023
- India's Fastest Growing Brands 2023-24

Falguni Nayar,
Executive Chairperson, Managing Director & CEO

- Featured in International Business Times' (IBT) Top CEO Awards 2024
- Blackswan Award for Women's Empowerment 2023-24
- ISLA (Inspiring and Successful Leadership Award)
- Hall of Fame of Business Today's Most Powerful Women in Business

Adwaita Nayar,
Executive Director and
Managing Director & CEO – Nykaa Fashion Limited

- World Economic Forum's Young Global Leaders, Class of 2024
- The Economic Times Women's Ahead List

CELEBRATING SUCCESS

Management Discussion and Analysis

A. Economic and industry overview

A1. Indian economy

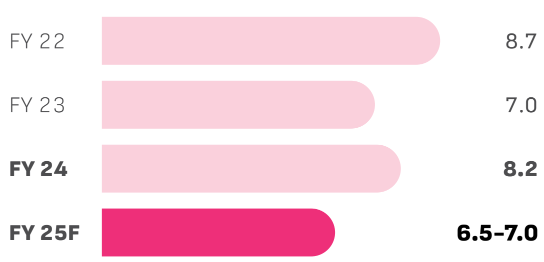
FY 2024 was a momentous one for India. As the world economy remained mired in myriad challenges such as escalating geopolitical tensions, high inflation and weak growth, India remained on its rapid growth path. Driven by robust government expenditure on infrastructure, a buoyant manufacturing & services sector and steady private consumption, according to the Economic Survey 2023-24, the Indian economy has grown by 8.2% in real terms in FY 2024, demonstrating resilience and stability. This growth consolidates the post-COVID recovery, with policymakers ensuring both economic and financial stability. However, as a nation with high growth aspirations, India must adapt to constant changes.

Sustaining this recovery requires significant efforts on the domestic front, especially given the complexities in reaching global agreements on trade, investment, and climate issues. The high economic growth in FY 2024 follows impressive growth rates of 8.7% and 7.0% in the previous two financial years. Headline inflation remains largely under control. The trade deficit improved in FY 2024 compared to FY 2023, and the current account deficit stands at approximately 0.7% of GDP.

Outlook

Looking ahead to FY 2025, the Indian economy is expected to maintain its growth trajectory, with projections of around 6.5-7% GDP growth, as per the Economic Survey. Continued government initiatives aimed at enhancing infrastructure and promoting digital economy, and recovery of rural demand are likely to support this growth. However, global economic conditions and domestic policy responses will play a critical role in shaping the economic landscape. Ensuring sustainable growth amidst potential global economic uncertainties will be a key challenge and focus area for policymakers.

India GDP growth trend (%)*



** Source: Economic Survey 2023-24 , GoI*

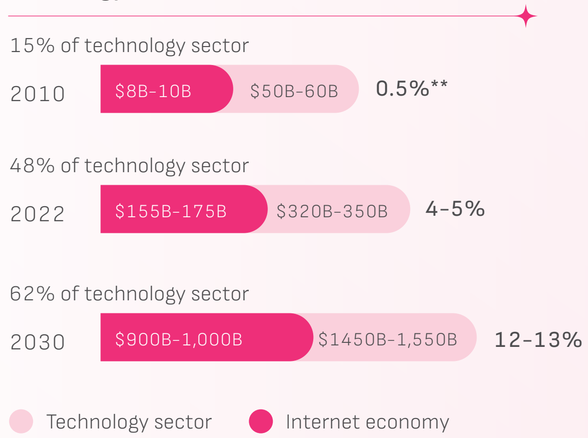
A1.1. Internet economy

The Indian economy has seen substantial growth fuelled by widespread digitisation across the value chain, including consumers, suppliers, and wholesalers/distributors, supported by enhanced internet infrastructure & connectivity and the rise of e-commerce. The Indian government has been actively promoting the use of digital technologies through various initiatives such as Digital India, Make in India, and Startup India. The increase in internet and smartphone penetration in India has also played a major role in the growth of the digital ecosystem.

India's internet economy is expected to grow by ~6x from $175 billion in 2022 to ~$1 trillion in 2030, primarily driven by the continued shift in consumer behaviour and evolution of business ecosystem. It has accelerated on the back of increasing internet users beyond Tier I cities (population size of 1-4 million), digitalisation of large and small-scale businesses along with a growing startup ecosystem, and the success of India's home-grown digital public goods.

In 2022, the internet economy contributed ~4%-5% of India's GDP, which is expected to increase over the next 8 years leading to a contribution of ~12%-13% in 2030.

Contribution of internet economy to technology sector*



**Source: Bain & Co. Internet Economy Report*

*** Internet economy's share as % of GDP*

A significant share of internet economy comes from e-commerce (B2C + B2B) segment which contributes to ~40%+ of the internet economy as of 2022 and is expected to contribute ~50% of the internet economy in 2030.

($ in Bn)

Market size	2022	2030
B2C e-commerce	60 – 65	350 – 380
B2B e-commerce	8 – 9	105 – 120
Others	87 - 101	445 – 500

Internet economy has grown significantly with ~800 million+ internet users in 2023 (v/s 700 million in 2022), transacting more via real-time digital payments (crossing 100 billion+ UPI transactions in 2023) and spending more time on online video streaming services and social media than global average. In the past few years, there has been a major shift in the Indian consumer behaviour, highlighting strong digital behaviour, driven by widespread preference for digital interactions and engagement, ease of access and convenience provided by digital services, and better top of the mind recall for digital platforms among consumers.

Digital penetration beyond Tier II+ cities

As per Bain report, India still has a large untapped consumer base of more than 1 billion in Tier II+ cities (population size less than 1 million). Further, 7 out of 10 online shoppers hail from Tier II+ cities. With rapid digital penetration, the rural (population base of less than 250K) internet user base is expected to grow from ~400 million in 2022 to ~480 million by 2025.

Tier II+ (population size less than 1 million) consumers exhibit strong digital engagement, spending more time on emerging digital services than those in metro and Tier I cities.

Average time spent on online activities

(hours per day)

Particulars	2022
Metro cities	4.00
Tier I cities	4.25
Tier II cities	4.50

Improved consumer spending beyond Tier II+ cities

As per Bain & Co.'s report, the digital spend of consumers from Tier II+ cities is ~3x of top 50 cities. Growth of the internet economy will be fueled by this increased spending behaviour among consumers hailing beyond Tier II+ cities, driven by improved consumer household incomes which are expected to double from $2,700 in 2023 to $5,500 by 2030. India offers a massive headroom for growth in e-retail space which is currently underpenetrated, comprising of ~5%-6% of the total retail spend (v/s 35%+ in China).

Government initiatives

Dedicated long-term efforts and initiatives by the Indian government to enhance affordability, accessibility, and connectivity across the nation are showing results. With the deployment of digital infrastructure such as Aadhaar, DigiLocker, e-KYC, UPI, and RuPay, significant strides have been made in accelerating digital adoption among the population. Initiatives like BharatNet Phase III, specifically aimed at connecting rural India to digitised infrastructure, underscore the government's commitment to ensuring comprehensive digital inclusivity.

5G infrastructure

India has made significant strides in 5G, according to the latest report on 5G experience and adoption in India by Ookla. It ranked 14th globally in median download speeds with an impressive 301.86 Mbps in Q4 FY23. India's overall 5G availability also witnessed a remarkable increase throughout FY 2023, rising from 28.1 per cent in Q1 to a substantial 52.0 per cent in Q4, marking a significant 23.9 percentage point surge within a single year. 5G smartphone shipments in India exceeded 52% in 2023.

Digitalisation of businesses

India's digitalisation reforms have significantly boosted efficiency and offer a model for other economies to follow. These reforms have driven greater formalisation, expanded financial inclusion, and created new economic opportunities. The development of digital infrastructure has been crucial in establishing digital identities, improving access to finance and markets, lowering transaction costs, and enhancing tax collection. Together, these advancements have set a strong foundation for sustained and accelerated economic growth in this decade. According to Bain & Co.'s report, approximately 10% of MSMEs in India have adopted digital channels, enabling them to access a larger domestic market and reach customers nationwide.

Outlook

The rapid increase in internet usage has paved the way for India's internet industry to flourish, presenting a narrative filled with ambition, ripe opportunities, and limitless possibilities. The internet economy has grown rapidly in recent years and this growth is expected to continue for the ensuing years, reaching almost $1 trillion by 2030 (almost 2/3rd of the technology sector) as per Bain and Co.'s report. The overall internet economy is on a growth trajectory, largely driven by increased digital penetration in small towns and cities, and improved share of e-commerce. A continued shift in consumer online behaviour with evolving digital platform and service providers, matched with strong investor confidence sets India into its 'digital decade' with strong growth trajectory.

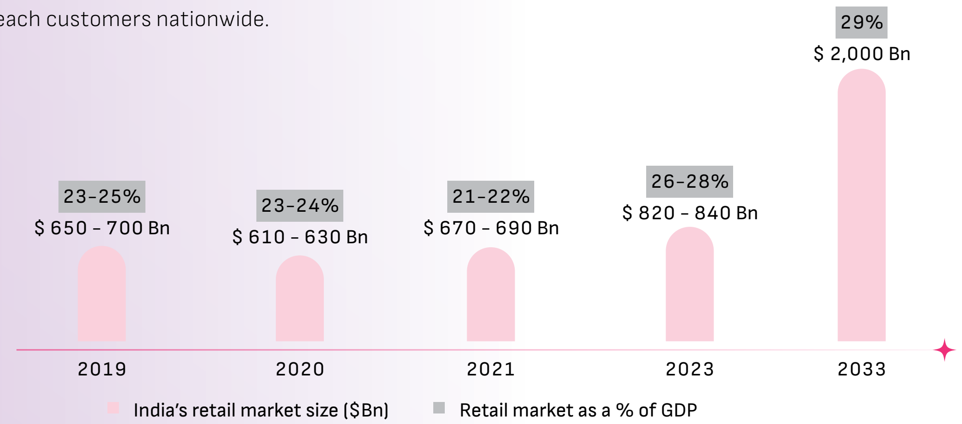
A2. Indian retail industry

The Indian retail industry is expected to reach market value of $2 trillion by 2033.

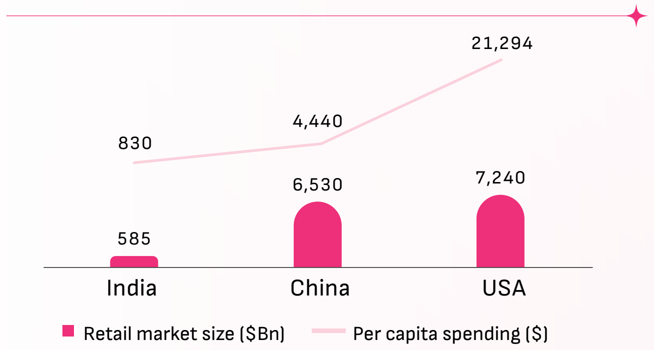
India ranks as the world's fifth-largest global destination in the retail space. In 2023, retail accounted for 26%-28% of the GDP and ~40% of private consumption. The sector is expected to grow at a faster pace than the overall GDP, with an annual growth rate of ~9%-10% till 2033, as per the BCG report.

Despite its substantial contribution, India's retail market still remains underpenetrated. In 2023, the per capita retail spend in India was $585, significantly lower than that of China ($4,440) and the USA ($21,294). This indicates substantial room for growth in India's retail sector. The market has been expanding at a much faster rate compared to larger economies, and this trend is expected to continue in the future.

The retail sector in India benefits from a large middle class and an underserved market, making it an appealing opportunity for international retail giants seeking expansion and for domestic players aiming to grow their presence through more store openings and enhanced digital infrastructure. As urban consumers' purchasing power rises, there is a noticeable shift in consumption patterns across various categories, including apparel, cosmetics, footwear, watches, beverages, food, and jewellery. These categories are increasingly favoured by urban shoppers for both business and leisure. Indian consumers are showing a growing willingness to spend, with discretionary spending starting to gain a larger portion of their overall expenditures



Retail market size, 2023



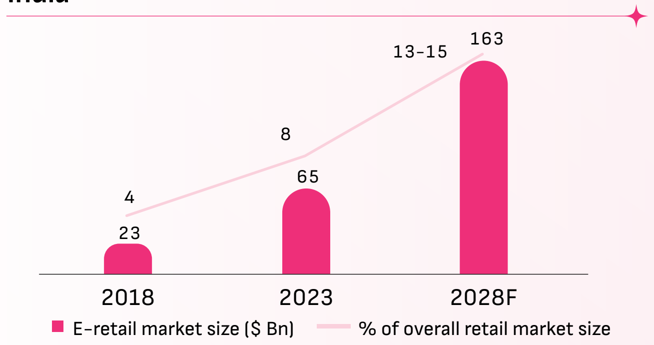
Source(s): BCG, World Bank data.

Conversion Rate: $1 = ₹80

Steady growth in per capita income, growth across multiple categories in the organised retail space, a focus on wider distribution reach by retailers through store additions, and higher e-commerce penetration will collectively drive the next level of growth for the retail sector in India.

In the Indian retail space, e-commerce is expected to grow at a much faster pace, driven by deeper penetration of internet connectivity beyond Tier I cities enabling to tap a much larger consumer base, and cheaper data prices compared to global averages allowing large consumption of data and internet usage. Currently, the e-commerce penetration in India stands at 8% of the total retail market size in 2023 and is expected to become 13%-15% of the total retail market size in the next 5 years, as per the BCG report.

India



Outlook

Looking ahead, the retail sector in India is poised for substantial growth, with projections to reach a market value of $2 trillion by 2033, growing at a CAGR of 9%-10% over the next 10 years, according to a recent analysis by the Boston Consulting Group (BCG). This growth is expected to create 25 million new jobs by 2030, further underscoring the sector's vital role in India's economic expansion.

A2.1. India Beauty and Personal Care market

India is projected to become a $34 billion beauty and personal care opportunity by 2028, as per Redseer report.

As per Redseer report, India's BPC market is expected to grow from $21 billion in 2023 to $34 billion in 2028, growing at a CAGR of ~10%-11% over the next 5 years.

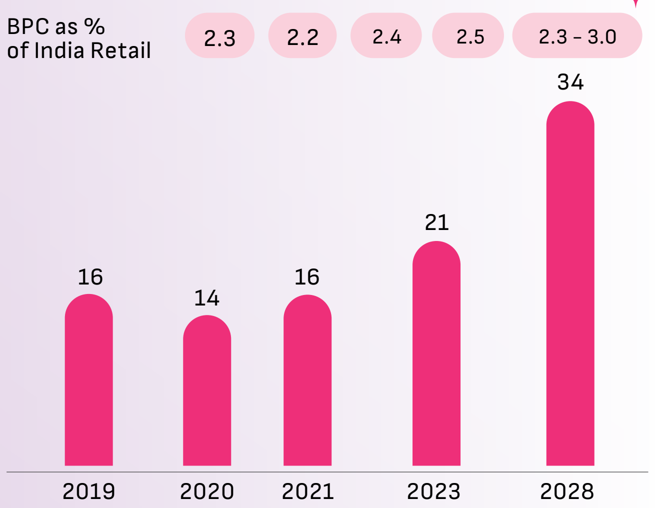
The Indian BPC market is witnessing strong growth with significant evolution of the market in the last few years due to increased e-commerce adoption, consumption driven by consumer education initiatives from beauty retailers and brands, innovative and wider assortment availability from D2C and global brands, ease of customisation and last-mile access to consumers in Tier II and III cities.

It is growing at a much faster pace (10%-11%) compared to the global average of 4%, thereby making India as one of the most lucrative markets for global beauty brands to enter and invest in. The BPC market observed numerous rises of D2C brands over the past 2-3 years, bringing in innovative products, curated to serve different Indian skin types and concerns. Existing ecosystem across the value chain with a ready market makes India an attractive destination to become one of the leading beauty hubs globally.

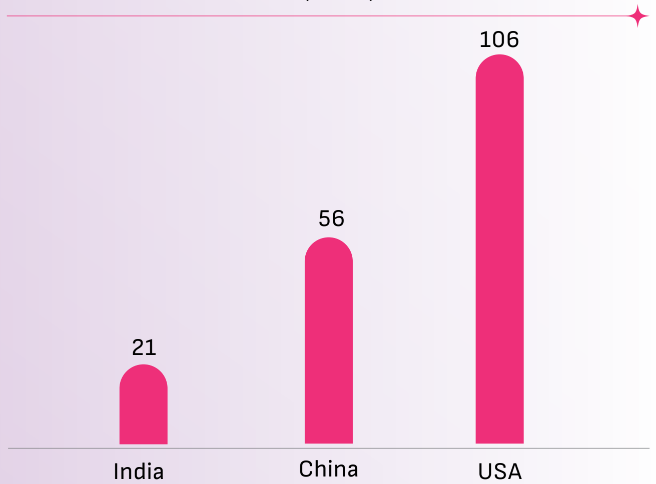
BPC Market	2023-2028 CAGR
India	10%-11%
China	7%
USA	5%
South Korea	2%
Brazil	6%

In line with global trends, Indian customers are placing more importance on better quality and efficacious products and embracing more advanced beauty and self-care regime. They are growing more selective in their preferences, frequently researching and examining ingredients, heeding advice from influencers, and adopting both online and offline channels for their beauty purchases. Beauty brands with quick turnaround in innovation and category building, and distribution expansion to reach a wider customer cohort across the country are starting to witness positive outcomes early on, indicating a responsive and evolving market ready to embrace new trends and technologies.

India BPC market size($ Bn)



BPC market size 2023 ($ Bn)

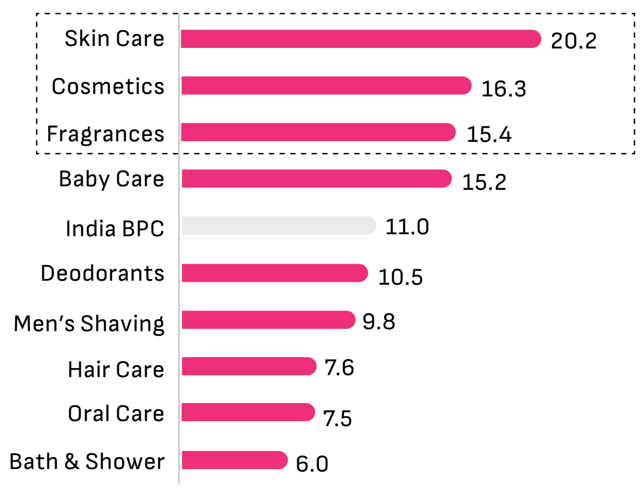


Source(s): RedSeer research and analysis

The Indian BPC space has seen strong focus by beauty retailers and brands to uplift the beauty purchase decision and increase the width of customer's basket through consumer education and awareness. As the next beauty hub, India has seen emergence of multiple B2C beauty brands with innovative products and entrance of leading global beauty brands into the market, thereby creating a significant shift in the customer's basket, moving from personal care to beauty.

Key beauty categories like skincare, cosmetics, and fragrances are expected to grow at a much faster rate compared to other categories, leading to the expansion of beauty products in the customer's basket.

India BPC market CAGR % 2022-37E - Segment breakdown



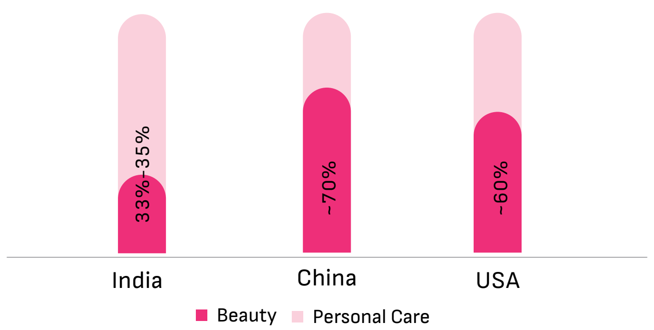
Source: HSBC report

The future growth trend of beauty products suggests a strong drive for premiumisation in the Indian BPC space, enabling improvement of BPC per capita spend in India, from $15 in 2023 to $50 in 2030. The trajectory of Indian BPC growth resembles the BPC market in China.

	2007	2023	2023
Country	China	India	China
GDP per capita ($)	2,700	2,730	13,000
BPC spend per capita ($)	15-018	15	40-50

As evident from the developed beauty markets of other countries, the BPC customers' basket tends to shift more towards beauty than personal care, led by improved disposable income, better and innovative brand availabilities, strong awareness, and penetration in the beauty category. India, with its rapidly increasing GDP per capita (expected to reach ~$5,500 in 2030), better availability of brands, and platform of educative content from the beauty players in the country, has already started creating the shift from personal care to beauty.

Beauty market as % of overall Beauty & Personal Care (BPC) market size (2023)



The premium beauty space in India is experiencing strong growth led by expanding middle-class. This in turn is leading to high purchasing power, increasing disposable income, and consumers' readiness to choose more effective products in their beauty routines. Premium beauty is projected to experience a quicker growth rate in the BPC segment, in contrast to mass and masstige categories. India's high-end BPC sector is projected to increase by 12% over the next 5 years, surpassing the growth rates of the USA (7%) and China (10%) which already have established markets.

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

According to the RedSeer report, the Indian online BPC market is on track for significant growth. It is expected to reach GMV of ~$11 billion by 2028 (v/s $4 billion in 2023) at a CAGR of ~25% over the next 5 years.

Consumers are exploring multiple channels in their product purchase journey and gathering insights from influencers, friends, and social media. They value both online research and offline trials, initially purchasing from physical stores but often transitioning to online platforms later for convenience.

The online BPC segment in India is expected to witness strong growth in the coming years owing to increasing internet penetration, and evolving consumer behaviour with greater trust in online platforms. The online BPC market which was at 19% of the total BPC market in India in 2023, is expected to grow to ~1/3rd of the total BPC market in 2028, as per the Redseer report.

Online platforms have proven to be a robust medium for brand discovery, visibility, and availability in the BPC sector. The growing trend of online shopping is enabling BPC brands to establish a credible presence and effectively complement traditional retail channels.

Several key drivers are catalysing growth in the BPC market, particularly the growing penetration of online shopping in Tier II+ cities and sustained investments in the sector. Consumers' rising affinity for differentiated products available online, which offer a wide assortment, along with the emergence of new BPC categories, are some of the key factors. Additionally, personalisation driven by robust technological advancements, the increasing need for convenient shopping experiences, rising adoption of e-commerce, and higher consumer trust in online products are all contributing to this expansion.

There remains considerable potential for greater penetration of beauty e-commerce in India (19% of the total BPC market in India in 2023), when compared to higher penetration rates observed in developed markets such as the United States (26% - 28%) and China (~44%) in 2023, as per Redseer reports and estimates. This suggests that the India online BPC market could experience substantial growth as it continues to evolve and expand.

A2.1.1.1. Opportunity

Holistic approach to drive availability and awareness

The BPC consumption journey of Indian customers has evolved quite significantly over the past few years with customers leveraging multiple channels for their beauty purchases, while building awareness on products and categories by engaging with key influencers and inclining towards extensive research on categories by exploring both online and offline formats. The emergence of numerous BPC brands from both local and international players, couple with a strong focus by the beauty players on category expansion in line with latest trends, has broadened and deepened the customers' consumption basket, leading to premiumisation.

Premiumisation trend

The trend of Premiumisation has started becoming evident in the Indian BPC space with customers willing to spend more on their beauty regime to get the most efficacious products. Indian BPC customer cohorts are showing a clear intent to elevate their experience with a willingness to climb the consumption ladder led by inclusion of additional categories, use of search and discovery to seek out more efficacious products, and preference to create a more comprehensive and sophisticated beauty regime. As per Redseer report, the growth of masstige and premium segment in India has been 2x of mass market segment, and the trend is expected to get elevated with introduction of new categories and innovation by brands to cater to the evolving beauty choices.

Demand for personalisation

A strong drive in awareness creation by beauty brands and retailers over the past few years has led to a prominent shift in the consumption pattern of the Indian customers. Indian customers are getting more aware of their beauty needs and have started adopting sophisticated beauty regime which suits their individual preferences, needs, and skin types. Understanding their evolving preference and the need to opt for products that cater to specific needs and concern, has enabled beauty brands and platforms to focus on creating personalised beauty products and regime for customers which can cater to varying Indian skin types with the help of technology advancement. Personalisation will play a critical role in the evolution of the Indian customer's beauty journey and also enable brands to introduce new categories and products to consumption basket of the customers.

Outlook

According to the Redseer Report, India's beauty and personal care (BPC) market is the fastest-growing globally. In the past 2-3 years, this market has experienced a significant transformation, driven by the adoption of comprehensive beauty regimes. This evolution is largely due to the disruptive impact of digital technologies, increased internet penetration, the availability of educational content on BPC influencing consumer preferences, easy access to both national and international brands at various price points, and the rapid expansion of category offerings.

The perception of BPC has notably shifted post-pandemic, with consumers placing greater emphasis on looking and feeling good. This change in mindset has led to increased awareness about purchase decisions, driving the demand for new categories such as clean beauty, natural beauty, and cruelty-free beauty products.

Looking ahead, the BPC category is expected to witness further expansion, driven by heightened consumer awareness of new beauty categories and trends. With the proliferation of affordable data plans and improved digital infrastructure across the country, consumers now have easy access to a wealth of information on BPC products through influencer-led and brand content. As a result, the BPC consumer journey has evolved from casual purchases to more informed decision-making, with an array of products and categories becoming integral parts of consumers' shopping baskets.

The online BPC GMV is expected to grow by ~3x to $11 billion in 2028 as compared to ~$4 billion in 2023 with online BPC shopper base expected to more than double during the same period.

A2.2. India Fashion market

India is projected to become a $200 billion fashion opportunity by 2030, as per Redseer report.

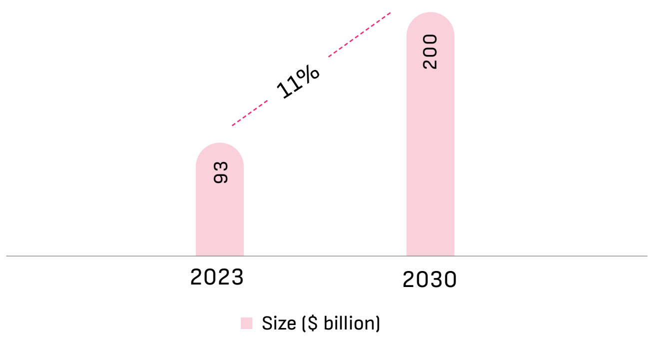
Fashion is the second largest consumer category in India with a market size of $93 billion in 2023, comprising ~15% online share.

Organised retail has flourished due to the extensive network of brand stores across the country, often located in malls and prime real estate, which enhance consumer engagement through quality shopping experiences. Large format stores have become particularly favoured, driving numerous customers towards an organised retail experience with their diverse merchandise and store ambiance.

Moreover, this shift is not confined to metropolitan areas; customers in Tier II cities are increasingly participating, supported by investor-funded value formats. These outlets are bringing high-end fashion to more remote areas of India, making trendy apparel more accessible to a broader audience.

A significant share of customers has also turned to online shopping, attracted by the convenience and the availability of a wide array of both Indian and international brands. Notably, some international brands are exclusively available through online channels due to specific partnerships, which adds to the allure of e-commerce platforms. This trend indicates a growing preference for online shopping, as consumers enjoy the broader selection and exclusive offerings available through these channels.

India fashion market and growth



Source: Redseer

A2.2.1. India online fashion market

India's online fashion market is poised for substantial growth, projected to reach ~$50 billion by 2030. This growth is expected to occur at a CAGR of 20%, according to Redseer report. Currently, the online fashion market in India is valued at nearly $14 billion (~15% of the total market size).

The advent of e-commerce has democratised access to fashion and fashion brands significantly. Since 2019, the category has experienced an impressive historical CAGR of around 30% in the country, as per a Bain report. This surge reflects the growing consumer interest and accessibility, making fashion more widely available to diverse demographics and regions across India.

Source: https://www.technavio.com/report/online-fashion-retail-market-industry-in-india-analysis

A2.2.1.1. Opportunity

Industry transformation led by D2C disruption

The fashion industry is undergoing a significant transformation, driven by the disruption caused by direct-to-consumer (D2C) brands. Website and app data analysis shows that 70% to 80% of the traffic to digital disruptors originates from these segments, with GenZ accounting for 30% to 35% and millennials for 40% to 45% of the total traffic. These brands, particularly in categories like athleisure, sustainable fashion, ethnic wear, and western wear, have gained traction through influencer-driven style statements and a wealth of content aimed at educating consumers. D2C brands have carved out unique niches and become key drivers in expanding the fashion industry in India.

Rapid emergence of new categories

There has also been a rapid emergence of new categories within the fashion industry, such as men's and kids' fashion. Factors such as increasing disposable income among parents, exposure to trends through social media, and growing brand awareness among children are driving the kids' fashion market. In the men's fashion segment, which has traditionally been dominated by occasion wear and formal wear, there is a noticeable evolution driven by internet penetration and the availability of quality content on the latest fashion trends. The market has also seen the rise of contemporary Indian labels with global appeal.

Demand for occasion-centric fashion is on the rise, with both western and ethnic wear being widely embraced. While casual fashion in India is predominantly led by western wear due to its comfort and availability, occasion-centric fashion is witnessing significant demand for both western and ethnic wear.

Rapid growth of digital penetration

The rapid expansion of digital penetration has been instrumental in shaping the fashion industry. Digital tools such as virtual styling and size personalisation through apps are becoming integral in enhancing consumer engagement with brands, fashion, and trends. Technological advancements, including the use of artificial intelligence to help customers create looks and find the right style, are gaining traction. As digital infrastructure improves, the fashion industry will be able to offer a more engaging customer journey.

Personalised shopping experience

Fashion brands are also focusing on creating more personalised shopping experiences to drive consumer engagement and satisfaction. By enabling customers to navigate through a wide range of fashion offerings and make quick purchase decisions, brands are building stronger connections with consumers whose choices are becoming increasingly sophisticated. Personalised offerings, such as body size recommendations and styling guides, are enhancing the overall shopping experience and strengthening consumer-brand relationships.

Outlook

Overall, India's online and digital fashion market is poised for continued growth, fuelled by technological advancements, changing consumer behaviour, and a dynamic retail landscape. Brands and retailers that effectively leverage digital channels and offer personalised, value-driven experiences are likely to thrive in this evolving market landscape. Market growth is further fuelled by efficient supply chains, enabling brands to rapidly introduce the latest trends to Indian consumers. This has resulted in a wide array of fashion choices, catering to various preferences and price points, especially in rapidly expanding categories like kids' and men's fashion. The market has also witnessed a surge in options from numerous direct-to-consumer (D2C) and domestic brands, offering contemporary trends with global appeal.

India has witnessed a significant surge in internet penetration and smartphone usage in recent years, particularly in urban and semi-urban areas. This has led to a growing number of consumers turning to online platforms for their fashion needs. The Indian e-commerce market has been expanding rapidly, reflecting the changing customer preferences. The e-commerce platforms inherently have the advantage of offering a wide range of fashion products, including clothing, accessories, and footwear, catering to diverse consumer preferences.

Furthermore, the growth of the online apparel sector will be driven by increasing tech savviness among consumers, rising influence of social media and content creators collaborating with various fashion brands, and untapped Tier II+ cities. The rising demand for content on various fashion topics reflects consumers' awareness of the latest trends and styles, leading to a shift in consumer preference towards more personalised and curated assortments.

B. Business review

B1. Overview

We are a digitally-native, consumer technology platform, delivering a content-led, lifestyle retail experience to consumers. We have dedicated both capital and creative resources in creating a unique brand discovery experience for our customers since our inception in 2012. We offer a wide range of beauty and fashion products, including offerings under our owned brands that we manufacture. As a result, we have established ourselves not only as a lifestyle retail platform, but also as a house of brands. We strive to accommodate a wide range of customer preferences and conveniences by providing a true omnichannel experience.

Online: Our online channels include mobile applications, websites and mobile sites. As of March 31, 2024, we had cumulative downloads of more than 138 Million across mobile applications. In FY 2024, more than 85% of our beauty online GMV came through our mobile applications.

Offline: Our offline channel comprises 187 BPC physical stores and 15 Fashion physical stores across 68 cities in India, as of March 31, 2024. Our physical stores provide a curated 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 almost 2 lakh transacting retailers in 1,000+ cities as of March 31, 2024.

Our lifestyle portfolio spans across beauty 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:

Beauty: Beauty and personal care

Fashion: Apparel and accessories

Others: 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.

The Nykaa Lifestyle Platform

B2. Beauty

Our beauty offerings are extensive with almost 0.2 Million+ SKUs from more than 3,600+ brands, primarily across make-up, skincare, haircare, bath and body, fragrance, grooming appliances, personal care, and health and wellness categories, as of March 31, 2024.

We manufacture our beauty owned brand's products through third-party manufacturers contracted by us. We entered into manufacturing agreements with several manufacturers in India, for the manufacturing of such products, which are sold under our owned brands such as Nykaa Cosmetics, Nykaa Naturals, Kay Beauty, Dot & Key, Nykaa Skin Secrets, and Nykaa SkinRX. Our owned brands are available on our online and offline channels, and for certain brands on third-party retailers as well.

Investing in distribution, marketing, technology and logistics enabled us to provide a wide range of offerings to our portfolio of brands, thereby building 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 GenZ consumers by leveraging our role as an influencer. We also help new-age 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.

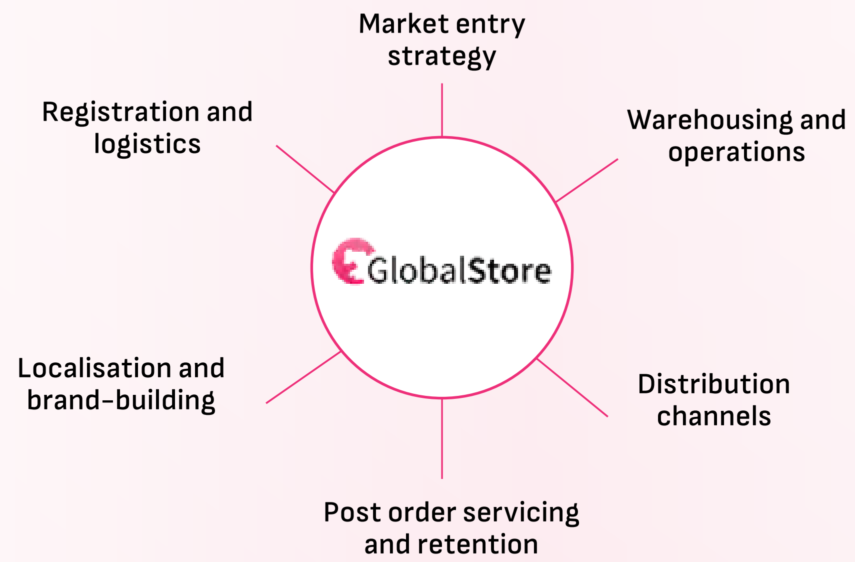
We manage our BPC business predominantly through an inventory led model. This approach allows us to source directly from brands or their authorised distributors in the country. This enables us to guarantee authenticity of products sold to consumers, which is a crucial consideration for them. Having an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

Despite being a consumer technology platform, we recognised the importance of physical retail for beauty category early on. We opened our first physical store in 2014, and have 187 physical stores across 68 cities, as of March 31, 2024. Our physical stores exist in three formats - Nykaa Luxe, Nykaa On Trend and Nykaa Kiosks - developed to cater to a specific consumer demographic and need of the local market. Our physical stores play a crucial role in enabling domestic and global beauty brands to engage with the customers in the offline space by providing extensive touch and feel experience to elevate customer experience and strengthen brand presence. As of March 31, 2024, our physical stores offered a highly curated assortment from 160+ domestic and global brands and contributed almost 8.2% of our Beauty GMV in FY 2024.

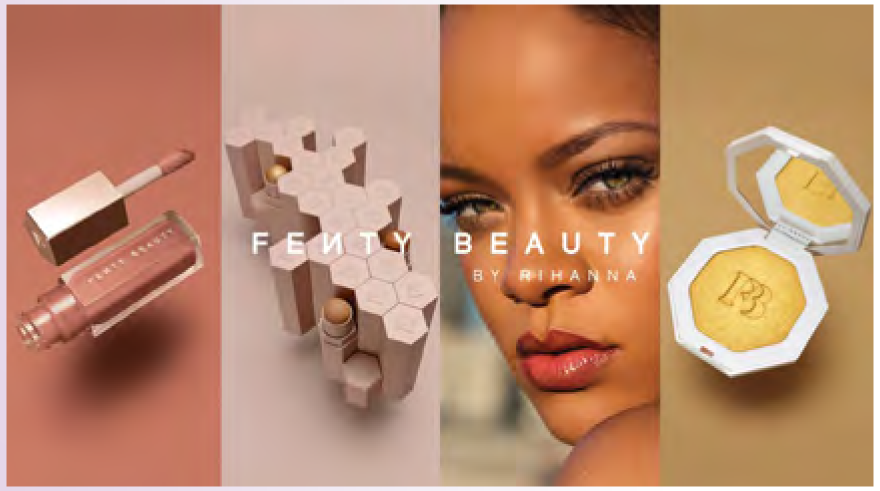
Omnichannel presence is a key enabler for premium beauty brands to reach a wider customer base in this experiential category. As of March 31, 2024, premium beauty brands comprised more than 50% of our brand offerings in our physical stores. In FY 2024, our physical stores had access to an offline Annual unique transacting customer base of nearly 0.7 million, driving the growth of premium brands in the offline space. In FY 2024, premium beauty brands comprised more than 65% of our total GMV of physical store.

India's beauty space has significantly evolved over the past few years to become the next beauty hub for the global brands to invest in. Nykaa made a conscious effort to build 'The Global Store' proposition to bring in the best beauty brands in the world closer to Indian customers. Nykaa Global Store has uniquely positioned itself to offer end-to-end services to these global brands. As of March 31, 2024, Nykaa Global store offered one of the largest assortments from 39 global beauty brands such as Charlotte Tilbury, Fenty Beauty, Anomaly, Colourpop, Murad, Dr. Barbara's Sturm, Huda Beauty, and more. Our Global Stores platform provides multiple distribution channels to help the global beauty brands achieve a wider reach. Nykaa provides access to nearly 25 million customer base through our specialised beauty online channel and network of physical stores, as of March 31, 2024. Our platform also enables these global brands to penetrate the unorganised offline beauty market through our eB2B channel Superstore by Nykaa, allowing access to almost 200,000 retailers across 1,000+ cities in India, as of March 31, 2024.

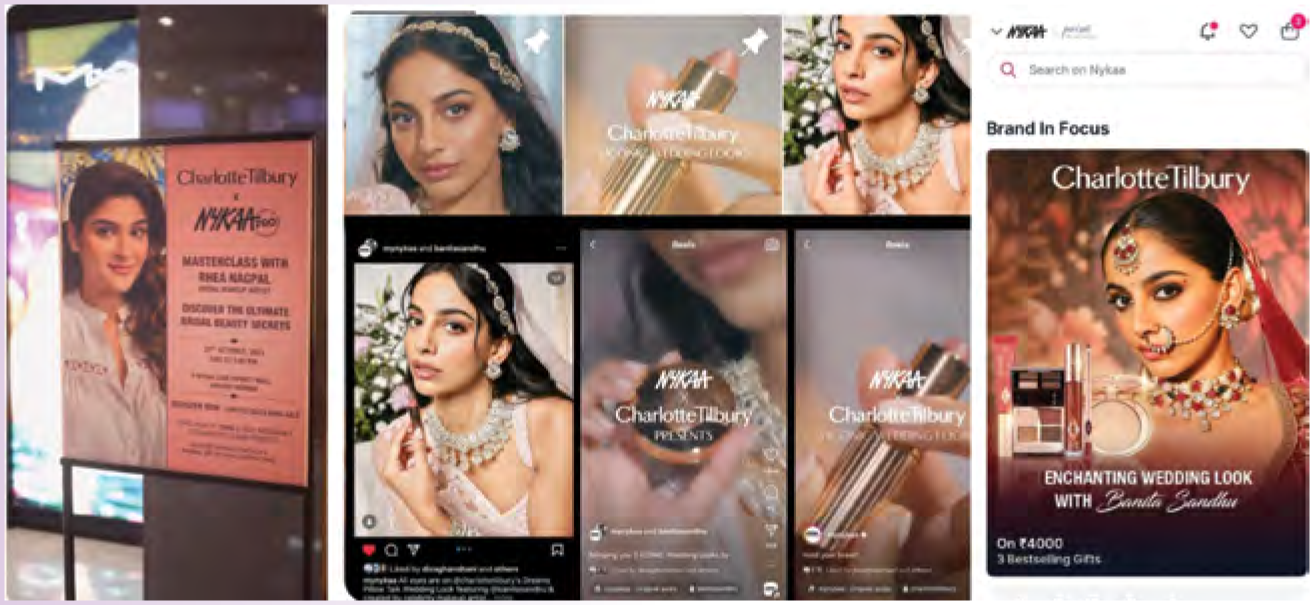
One stop for global brands



Nykaa Global Store exclusively launched #1 global celebrity beauty brand Fenty Beauty in India. Fenty Beauty had one of the biggest launches on Nykaa.com, becoming the #1 make-up brand on the day of launch. Nykaa collaborated with Fenty Beauty to create a resounding launch event by achieving a social media reach of 100 million.



Nykaa engaged extensively with Charlotte Tilbury to amplify the brand's presence in the Indian market. The brand observes significant engagement driven by Nykaa's online and offline channels. The brand achieved nearly 50 million impressions on the first day of launch, led by take-over on Nykaa.com and Nykaa social media channels.



B2.1. Achievements of FY 2024 – Beauty offering

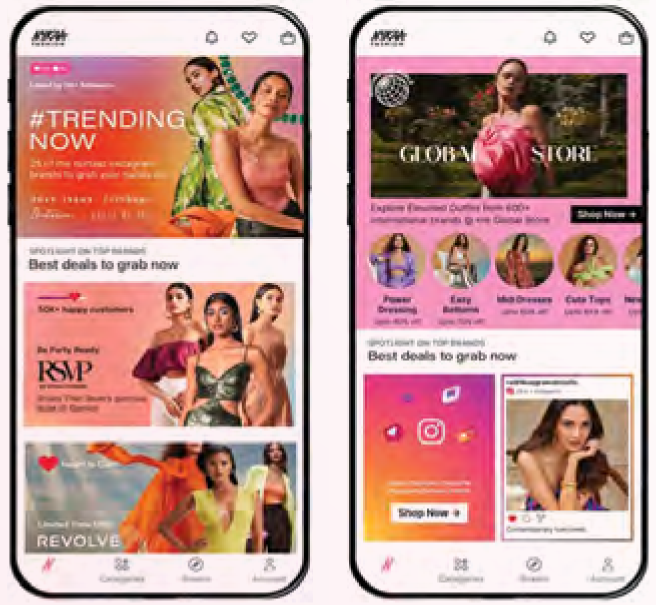
Business performance

Particulars	FY 2024	FY 2023	Y-o-Y change
Monthly average unique visitors (million)	27.7	22.7	22%
Annual unique transacting customers (million)	11.7	10.0	18%
Orders (million)	41.7	34.8	20%
AOV (₹)	1,895	1,857	2%
GMV (in ₹ million)	83,409	66,491	25%

In FY 2024, 41.7 million orders were placed on our platform for beauty and personal care products clocking a total GMV of ₹83,409 million, marking an order volume increase of 20% over FY 2023.

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, 2024, Nykaa Fashion has established partnerships with numerous brands, resulting in an extensive collection of fashion products. This includes more than 3,200 brands and over 730,000 styles 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.



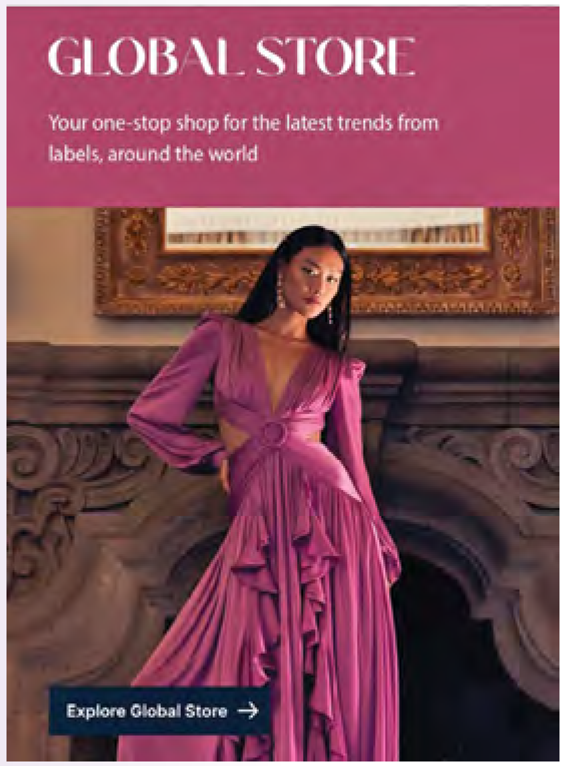
While offering a wide array of products, we place great importance on curation. We carefully select fashion-forward brands, evaluating their style and quality, and curate specific styles within these brands to present to our customers. We also prioritise the sale of full-price products, reducing reliance 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 discovery-led platform that is driven by style and tailored to individual preferences.

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

Global Store **Hidden Gems** **Luxe Store** **Fitzone** **Responsible Collection** **GenZ Store**

Global Store: We have partnered with multiple international brands to bring into the country the latest global styles and trends which create a unique fashion shopping experience by enabling customers with access to a differentiated assortment. Our Global Store GMV grew by 31% YoY in FY 2024, faster than our Fashion platform growth.

Nykaa Fashion has formed strategic partnerships with multiple global brands such as Revolve, Cider, BDG, Threadbare, and many more to offer curated, fashion forward global styles from 650+ renowned international brands, as of March 31, 2024.



In FY 2024, Nykaa Fashion successfully partnered with Foot Locker – a popular multi-brand footwear specialty retailer from the USA. Nykaa Fashion will serve as an exclusive e-commerce partner to launch Foot Locker's India website and it's shop-in-shop on Nykaa Fashion. Partnership with Foot Locker further strengthens Nykaa Fashion's position as a destination for premium curated assortments.

Hidden Gems: With our Hidden Gems, we offer customers a curated collection from niche, homegrown labels, across India, to help discover unique styles. As of March 31, 2024, our Hidden Gems proposition offered unique styles from 250+ home grown brands. Hidden Gems contributed to nearly 17% of Indian wear GMV on Nykaa Fashion in FY 2024. This unique proposition is expected to garner good traction given the evolving consumer preference for niche and curated offerings from across the countries.

Luxe Store: Nykaa Fashion's Luxe store focuses on bringing the best in the premium fashion space for the growing demand in this category. As of March 31, 2024, Nykaa Fashion offered 350+ coveted luxury brands to the Indian customers.

GenZ Store: Nykaa Fashion caters to a young demographic by offering latest and curated styles inspired by GenZ trends. As of March 31, 2024, our GenZ stores offered unique assortment from 900+ brands curated to align with the taste and inspiration of the GenZ customers.

Nykaa Fashion has 14 owned brands as on March 31, 2024, which are available through our online channels and 15 physical stores, 1,500+ GT/MT stores, 100+ third-party MBOs, and for many brands through other online marketplaces as well.

Some of our owned brands have seen significant traction enabling them to scale-up rapidly. Twenty Dresses and Nykd have already achieved an annualised GMV run rate (Q4 FY 2024) of ₹1,500 million+ each.

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

B3.1. Achievements of FY2024 – Fashion offering

Business performance

Particulars	FY 2024	FY 2023	Y-o-Y change
Monthly Average Unique Visitors (million)	17.6	17.3	2%
Annual Unique Transacting Customers (million)	3.0	2.5	20%
Orders (million)	7.0	6.0	16%
AOV (₹)	4,361	3,973	10%
GMV (in ₹ million)	32,699	25,696	27%

In FY 2024, 7 million orders were placed for fashion products clocking a total GMV of ₹32,699 million, an order volume increase of 16% from FY 2023.

B.4. Others

Others includes new businesses like Nykaa Man, eB2B platform 'Superstore by Nykaa', International (primarily the beauty omnichannel operation in GCC through our platform Nysaa), LBB and Nudge. Of the total consolidated GMV of ₹1,24,461 million in FY 2024, Others contributed 6.7% i.e., ₹8,353 million, which is a 59% growth over FY 2023 GMV contribution of ₹5,245 million.

B.4.1. Achievements of FY 2024 – Others

Particulars	FY 2024	FY 2023	Y-o-Y change
Monthly Average Unique Visitors (million)	3.0	2.7	11%
Annual Unique Transacting Customers (million)	0.7	0.5	40%
Orders (million)	2.1	1.4	53%
AOV (₹)	3,799	3,420	11%
GMV (in ₹ million)	8,353	5,245	59%

B.4.2. Nykaa Man

We launched the Nykaa Man mobile application and website, thereby customising our model and experience for men, along with increasing education and awareness among men on the use of grooming and personal care products.

B.4.3. Superstore by Nykaa

In October 2021, we launched our Superstore App, an online channel with a separate mobile application for standalone local retailers in India which offers them select BPC products for redistribution to consumers. We enable brands to achieve a wider distribution network through our eB2B channel to tap into a larger pie of the BPC market i.e. the unorganised offline segment, which accounted for $11 billion in 2023, as per RedSeer estimates.

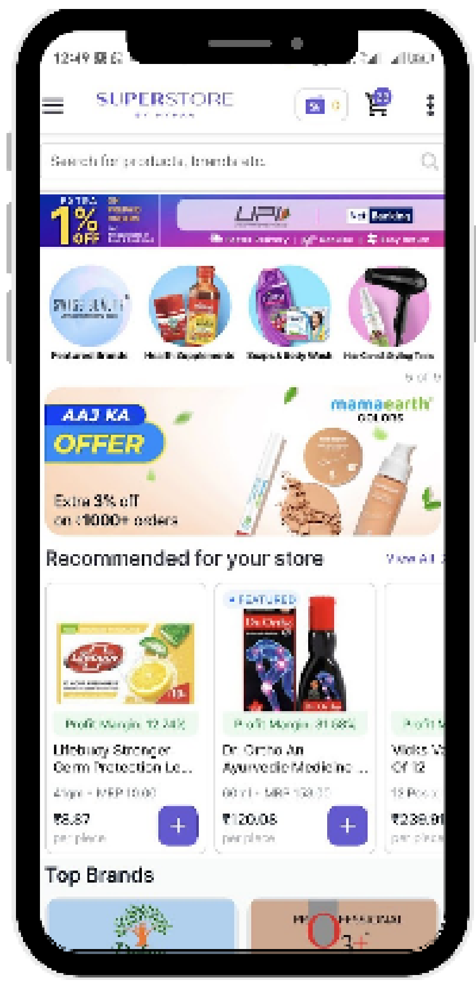
Superstore is a democratised distribution channel powered by advisory and advocacy with following objectives:

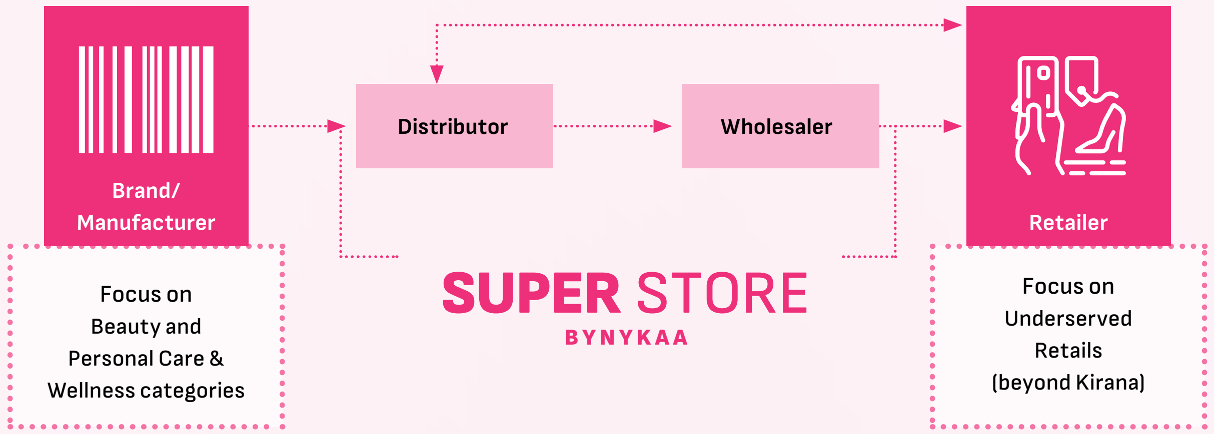
(a) Your All-in-One Store: Top Brands, International bestsellers, and new online products are all in one place for local retailers.

(b) Super Service: Enabling 24 hrs doorstep delivery, safe credit facility, and quick returns.

(c) Super Flexibility: Retailers choose what to buy, how much to buy, and when to buy.

(d) Super Earnings: Retailers have access to popular products in locality, enabling productivity.





Superstore by Nykaa is enabling the growth of entire beauty ecosystem in India by democratising access to distribution for D2C and global brands and enabling premiumisation for FMCG brands.

B.4.3.1. Achievements of FY 2024 – eB2B: Superstore by Nykaa

Business performance

Particulars	FY 2024	FY 2023	Y-o-Y change
Unique Transacting Retailers (in '000)	195.0	109.0	79%
Orders (in '000)	1,244.0	728.9	71%
Cities (Nos.)	1,006	678	48%
GMV (₹ million)	5,973	3,251	84%

B.4.4. International business, primarily GCC beauty omnichannel operations

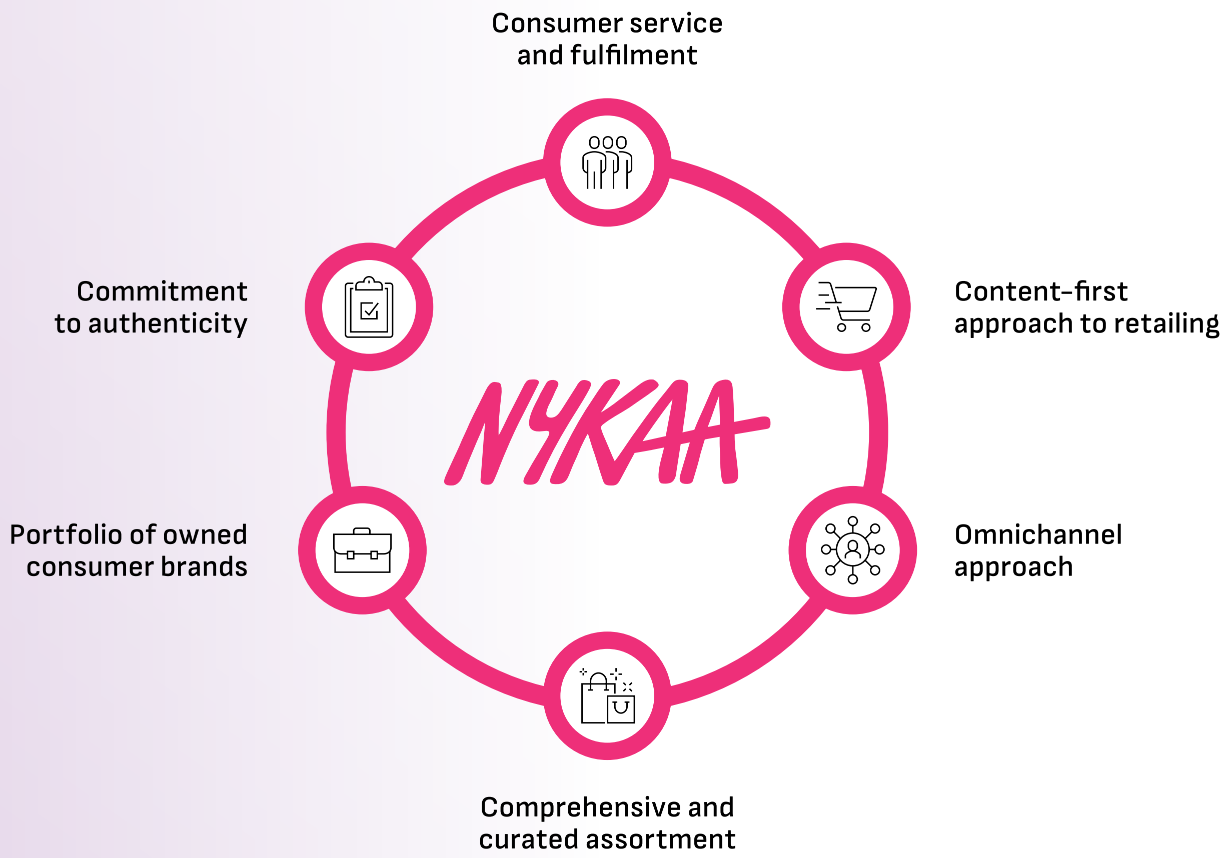
In FY 2023, our company partnered with Apparel Group, to undertake an omnichannel, multi branded beauty retail operation business in the countries which are part of Gulf Cooperation Council (GCC) through an entity incorporated (Nessa International Holdings Limited, a strategic alliance between FSN International and Apparel Group, where FSN International owns 55% stake) in the Abu Dhabi Global Market. A younger demographic (35%-40% below the age of 25 years) in the region and high purchasing power offer an excellent opportunity to the BPC category to increase penetration in the region and grow significantly.

GCC market provides significant opportunities for Beauty retailers and brands to grow with a market size of $30 billion in 2022, as per Redseer estimates. The beauty customers in GCC market have the highest spending capacity in the world with Beauty spends per capita of $500+. Nykaa started its omnichannel beauty operations in GCC under the brand name Nysaa, by launching Nysaa e-commerce platform in January 2024 and it's first physical store in March 2024. For our GCC operations, we have partnered with more than 170 globally renowned and unique brands such as Kylie Cosmetics, Dr. Barbara Sturm, Beauty of Joseon, Augustinus Bader, and many more as of March 31, 2024.

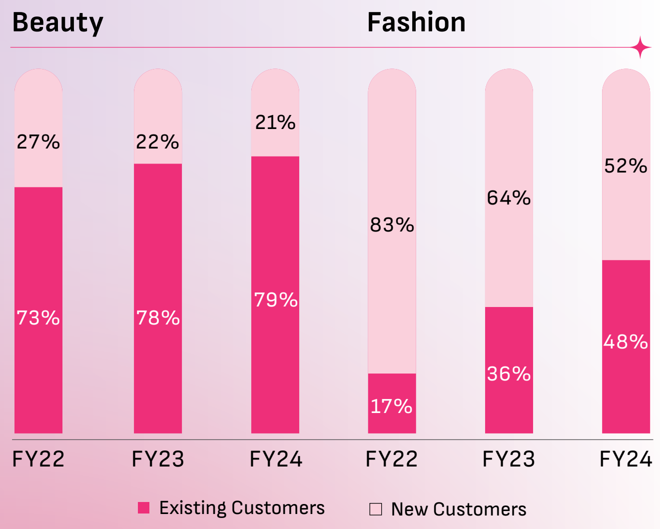
B5. Value proposition

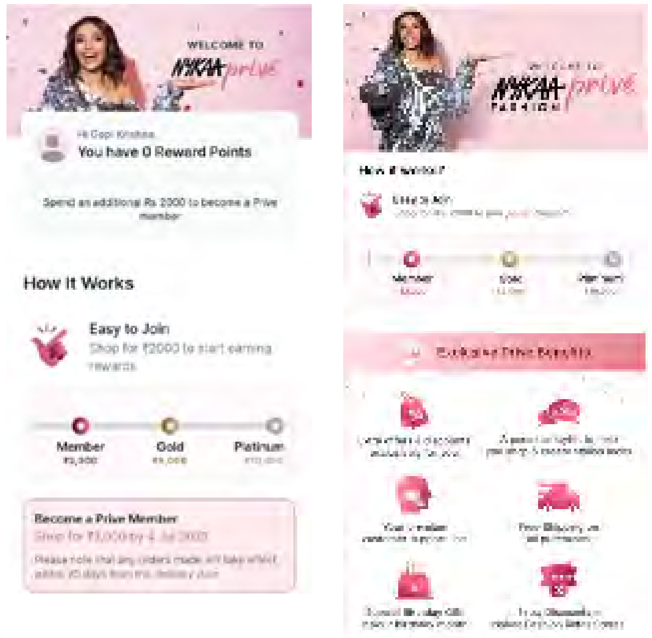
Our business was built iteratively while innovating for consumer satisfaction as well as optimising for purchase behaviour. We believe that the consumer journey for product selection often involves a significant amount of time spent exploring. We endeavour to understand the process of decision-making and support 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.

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





Note: New Customer GMV refers to MRP value of all orders placed during a year by those customers acquired in that same financial year.

Through Nykaa Privé, our consumer loyalty programme for the Beauty and Fashion vertical, members enjoy exclusive offers and discounts, complimentary gifts, free shipping and access to exclusive members-only content. The Privé members also enjoy priority access to our consumer service team. As of March 31, 2024, there were 9.5 million Nykaa Privé members across both beauty and fashion verticals. 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 further redefining Nykaa Privé 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, which is a crucial consideration for consumers. We also conduct quality checks on our beauty and personal care products at our warehouses periodically. 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 and context-first approach to retailing

Nykaa's content and brand engines and ecosystem comprise:

- Our robust presence on Social Media (Instagram, YouTube, Facebook, Pinterest), and our editorial platforms Nykaa Beauty Book and LBB
- Nykaa Play: Our gamified on-app beauty discovery experience which includes shoppable content, livestreaming, games and influencer stores
- Nykaa Experiences and events: From Nykaaland to Nykaa Luxe Stories, Nykaa Fragrance Collective, Nykaa Beauty Vault, Nykaa x LBB Weekend Access, Nykaa events are sought-after curated experiences which bring the world of beauty and fashion to life
- NAP: Nykaa Affiliate Programme (NAP) is India's most sought-after programme for beauty and lifestyle bloggers and creators to earn commission on revenue they generate
- Nykaa Campaigns: Be it 'Nykaa It's My Birthday' or 'Step by Step with Nykaa', 'Ingredient in Focus' or 'Nykaa On The Rise', Nykaa's campaigns are designed to induce trials, discovery and repertoire expansion for our shoppers
- Nykaa Insights: Our in-house centre of excellence for customer insights and customer research which helps us unlock proprietary insights from our shopper community

From educational beauty tutorials, trend first conversations, routine adoption and product reviews to influencer collaborations and user-generated content, Nykaa leverages content to educate, inspire, and connect with its audience by not only building category vocabulary for a consumer but also being a thought leader by keeping them up to date with the latest, best and trending products in beauty.

Our mission is to be the most recognised lifestyle brand on the internet. In FY 2024, we delivered on this promise through the following initiatives:

- Scaling NAP: We have received over 30,000 sign ups from the influencer and creator community to be a part of NAP, which speaks of the trust and recognition the programme has been able to build. We have scaled our monthly active NAPers by 35%, which has translated into an increase in reach and engagement delivered by influencers as a channel of visits to the platform.
- On Nykaa Play, we revamped the experience to fuel our guided selling philosophy. Our engagement on Nykaa Play has scaled up by ~150% through FY 2024, with an increase in visits to Nykaa Play by 25%. Activations like Biggest Beauty Binge, our livestreaming focused IP on Nykaa Play, have galvanised community engagement.
- On our Instagram handle, we delivered growth in aggregated reach of 300%; Nykaa TV (YouTube) saw a total of 221 million views on our edu-tainment content. In FY 2024, we had over 1,500+ engaged influencers yielding nearly 1.3 billion impressions.
- We delivered 40+ events and experiences around India. From masterclass-led regional activations like Beauty Bar, to Nykaaland which saw 15,000+ customers attend over 2 days, and niche experiences like Nykaa Luxe Stories and Nykaa Beauty From The East, our endeavour has been to showcase the diversity in our assortment and drive trials and sampling for our Beauty partners.

A few of our notable IPs of FY 2024 have been –

1. Nykaaland: We organised the first edition of India's largest beauty festival, Nykaaland, an innovative one-of-its kind event to accelerate growth of beauty market.

We got an overwhelming response from 80+ global and local brands and 15,000+ attendees, 800+ Influencers & KOL's, and 5,000+ participants across 12 masterclasses.

We had celebrity participation from the likes of Katrina Kaif, Jahnvi Kapoor, Masaba Gupta, Kriti Sanon, Jim Sarbh, Nushrratt Bharuccha and more.

Overall, this event garnered us 5.5 bn+ impressions across 5,000+ pieces of content on the internet.

2. Stepification of Beauty: Launching 'Step-by-Step with Nykaa in JFM'24'

'366 Days Dedicated to Making Beauty As Easy As 1, 2, 3 steps'

Step by Step aims to simplify category conversations for the beauty-curious serious beauty shoppers. It leads with payoffs and outcomes as a way to bridge the gap between a customer's category curiosity and urgency to consider/ purchase. Our stepification campaigns have not only delivered staggering reach and engagement, but have also been instrumental in expansion of L3 consumption across Makeup, Haircare and Skincare.

Category	Campaign	Aim	Concerns Tackled	Top KOL's who promoted Step-By-Step	Impact Till Date
Hair	HEALTHY HAIR HABITS	Drive category expansion and adoption beyond Shampoo + Conditioner	Damage, Dandruff, Hair Fall and Frizz	Celebs like Rubina Dilaik, Dhanshree Verma Experts like Dr. Jushya Sarin	370 million+ Reach
Skin	NYKAA C·S·M·S	Drive category expansion and adoption beyond Facewash + Moisturiser	Pigmentation, Dryness, Ageing, Acne, Clogged Pores, Dullness	Celebs like Soha Ali Khan Sameera Reddy, Sayani Gupta Skin experts like, Tarini Peshawaria, Dr. Aanchal Panth	300 million+ Reach
Makeup		Drive category expansion and adoption beyond Lipsticks, Foundation	Acne Prone Skin, Dry Skin, Uneven Skin Tone	Key Opinion Leaders like Aashna Hedge, Samaira Sandhu, Shreemayi Reddy & Prabhleen Kaur	157 million+ Reach

3. Owning weddings as a premiumisation trigger with Nykaa Wali Shaadi

Staying true to the promise of education, and best-in-class expertise that Nykaa has to offer, Nykaa Wali Shaadi demonstrated our ownership in the share of weddings as an occasion in the life of our customers. Four lucky Nykaa shoppers and to-be brides won a complimentary bridal makeover from India's best makeup artists, including Sonic Sarwate, Marianna Mukuchyan, Guneet Virdi and Shradha Luthra.

Along with participating in the brides' big day, we also built regional content for weddings, curated skincare and makeup guides from makeup artists, dermatologists and experts, and galvanised creator generated content.

This campaign delivered a reach of over 350 million, with a growth in daily run rate for all our brand partners who took part in the campaign.

4. Platform of choice for new brand and product launches in FY 2024

Some key new global and local launches like Fenty Beauty by Rihanna, Urban Decay, Cerave, Pout by Karan Johar & ColourPop collectively garnered over 160 million reach on Nykaa's Instagram profile. Our cross-channel integrated marketing campaigns have enabled some of the biggest beauty brands to sell-out their new launches in record time, driving full funnel awareness and conversion.

Deep, symbiotic relationship with brands

We value our brand relationships and 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 which includes luxury and prestige brands such as Anomaly, Aveda, Charlotte Tilbury, Clinique, Dyson, Estee Lauder, Fenty Beauty, Huda Cosmetics, Kama Ayurveda, Lancome, M.A.C, Pixi, Sol de Janeiro, The Ordinary, in addition to other renowned domestic and international brands such as Forest Essentials, Innisfree, Lakme, Laneige, L'oreal Paris, L'oreal Professional, Mamaearth, Maybelline New York, Mcaffeine, Minimalist, and Neutrogena. Our Fashion portfolio includes Aachho, Aurelia, Alo, Biba, Cider, Enamor, Forever 21, Foot Locker, House of Fett, Label Ritu Kumar, Marks & Spencer, OrdiNaree, Revolve, Soch, Triumph, and Under Armour.

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 leverage our marketing channels to educate and influence our consumers. With the help of social media influencers, we have been able to drive effective marketing of brands on our platform.

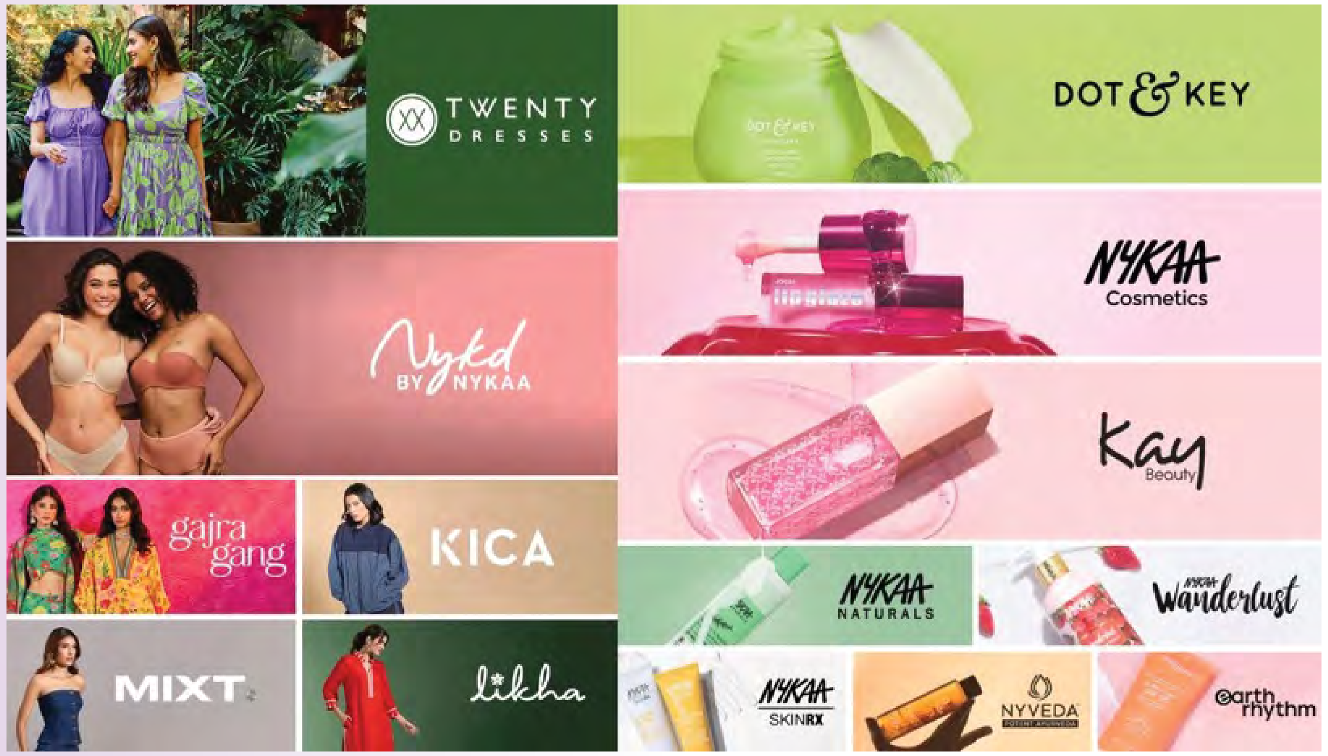
Beauty: 3,600+ brand partners and 39 global brands were introduced in India by Nykaa.

Fashion: 3,200+ 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.

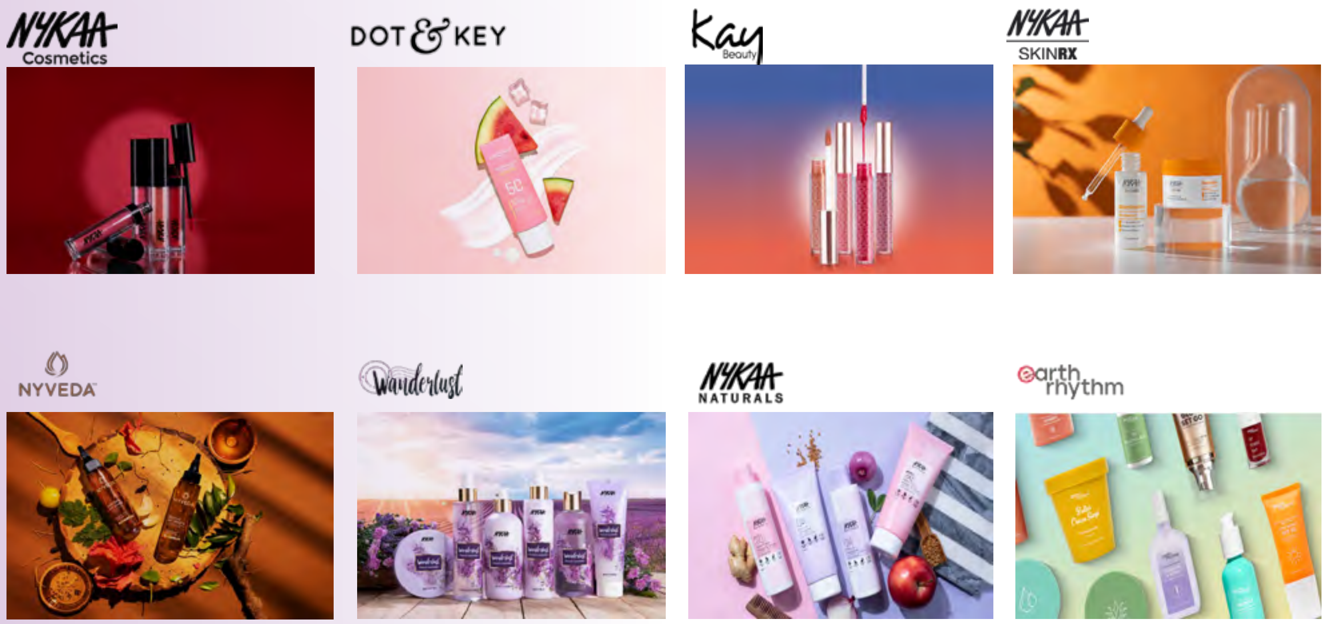
Beauty
3,600+ brand partners includes 39 global brands

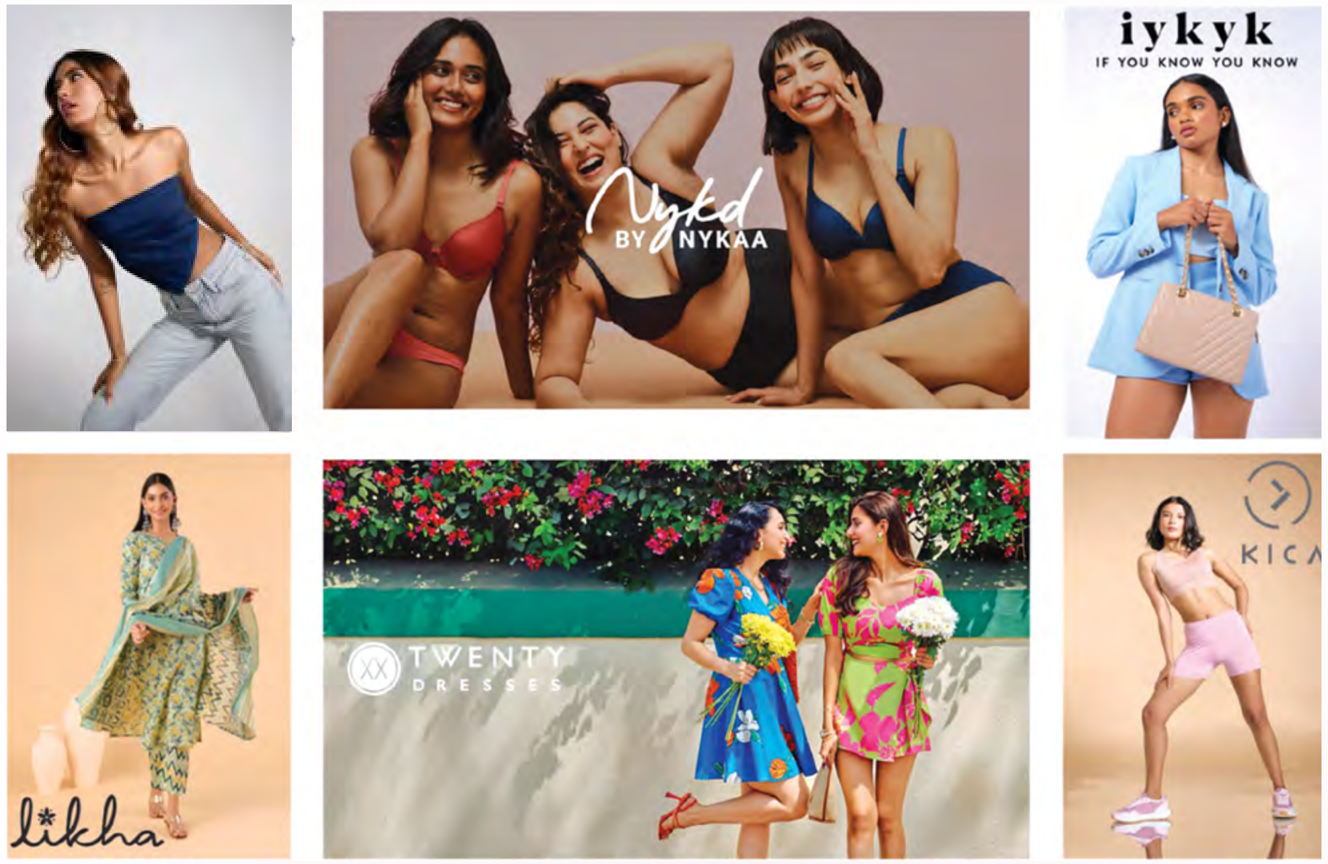
Fashion
3,200+ brand partners

Diverse portfolio of owned brands



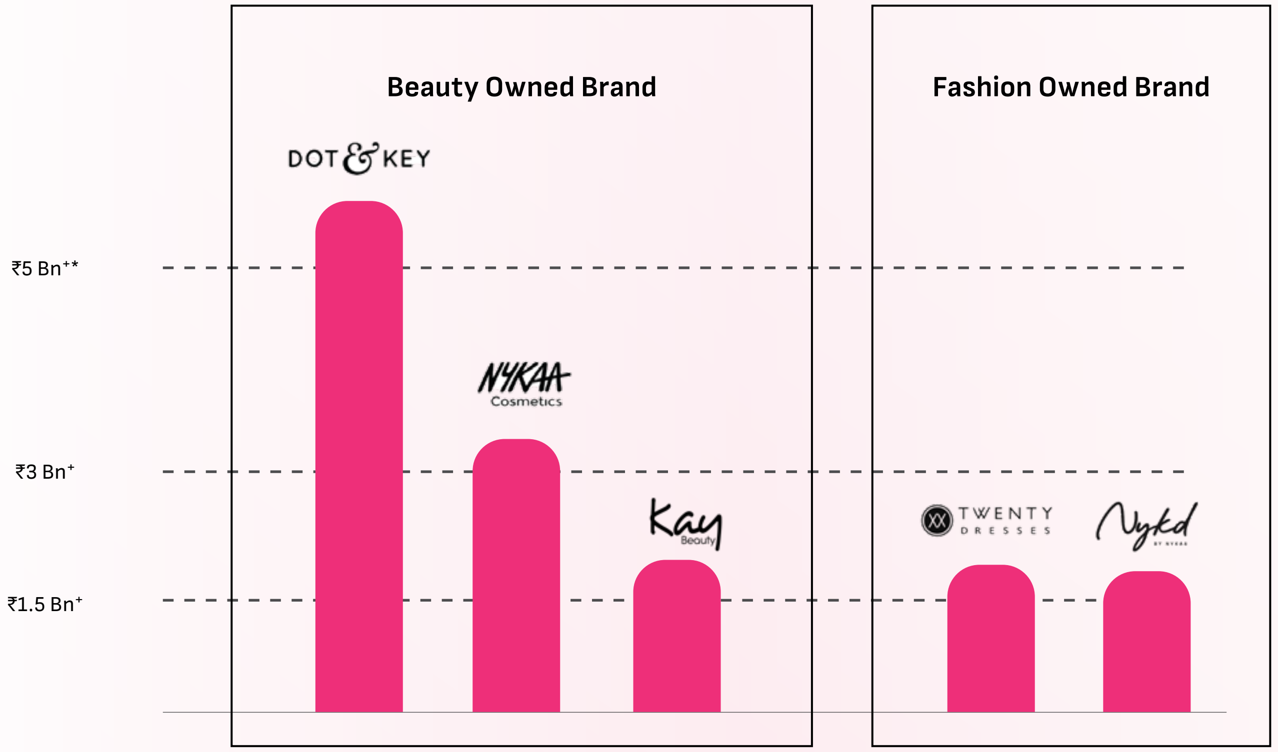
We have crafted a portfolio of 27 owned brands, which play a key role in increasing the assortment of products for our consumers. Many of our owned brands have high recall and function as independent brands. The manufacturing for such brands is carried out by third-party vendors. Our Beauty Owned Brands GMV grew by 39% YoY to reach ₹10,954 million in FY 2024, contributing more than 13% to our overall beauty GMV.





Our Fashion Owned Brands GMV grew by 25% YoY to reach ₹4,149 million in FY 2024, contributing almost 13% to our overall fashion GMV.

Many of our owned brands have gained significant scale while being profitable, by serving customers across different touch points, both, within and outside the Nykaa ecosystem.



Q4FY24 Annualised GMV run rate

1. Dot & Key: We acquired 51% stake in Dot & Key in September 2021. Post the acquisition, the brand has scaled by almost 10x, reaching an annualised GMV run rate (Q4 FY 2024) of more than ₹5,800 million. Dot & Key products retail across 187 Nykaa physical stores and are also available to customers through 800+ selective doors (GT stores) via Nykaa's eB2B distribution channel. Dot & Key is a new-age brand that offers premium skin-care products, aiming to transform the way people look after themselves by drawing attention to often over-looked areas and offering highly targeted remedial products of high-quality and efficacy.

3. Nykaa Cosmetics: Launched in 2015, Nykaa Cosmetics represents a fun, playful, and dynamic brand created to offer on-trend, quality driven international formulations accessible to Indian culture. The brand has become a go-to brand for GenZ and millennial customers, uplifting and empowering them to express their creativity through make-up and beauty tools. The brand has reached an annualised GMV run rate (Q4 FY 2024) of ₹3,000+ million.

4. Nykd: We launched Nykd in 2020 with the aim to simplify lingerie purchase journey of Indian women. With tech at the core of the brand and designed to bring second skin comfort, Nykd features lingerie, sleepwear, and active wear. The brand has evolved to become a national brand because of its strong customer connect and innovation, allowing it to scale by 14x since its launch. It reached an annualised GMV run rate (Q4 FY 2024) of almost ₹1,660 million. Nykd currently ranks as the number one brand in the lingerie category on Nykaafashion.com. The brand has also gained love and traction outside of Nykaa ecosystem, and ranks among top-3 in bra category on amazon.com. Nykd has also invested in expanding its offline presence and currently retails through 13 EBOs and 1,500 selective doors (GT stores), as of March 31, 2024.

2. Kay Beauty: Founded in 2019, Kay beauty is one of the most loved celebrity make-up brands, developed as a partnership between Nykaa and one of India's leading actors, Katrina Kaif. The brand has taken significant steps to champion both inclusivity and diversity through its product offerings suited for all Indian skintones. Since its launch, Kay beauty has gained a significant social media follower base, ~1.4 million+, as of March 31, 2024. The brand also retails through 500+ offline stores, as of March 31, 2024. Over time, the brand has become India's most-loved and awarded celebrity make-up brand reaching an annualised GMV run-rate (Q4 FY 2024) of ₹1,700 million+.

5. Twenty Dresses: Acquired in 2019, Twenty Dresses offers young, fresh, and in-vogue styles with its western wear collection to match many moods and characters of everyday life. The brand has reached an annualised GMV run rate (Q4 FY 2024) of ₹1,500 million+.

Comprehensive assortment and focus on curation and merchandising

We seek to strike a balance between the breadth and relevance of the offered assortment on our platform. We believe in the power of choice and work towards building product offerings that cater to our consumers' specific needs and evolving tastes. Our lifestyle product portfolio which spanned more than 6,700 brands and 8 million+ SKUs, as of March 31, 2024, was developed to cater to the varying needs of our diverse consumer base. As part of our merchandising and curation strategy, we focus on market fit for products offered, ongoing demand and consumer trends. We strive to introduce product collections that align with our demand profile while simultaneously phasing out products that are losing relevance. We have a team of curators who work closely with our portfolio of brands to offer our consumers latest lifestyle trends.

Our platform was designed to drive discovery and inspiration for consumers. Leveraging information across multiple parameters and consumer activity on our platform along with details of attributes against every product, we show consumers personalised content and products across their shopping journey. Leveraging data science, we have developed robust personalisation engines and customised product features, such as landing pages, homepages, search and sort algorithms and recommendation engines to power the discovery experience. We strive to continuously enhance our user interface to enable a quality 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

Beauty consumers prefer to shop across online channels and physical stores. Many of the products we sell, especially of high value, and/or complex categories, such as fragrances and make-up products, often require a 'touch and feel' experience to arrive at a purchase decision. Our physical stores cater to the modern-day Indian consumer, by integrating the offline-online experience seamlessly.

As of March 31, 2024, we have one of the largest physical retail footprint among the multi-brand specialty beauty and personal care platforms, operating across value, prestige and luxury categories, with a dominant share in the premium segment in India. We currently have 187 physical stores in beauty across 68 cities in India with a total retail space of 1.7 lakh+ sq. ft., with two-thirds of our physical stores in non-metros, as of March 31, 2024. Our physical stores have shown strong growth with GMV growing at a 3-year CAGR of 50%+, while being profitable with 3-year EBITDA CAGR of 105%+.

1. **Nykaa Luxe:** This store format offers a luxury beauty experience, which showcases prestige and luxury international and domestic brands. As of March 31, 2024, we had 67 Luxe Stores across India.
2. **Nykaa On Trend:** These stores offer a differentiated experience for our consumers with the current best-selling products chosen across beauty and personal care brands. As of March 31, 2024, we had 79 On Trend Stores across India.
3. **Nykaa Kiosks:** These are free-standing units, usually in the atriums of shopping malls, where we predominantly sell our owned brands. As of March 31, 2024, we had 41 Kiosks across India.
4. **Nykaa Flagship Store:** Launched in FY 2024, the Nykaa Flagship Store brings the best in beauty across the globe to create an immersive experience. We launched our first flagship store in the heart of Mumbai at Bandra, Linking Road, with a retail space of more than 2,500 sq. ft.

Nykaa physical stores mapping

In FY 2024, some of our owned brands such as Kay Beauty and Nykd retailed through 500 offline stores and 1,500 selected doors, respectively.

In FY 2024, we conducted multiple interactive offline events to get closer to the consumers and create strong engagement. Our offline events received love and appreciation from both our customers and brand partners.

We conducted 14 beauty bar events pan-india which created strong engagement via social media reach of 60 million+ through 300 pieces of content. The beauty bar events received cumulative registration of 12,000+, driving the success of these events across geographies.

Consumer service and fulfillment

We understand the importance of assisted buying to drive awareness and sales. As of March 31, 2024, we had 572 beauty advisors at our 187 physical stores.

Additionally, our consumer service team addresses post-order consumer queries. We leverage technology to optimise and automate the interactions where relevant. Of our chatbox queries, nearly 60% are being resolved by bots as of March 31, 2024, thereby reducing load on our consumer service team, and allowing them to focus on more complex queries.

Fulfilment and operational excellence

As of March 31, 2024, we served 27,800 pin codes, covering 98.2% of the serviceable pin codes across the country.

We have 44 warehouses, with a storage space of 1.46 million sq. ft. Orders are monitored and tracked closely to ensure timely dispatch. We have an allocation engine, which helps fulfil orders by utilising inventory efficiently across our warehouses. Through localised fulfilment which ensures delivery from the nearest fulfilment centre, we optimise shipment costs and inventory management. For fashion products sold through the curated platform, we have integrated our supply chain with the warehouses of several sellers.

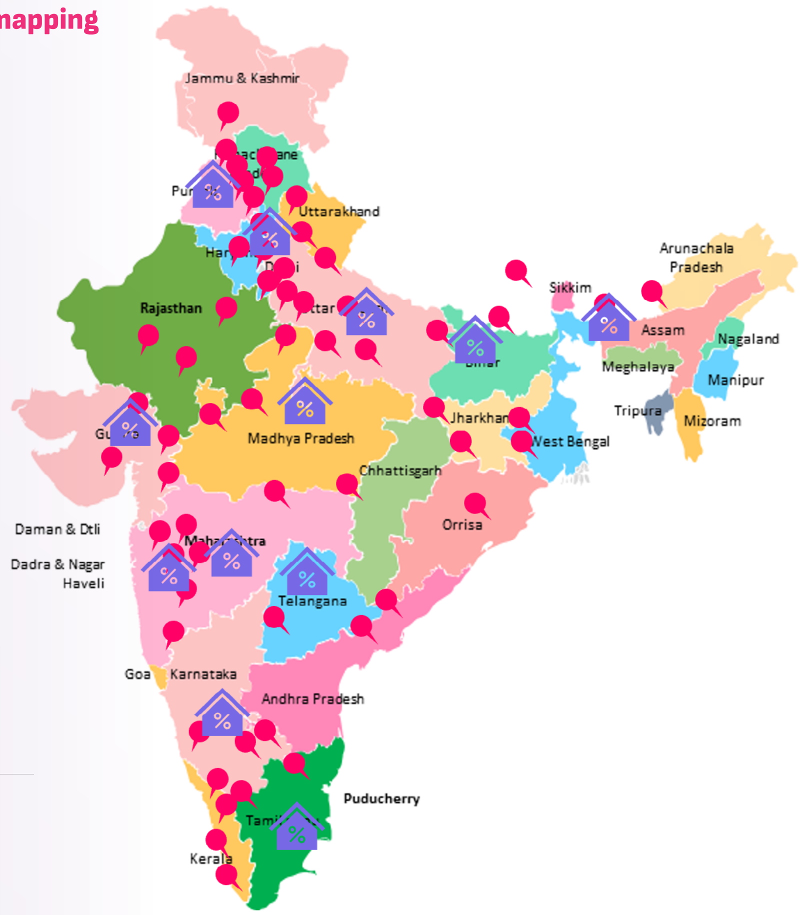
Of our orders, 94.7% of beauty orders and 93.2% of fashion orders were delivered within five days as of March 2024 exit. Such capabilities come together to deliver better fulfilment metrics across the country.

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 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.

We have also built B2B2C capabilities for Nykaa Fashion enabling consumers to benefit from both global brands and our platform.

Our luxury orders are packed and tracked separately with consistent communication with the brands and sellers to deliver shipments to consumers in an efficient and seamless manner.

Nykaa Beauty Stores and Warehouse mapping



Warehouse locations

Store locations

C. Financial review

C.1. Key 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:

(₹ million)

Particulars	FY 2024	FY 2023	Y-o-Y change	FY 2024	FY 2023
Beauty and Personal Care	83,409	66,491	25%	67.0%	68.2%
Fashion	32,699	25,696	27%	26.3%	26.4%
Others	8,353	5,245	59%	6.7%	5.4%
Total	**1,24,461**	**97,433**	**28%**	**100%**	**100%**

The contribution of BPC vertical to consolidated GMV in FY2024 is 67%, a 25% increase Y-o-Y. Fashion, although still an early-stage business in the Nykaa ecosystem, contributes nearly 27% of the consolidated GMV and is showing a 27% increase Y-o-Y. The contribution of GMV from existing customers is 79% for the BPC vertical vis-à-vis 48% in the Fashion vertical.

The Others category (including new businesses such as NykaaMan, the eB2B platform 'Superstore by Nykaa', International, LBB and Nudge) contributes to 6.7% of the consolidated GMV in FY2024 and is showing a significant increase of 59% on a Y-o-Y basis.

Consolidated revenue for FY 2024 is ₹63,856 million and the vertical wise split of the same is as below:

(₹ million)

Particulars	FY 2024	FY 2023	Y-o-Y change	FY 2024	FY 2023
Beauty and Personal Care	53,855	44,820	20%	84.3%	87.1%
Fashion	5,302	4,347	22%	8.3%	8.5%
Others	4,699	2,271	107%	7.4%	4.4%
Total	**63,856**	**51,438**	**24%**	**100%**	**100%**

BPC remains the most significant vertical, accounting for approximately 84.3% and 87.1% of the total revenues for FY 2024 and FY 2023, 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 FY2024 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, 2024

Consolidated profit and loss account

(₹ million)

Particulars	FY 2024	FY 2023	Y-o-Y change
Revenue from operations	63,856	51,438	24%
Cost of goods sold	(36,464)	(28,657)	27%
Gross profit	**27,392**	**22,781**	**20%**
Employee benefit expense	(5,649)	(4,917)	15%
Other expenses	(18,281)	(15,304)	19%
Operating expenses	**(23,930)**	**(20,221)**	**18%**
EBITDA	**3,462**	**2,560**	**35%**
Depreciation and amortisation	(2,242)	(1,733)	29%
Finance cost	(828)	(746)	11%

(₹ million)

Particulars	FY 2024	FY 2023	Y-o-Y change
Other income	299	302	(1)%
Profit before tax	**690**	**384**	**80%**
Tax expense	(253)	(136)	86%
Profit after tax	437	248	76%
Share in loss of associate	(40)	(39)	3%
Profit for the period	397	210	90%

Revenue from operations

(₹ million)

Particulars	FY 2024	FY 2023	Y-o-Y change
Sale of Products	54,785	43,860	25%
Sale of Services	8,615	7,301	18%
Other Operating Revenue	456	277	65%
Total	**63,856**	**51,438**	**24%**

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 24% to ₹63,856 million for the year ended March 31, 2024, from ₹51,438 million for the year ended March 31, 2023. 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 10.0 million in FY 2023 to 11.7 million in FY 2024

(ii) Increase in the number of orders placed on the platform from 34.8 million in FY 2023 to 41.7 million in FY 2024

(iii) Sustained AOV at ~₹1,895

Fashion:

(i) Increase in the number of Annual Unique Transacting Consumers from 2.5 million in FY 2023 to 3.0 million in FY 2024

(ii) Increase in the number of orders placed on the platform from 6.0 million in FY 2023 to 7.0 million in FY 2024

(iii) Increase in AOV from ~₹3,973 in FY 2023 to ₹4,361 in FY 2024

Others:

(i) Increase in the number of Annual Unique Transacting Consumers from 0.5 million in FY 2023 to 0.7 million in FY 2024

(ii) Increase in the number of orders placed on the platform from 1.4 million in FY 2023 to 2.1 million in FY 2024

(iii) Increase in AOV from ₹3,420 for 2023 & ₹3,799 for 2024

Revenue from the sale of services increased by 18% to ₹8,615 million in FY 2024 as compared to ₹7,301 million in FY 2023. This growth was driven by a 18% increase in revenue from marketing support services and a 19% increase in income from marketplace services.

Others' operating revenue increased to ₹456 million in FY 2024 compared to ₹277 million in FY 2023 primarily due to growth in logistics service income by 67%.

Cost of goods sold

(₹ million)

Particulars	FY 2024	FY 2023	Y-o-Y change
Cost of material consumed	651	1,594	(59)%
Purchase of traded goods	37,817	28,480	33%
Change in finished goods and stock-in-trade	(2,004)	(1,417)	41%
Total	**36,464**	**28,657**	**27%**

The cost of goods sold increased by 27% to ₹36,464 million in FY 2024 from ₹28,657 million in FY 2023. 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 2024 stands at ₹27,392 million, decreased by 139 basis points (bps) mainly on account of increase in revenue of eB2B business.

Employee benefits expenses

Employee benefits expenses increased by 15% to ₹5,649 million for FY 2024 from ₹4,917 million for FY 2023, primarily due to investment into store expansion and annual increment in salaries, wages and bonus.

Other expenses

Other expenses have increased by 19% to ₹18,282 million for FY 2024 from ₹15,304 million for FY 2023, primarily due to:

(i) The marketing and advertising cost for the year is 12% of revenue, an increase of 6 bps over FY 2023. Increase in marketing and advertisement expenses, which amounted to ₹7,372 million for FY 2024 compared to ₹5,906 million for FY 2023. 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;

(ii) The freight cost for the year is 6% of revenue, an improvement of 37 bps over FY 2023. Freight expenses increased, amounting to ₹3,885 million for FY 2024 vis-à-vis ₹3,318 million for FY 2023. The improvement was on account of reduction in air shipment and split shipment ratio 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 web and technology expenses and infrastructure facilities required for expansion and targeted growth over the years.

Consequently, the EBITDA for FY 2024 stands at ₹3,462 million, an increase of 35% over FY 2023 and a margin improvement of 44 bps primarily led by increase in operating efficiency. The EBITDA margin for FY 2024 is 5.4% vis-à-vis 5.0% in FY 2023.

Depreciation and amortisation: Our depreciation and amortisation expense increased by 29% to ₹2,242 million for FY 2024 from ₹1,733 million for FY 2023, primarily due to expansion of retail stores and fulfilment centres, 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 11% to ₹828 million for FY 2024 from ₹746 million for FY 2023. This increase was primarily due to the working capital loan obtained from banks on account of increase in business volumes coupled with reduction in interest on lease liabilities on account of lease payments.

Other income: Other income comprises of interest income on security deposit, bank deposit and forex gain. Our other income saw a decrease of 1% amounting to ₹299 million for FY 2024 from ₹302 million for FY 2023, majorly due to a decrease in interest on bank deposits.

Profit Before Tax (PBT) and Profit After Tax (PAT):
The consolidated profit before tax (PBT) stood at ₹690 million. Tax expense for FY 2024 is ₹253 million. Consequently, consolidated PAT for FY 2024 is ₹397 million (After share in loss of associate).

Consolidated balance sheet

(₹ million)

Particulars	FY 2024	FY 2023	Y-o-Y change
Assets			
Property, plant and Equipment, right of use assets, other intangible assets, intangible assets under development, capital work-in-progress and goodwill	6,978	7,297	(4)%
Investments	343	381	(10)%
Deferred tax assets (net)	2,690	1,878	43%
Non current tax assets (net)	457	212	116%
Inventories	11,920	10,051	19%
Cash and bank balance	2,399	1,487	61%
Other financial assets	4,742	4,715	1%
Other assets	4,477	3,479	29%
Total Assets	**34,006**	**29,500**	**15%**
Equity and liabilities			
Equity Share Capital	2,856	2,852	0.1%
Other Equity	9,766	10,928	(11)%
Equity attributable to equity holders of the parent	**12,622**	**13,780**	**(8)%**
Non-controlling interest	188	141	33%
Total equity	**12,810**	**13,922**	**(8)%**
Liabilities			
Borrowings	6,804	4,604	48%
Lease liabilities	2,891	3,380	(14)%
Trade payables	3,866	2,654	46%
Other financial liabilities	6,797	4,077	67%
Provisions	189	207	(9)%
Contract Liabilities	274	235	16%
Other current liabilities	375	421	(11)%
Total Liabilities	**21,196**	**15,578**	**36%**
Total equity and liabilities	**34,006**	**29,500**	**15%**

Assets

Total assets increased by 15% to ₹34,006 million for FY 2024 from ₹29,500 million for FY 2023. The increase is primarily attributed to following:

i. Increase in inventories is primarily in line with increase in business volumes of new stores and channels.

ii. Increase in other assets is primarily due to GST input credit on account of increase in business volumes.

iii. Other financial assets (other than fixed deposits) mainly represents receivables from payment gateway partners and unbilled receivables towards marketing support income and discount recoveries from brand partners and increase is on account of increased business volumes.

Equity

The equity share capital has increased due to the issuance of shares under ESOP scheme, however there was a reduction in other equity majorly on account of fair valuation of put option liability towards 49% stake in Dot & Key. This coupled with the profit for the year has resulted in an decrease in Total Equity by ₹1,158 million.

Liabilities

Total liabilities increased by 36% to ₹21,196 million in FY 2024 from ₹15,578 million in FY 2023. The major contributors to this increase are:

i. Increase in working capital loans (current borrowings) and trade payables in line with the increase in business volumes.

ii. Increase in other financial liabilities is on account of fair valuation of put option liability towards 49% stake in Dot & Key.

Cash generation

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

(₹ million)

Particulars	FY 2024	FY 2023	Y-o-Y change
Net cash flows from/(used in) operating activities	3	(1,402)	(100)%
Net cash flows (used in)/from in investing activities	(101)	1,396	(107)%
Net cash flows from financing activities	443	49	803%
Net increase in cash and cash equivalents	**344**	**42**	**701%**

The Group has generated operating profit of ₹3,828 million during FY 2024. The increase in working capital during FY 2024 is ₹2,513 million in line with the increased business volumes. The payment of taxes for FY 2024 amounts to ₹1,312 million. Consequently, the cash flow from operations during FY 2024 is ₹3 million.

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. 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, 2024 is ₹758 million vis-a-via opening balance of ₹414 million, showing a net increase of ₹344 million.

C.2. Key financial ratios

The following table shows a summary of key financial ratios:

(₹ million)

Particulars	Units	FY 2024	FY 2023	Y-o-Y change (%/bps)
Return on net worth	%	3.3	1.8	150 bps
Return on capital employed	%	7.5	6.6	90 bps
Basic EPS	₹	0.11	0.07	57%
Gross profit margin	%	42.9	44.3	(139) bps
EBITDA margin	%	5.4	5.0	44 bps
Net profit margin	%	0.6	0.4	21 bps
Current ratio	Times	1.2	1.6	(25%)
Interest coverage ratio	Times	4.2	3.4	24%
Inventory turnover ratio	Times	3.3	3.0	10%
Trade receivables turnover ratio	Times	31.5	39.9	(21%)
Trade payables turnover ratio	Times	11.8	9.4	26%

Return on Net Worth (RONW): Return on Net Worth (RONW) is a measure of a company's profitability expressed as a percentage. It is calculated by dividing the net income of the company by the average shareholders' equity. RONW increased to 3.3% in FY 2024 from 1.8% in FY 2023. This increase was primarily due to an increase 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 is calculated by dividing EBIT by capital employed (Net Worth + Net Debt). ROCE increased to 7.5% in FY 2024 from 6.6% in FY 2023 as a result of increase in earnings.

Basic EPS: Earnings per share (EPS) is calculated as a company's net profit attributable to equity holders divided by the weighted average outstanding number of equity shares. Basic EPS increased to ₹0.11 in FY 2024 from ₹0.07 in FY 2023 as a result of increase in earnings.

Gross profit margin: Gross profit margin is calculated as the amount of money left over from product sales after subtracting the cost of goods sold (COGS), expressed as a percentage of operating revenue. The gross profit margin decreased by 139 basis points (bps) to 42.9% in FY 2024 from 44.3% in FY 2023 on account of increase in NSV mix of eB2B business.

EBITDA margin: EBITDA margin is a measure of a company's operating profit as a percentage of its revenue. It increased by 44 bps to 5.4% in FY 2024 from 5.0% in FY 2023. This increase was due to higher revenues coupled with operational efficiencies.

Net profit margin: The net profit margin, or net margin, measures the net income or profit generated as a percentage of revenue. It increased by 21 bps to 0.6% in FY 2024 from 0.4% in FY 2023. The increase was due to higher revenue coupled with operational effeciencies.

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 payables in line with increase in business volumes.

Interest coverage ratio: The interest coverage ratio is used to assess a company's ability to meet its interest payments on outstanding debt. It is calculated by dividing the company's operating earnings before interest, depreciation and tax by the finance cost. The increase in the interest coverage ratio is primarily due to an increase in EBITDA compared to the increase in finance cost.

Inventory turnover ratio: The inventory turnover ratio measures how many times a company has sold its inventory during a specific period. It is calculated by dividing the cost of goods sold by the average inventory for the same period. There is no major change in inventory turnover ratio.

Trade receivable turnover ratio: The trade receivable turnover ratio quantifies a company's efficiency in collecting its trade receivables. It measures how many times a company's receivables are converted into cash during a specific period. This ratio is computed by dividing Revenue from operations by average trade receivables.

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. This ratio is computed by dividing the purchases by average trade payables.

D. People and culture

Our employees, Nykaaites, are the bedrock of our success. Their calibre and commitment are our inherent strength. Acquiring diverse experiences, accomplishing challenging tasks and continually learning and upskilling is enabling them to deliver their best. By identifying, developing and nurturing quality talent at every stage of the employee lifecycle, we are empowering them to become future ready and build rewarding careers. As of March 31, 2024, we have 3,373 permanent employees.

The passion and unwavering commitment of the employees have catapulted us to the forefront of the beauty and lifestyle industry in India. With diverse backgrounds, they embody collaboration and excellence. We cultivate a culture of belonging by fostering inclusivity, open communication, and empathy, ensuring that every individual feels valued, respected, and empowered to bring their authentic selves to work. We are particularly proud of our industry-leading gender diversity, with women comprising an impressive 43% of our workforce.

We are dedicated to making Nykaa future-ready by continuously developing the skills and internal capabilities of our employees. This involves offering comprehensive training programmes, stretch assignments, and targeted learning interventions to ensure our team members grow alongside the company. To further support their development, employees are engaged in multiple projects, broadening their experience and expertise. Additionally, first-time managers benefit from specialised training through initiatives such as the Nykaa Manager Program.

Enhancing and sophisticating our talent acquisition processes is a key focus. We aim to attract top talent by refining our recruitment strategies, ensuring a seamless candidate experience for Nykaa's dynamic environment.

We are continuously reviewing our operating models, organisational design, and productivity metrics to foster more strategic business partnerships. This ensures that our HR initiatives align closely with business goals and drive overall organisational effectiveness.

Retaining our high-performing employees is critical. We focus on career development, competitive compensation, and creating a stimulating work environment that motivates top talent to stay and grow with us. We recognise and celebrate exceptional contributions through the Nykaa Chairperson's Annual Awards and regular town halls, further fostering a culture of appreciation and engagement.

Core HR pillars

We continue to focus on the core HR pillars of employee experience excellence, high performance culture, talent and capability, and employee well-being, to build a highly engaged and inclusive culture here at Nykaa.

Promoting our culture and values

Meritocracy, equal opportunity and fair pay

At Nykaa, our culture is deeply rooted in meritocracy, equal opportunity, and fair pay, embodying the spirit of 'Be Better EveryDay.' Our 'Pay for Performance' approach empowers us to distinguish and reward excellence. The performance process and differentiation underscore our commitment to meritocracy and equality, with promotions that align with our diverse workforce and gender diversity. Market competitiveness is ensured through benchmarking, maintaining a competitive pay structure that includes variable pay, sales incentives, and talent retention plans. To foster career growth, we have initiatives like 'ICON' to promote internal talent based on merit.

Culture of learning

Our 'Be Better Everyday' culture emphasises continuous learning and growth. Nykaa offers rich on-the-job learning experiences, with stretch assignments to build skills early in careers. Programmes like the Nykaa Manager Program (NMP) and Nykaa Leader Program (NLP) enhance the learning journey for people managers. Additionally, learning from external thought leaders through 'Visionaries Unplugged' adds new dimensions to our growth. We bring in enthusiastic talents from premium institutes to bring in fresh perspectives and work closely with core functions and businesses to contribute to the larger picture. Targeted learning interventions are conducted for businesses and functions to enhance employee skills, improve productivity, and drive organisational growth.

Culture of listening and enhanced employee experience

At the core of our strategic initiatives lies a steadfast commitment to delivering the utmost in employee experience. Constant focus is given on improving various aspects in the employee journey, pinpointing on onboarding journey to elevate the first touch points of a Nykaaite's journey. We cultivate a culture of active listening through top leadership interactions in Town Halls, Off the Record platforms, and 'Meet the CEO' sessions to ensure employees' voices are heard. Our data-driven approach includes Gallup Surveys, New Hire Feedback, and engagement surveys to gather meaningful insights for actions aimed at driving excellence in employee experience. Nykaa is firmly committed to the highest ethical standards and fair practices, a dedicated communication channel is available for employees to report concerns/issues/grievances. We have partnered with Deloitte for whistleblower cases to ensure the utmost transparency and fairness in the process.

Culture of high recognition

At Nykaa, we uphold a culture of high recognition under the spirit of 'One Nykaa.' **The Nykaa Chairperson's Annual Awards honour those who consistently achieve exceptional results while embodying our core values.** Employees across various businesses and functions are also recognised during their respective town halls. During the One Nykaa Townhall, we acknowledge individuals who have dedicated their service to Nykaa's success, celebrating both the remarkable growth of the Company and the individual. We believe in building a culture of recognition within the Company, not just following a top-down approach and have activities like 'Gratitude Cards' where employees are encouraged to appreciate their colleagues and uphold the value of 'One Nykaa'.

Culture of high engagement

'Nykaa Gives' reflects our commitment to the belief that "in giving, we receive," through charitable endeavours and community outreach. These initiatives, along with celebrations during Nykaa Sales, Thanksgiving, Potluck, Friendship Day, various festivities showcase our fun workplace culture as a Nykaa family. We have also made substantial investments in enhancing and expanding our office infrastructure to encourage better collaboration, fostering synergy and cohesive teamwork within Nykaa. We focus on employee well-being and promote activities such as Marchathon where employees focus on improving their fitness journey.

Culture of Diversity, Equity, and Inclusion

Nykaa is committed to creating a safe and inclusive workplace for women returning from maternity leave, ensuring equal opportunities for promotions and fair performance ratings.

Throughout the year, Nykaa has implemented several DEI initiatives, including celebrating Women's History Month where women are celebrated in the company. Also, educational sessions such as Visionaries Unplugged were conducted to inspire inclusivity and growth. We maintain a 40%+ women workforce and over 30% women representation among our people managers, emphasising our commitment to gender diversity and leadership inclusion, starting at our Board level.

Culture of sustainability and compliance

As a young, dynamic, and growing company, we take pride in the emphasis our Company and Board place on sustainability and compliance. We believe with success comes responsibility and accountability as a credible corporate citizen with high standards of compliance and governance. Our effective compliance management involves training, cross-functional engagement, compliance management tools, impact assessments, and advocacy. We ensure corporate governance through our Code of Conduct, Whistle Blower Policy, Insider Trading Policy, Related Party Transactions Policy, and Health, Safety & Environment policies.

We place a high priority on the health, safety, and environment of our employees, customers, business partners, suppliers, and visitors. To ensure a safe working environment, we have established a comprehensive Health, Safety, and Environment (HSE) Policy. This policy serves as a guiding framework for effective management systems and risk mitigation measures. We have also devised an HSE implementation strategy for FY 2024, aiming to enhance health and safety standards across our diverse business operations.

E. Health, Safety, and Environment (HSE) Highlights

Nykaa is dedicated to upholding the highest standards of health, safety, and environmental responsibility. Here's a concise overview of our key HSE initiatives and achievements for FY 2024:

Awareness programmes

Throughout the year, Nykaa organised various awareness sessions for employees, covering fire safety, emergency response procedures, road safety, and induction to new joiners to promote safety culture and create awareness at workplace.

Environmental responsibility

Nykaa is committed to environmental stewardship and adheres to Extended Producer Responsibility (EPR) regulations. Certified by the Central Pollution Control Board (CPCB) as a 'Brand Owner and Importer', Nykaa collaborates with authorised recyclers to achieve its EPR targets. For FY 2024, Nykaa ensured proper waste collection and completed all necessary annual filings on the EPR portal.

Comprehensive HSE framework

Our robust Health, Safety, and Environment (HSE) framework underscores Nykaa's dedication to safety and well-being across all operations. This includes workplace incident management and monitoring of resource consumption, such as water (used for domestic consumption), electricity, and fuel. Regular audits and improvement programs foster a safety culture, encouraging employee engagement in safety initiatives.

Health and safety management

Nykaa's HSE policy ensures the safety of employees, customers, business partners, suppliers, and visitors. The policy emphasises proactive risk management, benchmarking practices against industry standards, and strengthening incident management procedures. Safety awareness programmes equip employees with the necessary knowledge and skills, and learnings from past incidents are shared to prevent recurrence. Emergency Response Teams (ERTs) are established in all warehouses, and external audits ensure compliance with safety regulations.

Incident reporting mechanism

Nykaa fosters a culture of safety and open communication with a comprehensive incident reporting system. Designated HSE Single Points of Contact (SPOCs) at each location handle incident reporting, investigation, and corrective actions. Employees are encouraged to report incidents, near misses, and unsafe conditions via strategically placed QR codes, ensuring prompt and effective responses.

Hazard identification and risk assessment

Maintaining a safe working environment is a priority. Regular monitoring and proactive measures help identify and mitigate potential hazards. No major incidents occurred in FY 2024, and the severity of minor incidents was low. Plans are underway to implement activity-based Hazard Identification and Risk Assessment (HIRA) in the near future.

Nykaa's HSE initiatives underscore our commitment to a safe, healthy, and environmentally responsible workplace, reflecting our dedication to continuous improvement and sustainability.

F. Technology

We are a digitally-native consumer technology platform, delivering a content-driven, lifestyle retail experience to our customers. Our proprietary, custom-built, and component-based technology platform is a cornerstone of our business strategy, seamlessly connecting consumers, brand partners, influencers, and internal teams. This platform supports our diverse lifestyle businesses and offers a comprehensive omnichannel e-commerce experience.

Our dedicated technology team is constantly enhancing platform capabilities and the consumer shopping experience. Designed to be simple, fault-tolerant, scalable, maintainable, and secure, our platform enables us to efficiently launch new ventures and enrich the user experience within our existing businesses.

G. Supply chain

G.1. Overview

As of March 31, 2024, we have an integrated supply chain comprising 41 BPC warehouses and 3 Fashion warehouses across India, with a total capacity of 15 lakhs sq. ft., (13.4 lakhs sq. ft. in BPC warehouses and 1.6 lakhs sq. ft. in Fashion warehouses) supported by 202 stores, 15 stores in fashion and 187 in beauty (42 new beauty stores added across India in FY 2024).

G.1.1. Achievements of FY 2024

FY 2024 was a year of building long-term muscle, scaling up fulfilment centres to increase reach and penetration thus going near to consumers and delivering faster while improving unit economics, with a focus on faster order-to-delivery, regional utilisation, and control on split shipments.

Expanding last mile coverage at speed – Increased penetration with focus on regionalisation and right selection of logistics partners to optimise lead time and cost. We continued to focus on regional fulfilment to ensure that the right stock is available at the right location and at the right time. By adding new warehouses in areas beyond metros, the shift from a national fulfilment model to a regional fulfilment model helped us reach closer to customers. As a result of these initiatives, our order-to-delivery (O2D) timelines were reduced by half a day, and there was a reduction in air shipments as well as split shipments, resulting in lower cost per shipment by Q4 of FY 2024.

As of March 31, 2024, we served 27,800 pin codes, covering almost 98% of the serviceable pin codes across the country. Orders are monitored and tracked to ensure timely dispatch. We continue to optimise 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.

94% of our BPC orders and 80% of our fashion orders were delivered within five days for the year ended March 31, 2023.

Supporting new models and emerging businesses – New initiatives such as self-delivery in B2B space and Quick commerce and Express Delivery in B2C space to provide a smooth customer experience. Along with the 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.

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.

Transitioned WH processes for B2B fulfilment by moving to bulk storing, picking and packing to improve efficiency. And initiated self-delivery with focus on improving service level by matching 3PL cost.

We continue to work with delivery companies such as Blue Dart Express Limited, Delhivery Private Limited, Ecom Express Private Limited, Xpressbees Private Limited, and we added Shadowfax and 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

Leveraged paperless infrastructure to improve manpower efficiency and reduction in cost, we have started paperless picking from most of the warehouses. Resulting in 90% reduction of usage of papers across warehouses.

We continued to focus on usage of sustainable eco-friendly packaging on majority of our orders. For beauty and personal care, we used paper fillers and Hexcush, while for fashion products, we used paper flyers.

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 million SKU's 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

Given the nature and size of business operations, your Company has designed an adequate internal control system to ensure:

a. Transactions recorded are accurate, complete, and authorised;

b. Adherence to accounting standards, compliance with applicable statutes and conformance to Company policies and procedures;

c. Effective use of resources and safeguarding of assets.

d. Prevention and detection of frauds

Your Company has complied with the specific requirements as laid out under Section 134(5)(e) of the Companies Act, 2013 which calls for establishment and implementation of an Internal Financial Control framework that supports compliance to the Act in relation to the Directors' Responsibility Statement.

The key constituents of our internal control systems 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
- 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

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.

Our Statutory auditors have issued an unqualified report for the year ending 31st March 2024 after testing the effectiveness of these controls. We believe that strengthening IFC is a continuous process and therefore we will continue its efforts to make our internal controls smarter with focus on preventive and automated controls as opposed to mitigating detective and manual controls.

Further, your Company, with the support of an appointed Internal Audit firm, carries out risk-based Internal audit reviews, based on the annual Internal Audit plan as approved by the Audit Committee of the Board. The Internal Audit function reviews compliance with established design of the Internal controls, while ensuring the efficiency and effectiveness of operations.

Significant deficiencies in Internal control identified, if any, are tracked for closure and validated. The summary of the Internal Audit findings and status of implementation of mitigation action plans for residual risks as identified, are submitted to and deliberated with the Audit Committee every quarter.

Your Company continues to constantly leverage technology in strengthening the internal control framework.

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.

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, analysing 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.

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) of the Board. The RMC reviews the effectiveness of risk identification, evaluation, and risk management framework, including the mitigation of material and emerging risks.

Additionally, the Risk Management policy sets out the Board's requirements in relation to the establishment of and compliance with a framework for facilitating the management of business risks effectively, consistently and in line with the Company's risk appetite. The Head of Risk Management plays a key role in supporting the Board in risk management matters through deliberations with the Risk Management and Audit Committee.

Key risks and 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:

Business risks (macro-economic/geopolitics/competition/customer preferences)

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.

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.

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.

Operational risks

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 programme 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.

Legal and Compliance risks

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 changes in the compliance landscape and also undertake continuous education of business systems on compliances. We routinely engage with the government as well as industry bodies to keep track of developments in this area.

Technology and info-security risks

Cyber and data security

Brief risk description: Technology and data infrastructures are susceptible to security breaches and cyber-attacks that may pose reputational and operational risks. We interact with suppliers and customers through digital infrastructures and also rely on third party integrations.

Risk mitigation: Nykaa invests significant resources towards cybersecurity and data protection measures. We perform independent third-party assessments of critical IT systems holding any sensitive data and perform continuous improvements in the tech infrastructures holding such data. Information security controls have been designed to prevent, timely detect, and remediate threats; while also running a programme to continuously monitor the effectiveness of the controls implemented across our IT infrastructure to effectively sustain and enhance the information security controls, including frequent employee training sessions for all employees.

People risks

Skill development and talent retention

Brief risk description: Our business innovation and excellence depend 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 high-performance culture, while ensuring we equip people with the right tools for upskilling and reskilling.

J. Outlook

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. Indian BPC and Fashion segments are at their early stage of evolution with an opportunity to turn into a $11 billion market by 2028 and $50 billion market by 2030 respectively, of which online BPC and online fashion are estimated to become ~33% and ~25% of their respective overall markets 2028 and 2030 respectively in India. With the increase in disposable income, and online content-led discovery, BPC and Fashion segments will observe significant growth in the coming years.

With the focus on serving and creating a better consumer experience, we endeavour to create an omnichannel lifestyle platform providing wide and curated assortment of domestic and international brands. We will continue to leverage strong demand across categories and geographies to achieve industry-leading, sustainable growth. Our strategic investments in people, technology, brand partnerships and new businesses are enabling us to accelerate growth and serve our stakeholders better.

Directors' Report

Dear Members,

Your Board of Directors **("Board")** are pleased to present the Twelfth (12th) 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, 2024 ("the year under review" or "the year" or "FY 2023-24").

FINANCIAL PERFORMANCE — AN OVERVIEW

(₹ in Millions)

Particulars	Standalone		Consolidated	
	2023-24	2022-23*	2023-24	2022-23
Revenue from Operations	2,579.60	2,754.56	63,856.26	51,438.00
Other Income	1,846.03	1,287.73	299.42	302.13
Total Income	**4,425.63**	**4,042.29**	**64,155.68**	**51,740.13**
Total Expenditure	3,525.80	3,278.29	63,465.41	51,356.18
Profit before Tax	**899.83**	**764.00**	**690.27**	**383.95**
Current Tax	90.04	157.90	1,067.35	861.11
Deferred Tax (Credit)/Expenses	(361.11)	35.28	(814.24)	(725.37)
Profit after Tax	**1,170.90**	**570.82**	**437.16**	**248.21**
Share in loss of associate	-	-	(39.67)	(38.60)
Profit for the period	**1,170.90**	**570.82**	**397.49**	**209.61**
Other Comprehensive Income / Loss (OCI)	**1.96**	**(2.20)**	**4.43**	**1.57**
Total Comprehensive Income	**1,172.86**	**568.62**	**401.92**	**211.18**
Balance in the Profit/(Loss) Account in the Balance Sheet	2,468.79	1,364.37	(61.48)	(388.88)

* Restated on account of acquisition of business (Refer note 55 of the standalone financial statements).

REVIEW OF OPERATIONS

During the year under review, the Standalone income of your Company increased to ₹4,425.63 million as compared to ₹4,042.29 million in the previous year, registering a growth of 9.48%. The Standalone profit after tax for the year was ₹1,170.90 million as compared to ₹570.82 million in the previous year registering increase of 105.13%.

During the year under review, the Consolidated income of the Group increased to ₹64,155.68 million compared to ₹51,740.13 million in the previous year, registering growth of 24.00%. The Consolidated profit for the period for the Group was ₹397.49 million as compared to ₹209.61 million in the previous year registering increase of 89.63%.

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 2023-24 and the date of this report. Further, there has been no change in the nature of business of your Company.

RESERVES

There is no amount proposed to be transferred to the reserves.

DIVIDEND

Your Board did not recommend any dividend on the equity shares of the Company for financial year ended March 31, 2024 considering that the Company is in growth stage and requires 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: Dividend Distribution Policy

SHARE CAPITAL

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

#	Paid-up Equity Share Capital	₹ in Million
A	**At the beginning of the year, i.e., as on April 01, 2023**	**2,852.45**
B	Allotments made pursuant to exercise of vested stock options under the various employee stock option schemes of the Company	3.54
C	**At the end of the year, i.e., as on March 31, 2024 (C=A+B)**	**2,855.99**

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, 2024, in accordance with the requirements of the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) notified under Section 133 of the Companies Act, 2013 **("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.

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

The Company strives to create and enhance the value for its shareholder through synergising and optimising its business operations and thus, in line with your Company's Value of 'Be Better Everyday', the following strategic initiatives were taken during the year under review:

A. ACQUISITION OF LINGERIE AND ATHLEISURE BUSINESS FROM NYKAA FASHION LIMITED BY THE COMPANY

Your Board, at its meeting held on February 06, 2024, had approved acquisition of athleisure and lingerie business of Nykaa Fashion Limited, wholly owned subsidiary of the Company, as a going concern on a slump sale basis via business transfer agreement and the same was completed by the Company during the financial year under review.

This transaction will enable the owned brands business to grow through improved focus. Further, Nykaa Fashion will become a distinct platform which will enable improved partner relationship.

B. DEMERGER OF E-B2B BUSINESS FROM FSN DISTRIBUTION LIMITED TO NYKAA E-RETAIL LIMITED

Your Board, at its meeting held on February 06, 2024, had approved Scheme of Arrangement between FSN Distribution Limited and Nykaa E-Retail Limited, Wholly owned subsidiaries of the Company, and their respective shareholders and creditors.

Nykaa E-Retail Limited primarily has an inventory led business model to sell beauty and personal care products of own brands as well as third party brands through online channels i.e., its own online platforms and websites. FSN Distribution Limited has a B2B inventory led business model to sell beauty and personal care products through its distribution networks using online as well as offline sales channels. The Scheme comprises of demerger of online B2B beauty business from FSN Distribution Limited to Nykaa E- Retail Limited. Post demerger, residual business of offline B2B business i.e. General / Modern Trade Business will continue in FSN Distribution Limited.

This demerger will facilitate synergy in operations such as effective utilization of warehouse and office space, synergy in technology cost and overheads. It will further result into consolidation of beauty online business under one entity; reduction in compliances, intercompany transactions and improve customer experience.

C. ACQUISITION OF WESTERN WEAR AND ACCESSORIES BUSINESS BY WAY OF SLUMP SALE FROM NYKAA FASHION LIMITED

Your Board, at its meeting held on May 22, 2024, had approved the proposal to acquire the Western Wear and Accessories business of Nykaa Fashion Limited ("Transferor Company"), which is a wholly owned subsidiary of the Company, as a going concern on a slump sale basis, in accordance with the business transfer agreement **("BTA")** to be entered between the Company and the Transferor Company. The expected date of completion of the acquisition is by September 30, 2024. The total cost of acquisition is approximately ₹1,337 million.

D. TRANSFER OF 100% EQUITY STAKE HELD IN ILUMINAR MEDIA LIMITED (LBB) TO NYKAA FASHION LIMITED WITH AN OBJECTIVE TO AMALGAMATE LBB WITH NYKAA FASHION LIMITED IN DUE COURSE

Your Board, at its meeting held on May 22, 2024, had approved transfer of 100% equity stake held in Iluminar Media Limited **("LBB")** to Nykaa Fashion Limited, which is a wholly owned subsidiary of the Company. The Board of Directors of the Company had given its in-principle approval for the proposal to amalgamate Iluminar Media Limited **("Transferor Company")** with Nykaa Fashion Limited **("Transferee Company")** under sections 230-232 of the Act and the rules and regulations made thereunder. The Transferor Company and the Transferee Company are wholly owned subsidiaries of the Company. LBB have also initiated the process for shifting its registered office from Delhi to Mumbai, Maharashtra.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

As on March 31, 2024, the Company has ten direct subsidiaries, four step-down subsidiaries and one associate company. Following subsidiaries were converted from Private Company to Public Company during the year under review:

(i) Nykaa E-Retail Private Limited to Nykaa E-Retail Limited;

(ii) Nykaa Fashion Private Limited to Nykaa Fashion Limited;

(iii) FSN International Private Limited to FSN International Limited;

(iv) Iluminar Media Private Limited to Iluminar Media Limited; and

(v) FSN Distribution Private Limited to FSN Distribution Limited.

Nessa International Holdings Limited ('Nessa International'), Step down subsidiary of the Company based out of UAE had incorporated a wholly-owned subsidiary, Nysaa Beauty LLC in Dubai, during the year under review.

Pursuant to the provisions of Section 129(3) of the 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/subsidiaries-fy-23-24/lp.

Your Company has formulated a Policy for determining Material Subsidiaries. The said policy is available on the website of the Company at: Policy for determining Material Subsidiaries.

During the year under review, Nykaa E-Retail Limited, FSN Brands Marketing Private Limited and Nykaa Fashion Limited were material subsidiaries of the Company as per Regulation 16 of the Listing Regulations, while Nykaa E-Retail Limited and FSN Brands Marketing Private Limited were material subsidiaries of the Company as per Regulation 24 of the Listing Regulations, which requires appointment of one of the Company's independent directors on the boards of the material subsidiary 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 a 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 the Listing Regulations.

SEBI vide its Notification dated December 26, 2019 and consequent amendments carried out to the Listing Regulations has made the Business Responsibility and Sustainability Report (BRSR) applicable to the top 1,000 listed entities (by market capitalisation) for reporting on a mandatory basis from FY 2022-23.

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 Board acknowledges its responsibility for the integrity of the report and the information contained therein.

The BRSR for the year under review, containing the initiatives taken by your Company from social and governance perspective, forms an integral part of the Annual Report.

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 22, 2024, 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, 2024 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/annual-report/lp.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions under Section 134(5) of the Act, with respect to Directors' Responsibility Statement, the Directors of the Company confirm that:

(a) in the preparation of the annual accounts for the year ended March 31, 2024, the applicable accounting standards had been followed and there are no material departures from the same;

(b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the profits of the Company for the year ended on that date;

(c) 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

(f) the Directors had devised proper systems to ensure 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. Batilboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/E300004), were re-appointed as Statutory Auditors of the Company at the 9th AGM of the Company held on September 29, 2021, to hold office till the conclusion of the 14th 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. Batilboi & 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 2023-24 and the Auditor's Report forms part of this Annual Report. The Auditor's Report does not contain any qualification, reservation or adverse remark.

(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 2023-24. The Secretarial Audit Report of the Company does not contain any qualification, reservation, adverse remark or disclaimer.

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), IV(B) and IV(C) forming part of this Report. The same are also available on the website of the Company.

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

A. Board of Directors ("Board")

(i) Number of meetings

The Board met 5 (Five) 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) Directors retiring by rotation

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Sanjay Nayar, Non-Executive (Non-Independent) Director and Mr. Anchit 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 Twelfth Annual General Meeting.

(iii) Board evaluation

The Nomination and Remuneration Committee and the Board of Directors reviewed the Board evaluation framework and process for the financial year 2023-2024 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 2023-24 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: Policy on Board of Directors' Evaluation Framework

(iv) Declaration of independence

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

(i) 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) they have registered their names in the Independent Directors' Databank maintained by the Indian Institute of Corporate Affairs as required vide Rule 6 (1) & (2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

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.

(i) Audit Committee,

(ii) Nomination and Remuneration Committee,

(iii) Stakeholders' Relationship Committee,

(iv) Risk Management Committee and

(v) 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. Directors and Key Managerial Personnel

During the year, following were the changes in Director/ Key Managerial Personnel:

1. Mr. Neelabja Chakrabarty has been appointed as the Company Secretary & Compliance Officer with effect from February 08, 2024, in place of Mr. Sujeet Jain. Mr. Sujeet Jain continues to be the Chief Legal and Regulatory Officer of the Company.

After the year end and upto the date of the Report, following are the changes in Director/ Key Managerial Personnel:

1. The Board of Directors at its meeting held on May 22, 2024, on the recommendation of Nomination and Remuneration Committee, has approved the re-appointment of Mr. Pradeep Parameswaran as an Independent Director for a term of 3 (three) years to be effective from July 15, 2024, subject to approval of the shareholders.
2. The Board of Directors at its meeting held on May 22, 2024, on the recommendation of Nomination and Remuneration Committee, has approved the re-appointment of Mr. Seshashayee Sridhara as an Independent Director for a term of 3 (three) years to be effective from July 26, 2024, subject to approval of the shareholders.
3. The Board of Directors at its meeting held on May 22, 2024, on the recommendation of Nomination and Remuneration Committee, has approved the appointment of Mr. Santosh Desai as an Independent Director for a term of 3 (three) years to be effective from July 15, 2024, subject to approval of the shareholders.
4. Ms. Alpana Parida shall complete her term as an Independent Director of the Company on July 14, 2024 and hence shall cease to be a Director of the Company effective end of the day, July 14, 2024.

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

(c) Mr. Sujeet Jain – Chief Legal and Regulatory Officer, Company Secretary & Compliance Officer (till February 07, 2024)*

(d) Mr. Neelabja Chakrabarty - Company Secretary & Compliance Officer (appointed w.e.f. February 08, 2024)

* Mr. Sujeet Jain ceased to be the Company Secretary & Compliance Officer of the Company, with effect from close of business hours on February 07, 2024. Mr. Sujeet Jain continues to be the Chief Legal and Regulatory Officer of the Company.

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.

Further, in terms 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 nykaacompanysecretary@nykaa.com.

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 Personnels ('KMPs') and Employees which can be accessed at: Remuneration Policy for Directors, KMPs and other Employees.

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 Act 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 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: Whistle-Blower Policy/Vigil Mechanism.

F. Corporate Social Responsibility ('CSR')

A brief outline of the CSR Philosophy, salient features of the CSR Policy of the Company, the CSR initiatives undertaken during the financial year 2023-24 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 CSR Policy.

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"), FSN Employees Stock Scheme – 2017 ("ESOS 2017"), 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") for grant of stock options to eligible employees.

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

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 https://www.nykaa.com/annual-report/lp.

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 Twelfth Annual General Meeting.

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

The Company, till date, is not required to transfer any amount to the IEPF Account in terms of the provisions of the Companies Act, 2013 and the rules thereunder.

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: Related Party Transactions Policy.

The details of the related party transactions as per Indian Accounting Standards (IND AS) - 24 are set out in 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, in the specified format to the stock exchanges. The said disclosures can be accessed on the website of the Company at: https://www.nykaa.com/quarterly-half-yearly-annual-filings-2024/lp.

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	2023-24	2022-23
Earnings in Foreign Exchange	Nil	Nil
Expenditure in Foreign Exchange	₹80.50 million	₹139.63 million

K. Risk Management

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.

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 of Directors of the Company has formed a Risk Management Committee to frame, implement, and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Committee considers the risks that impact the mid-term to the long-term objectives of the business, including those reputational in nature.

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 Risk Management Policy

L. 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 long-term 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 https://www.nykaa.com/policies.

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.

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 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 2023-24.

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 Health, Safety and Environment Policy. 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 its influence, with an aim to provide safe and healthy working environment to the 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.
- 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 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 2023-24.
- 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 22, 2024

Annexure - I

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	Details									
1.	Name of the subsidiary	FSN Brands Marketing Pvt. Ltd.	Nykaa E-Retail Ltd.	Nykaa-KK Beauty Pvt. Ltd.	Nykaa Fashion Ltd.**	FSN International Ltd.*	FSN Distribution Ltd.	Nykaa Foundation	Dot & Key Wellness Pvt. Ltd.	Nudge Wellness Pvt. Ltd.	Ilumniar Media Ltd.
2.	The date since when the subsidiary was acquired	(Since incorporation)							September 28, 2021	June 30, 2022	September 09, 2022
3.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	March 31, 2024									
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	1,750.10	250.78	0.10	0.10	13.57	60.00	0.36
6.	Reserves & surplus	(836.35)	6,345.50	239.62	(2,296.81)	(147.41)^^	(1,954.88)	-	570.64	(22.10)	30.85
7.	Total assets	7,126.35	15,142.14	620.47	4,073.05	408.79	2,134.06	0.22	860.12	43.28	164.76
8.	Total Liabilities	6,942.70	8,701.54	370.85	4,619.76	305.42	4,088.84	0.12	275.91	5.27	133.55
9.	Investments	0.00#	0.00#	0.00#	0.00#	-	0.00#	-	0.00#	-	4.88
10.	Turnover	10,021.41	47,798.02	882.37	4,355.88	73.96	3,605.64	16.23^	1,983.45	17.34	307.87
11.	Profit/(loss) before tax	118.96	3,040.70	151.45	(171.17)	(178.77)	(1,533.71)	0.01	207.95	(21.22)	52.44
12.	Less: Provision for taxation										
	– Current Tax	-	912.47	39.15	-	-	-	0.01	25.07	-	0.61
	– Deferred Tax	40.55	(140.03)	(0.79)	-	(8.44)	(391.40)	-	28.11	(5.34)	-
13.	Profit/(loss) after tax	78.41	2,268.26	113.09	(171.17)	(170.33)	(1,142.31)	-	154.77	(15.88)	51.83
14.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-
15.	% of shareholding	100%	100%	51%	100%	100%	100%	99.93%	51%	60%	100%

* On consolidated basis including its subsidiaries i.e. FSN Global FZE, Nykaa International UK Limited and Nessa International Holdings Ltd. The Company has 100% stake in FSN Global FZE and Nykaa International UK Limited and 55% stake in Nessa International Holdings Ltd.

** Includes profit from continuing and discontinued operations.

Numbers are below one million under the rounding off convention adopted by the Company.

^ Includes donation income.

^^ Includes non-controlling interest of ₹56.49 Mn.

Notes:

1. Names of subsidiaries which are yet to commence operations: None
2. Names of subsidiaries which have been liquidated or sold during the year: None

PART "B": ASSOCIATES AND JOINT VENTURES

(₹ in Millions)

Sr. No.	Name of Associate Company	Earth Rhythm Private Limited
1.	Latest audited Balance Sheet Date	March 31, 2024
2.	Date on which the Associate Company was associated	May 04, 2022
3.	Shares of Associate/Joint Ventures held by the Company on the year end	
	(i) Number	336*
	(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	58.71
7.	Profit/Loss for the year	
	(i) Considered in Consolidation	(28.92)#
	(ii) Not Considered in Consolidation	(127.30)

* The company has 7,894 Compulsorily Convertible Preference Shares ("CCPS") which can be converted into Equity Shares at any time before 19 (Nineteen) years. Also, a CCPS shall be entitled to attend meetings of all Shareholders of the Company and will be entitled to such voting rights on an 'as if converted basis'.

\# Excludes (₹10.76 Mn) pertaining to brand amortization expense for the year ended March 31, 2024.

(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

Anchit Nayar
Executive Director
DIN: 08351358

P. Ganesh
Chief Financial Officer

Neelabja Chakrabarty
Company Secretary and Compliance Officer
M. No. A16075

Place: Mumbai
Date: May 22, 2024

Annexure II

Report on Corporate Governance

1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At NYKAA, we are committed to strong corporate governance that is aligned with our objective of maximizing our stakeholders' interests. We adhere to the highest standards of governance, integrity, ethics and transparency. These 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. Aligning our organization around this cohesive set of values is critical to the fulfillment of our mission and achievement of our business goals.

The Company believes that any meaningful policy on Corporate Governance must empower the executive management of the Company, and simultaneously create a mechanism of checks and balances which ensure that the decision-making powers vested in the executive management are used with care and responsibility and, not misused.

We have a Code of Conduct with the underlying belief of conducting business in a principled manner. It lays down our values and principles that always guide our actions to live up to our best ideals and to operate our business with the utmost integrity. We ensure that ethical conduct is embedded across our operations and we expect all our employees and external partners to follow the same. Our policies and procedures operate alongside our Code to guide our employees as they conduct their day-today activities. They encompass all relevant laws, regulations and promotional standards.

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.

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/ Whistle-Blower Policy, Code for Prevention of Insider Trading and Related Party Transactions Policy and endeavour to continuously contribute to social and environmental spheres through various CSR programs creating shared values.

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. 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: Code of Conduct for its Directors and Senior Management.

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 as **Annexure – II(A)** at the end of this Report.

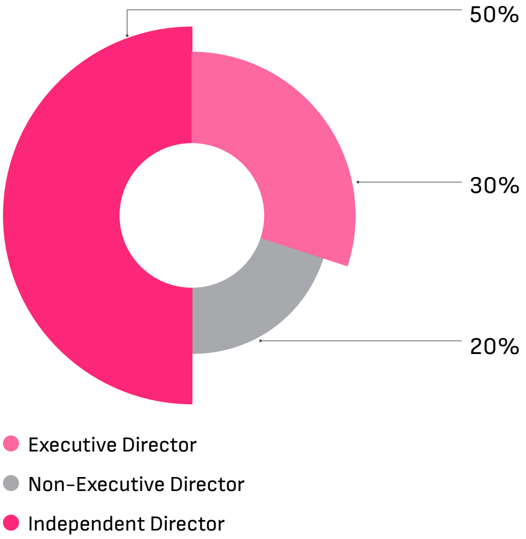
3. BOARD OF DIRECTORS

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.

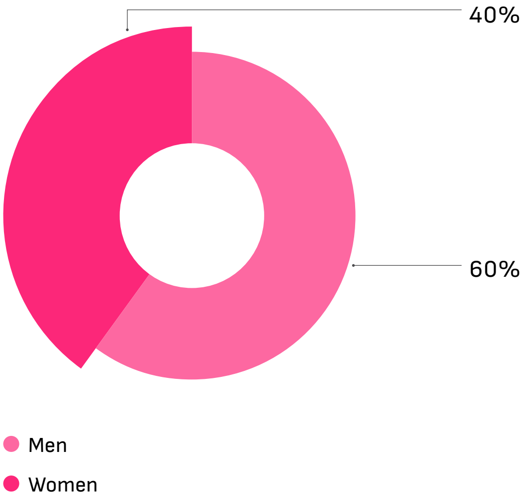
The Board's operations are duly supported by the Executive Chairperson, Managing Director and Chief Executive Officer, Executive Directors, Key Managerial Personnel ("KMPs") and the Senior Management, while discharging its fiduciary duties and in ensuring effective functioning of your Company.

As on March 31, 2024, the Board consists of 10 Directors comprising of 5 Independent Directors, 2 Non-Executive (Non-Independent) Directors and 3 Executive Directors. The composition of your Board is in conformity with Regulation 17(1) of the Listing Regulations and the Companies Act, 2013 ('Act').

Board classification



Board gender diversity



A. 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. Details of appointments/re-appointments of Directors during the financial year 2023-24 are provided in Board's Report.

The Composition and category of Directors is given in below table. The profile of Directors can be found at our website at www.nykaa.com/board-of-directors/lp.

Sr. No.	Name of the Director	Category of Director	Date of appointment on the Board	Inter-se Relationship between Directors
1.	Ms. Falguni Nayar (DIN: 00003633)	Promoter, Executive Chairperson, Managing Director & CEO	April 24, 2012	• Spouse of Mr. Sanjay Nayar • Mother of Mr. Anchit Nayar and Ms. Adwaita Nayar
2.	Mr. Sanjay Nayar (DIN: 00002615)	Promoter, Non-Executive Director	April 09, 2021	• Spouse of Ms. Falguni Nayar • Father of Mr. Anchit Nayar and Ms. Adwaita Nayar
3.	Ms. Adwaita Nayar (DIN: 07931382)	Promoter Group, Executive Director	January 22, 2018	• Daughter of Ms. Falguni Nayar and Mr. Sanjay Nayar • Sister of Mr. Anchit Nayar
4.	Mr. Anchit Nayar (DIN: 08351358)	Promoter Group, Executive Director	August 13, 2019	• Son of Ms. Falguni Nayar and Mr. Sanjay Nayar • Brother of Ms. Adwaita Nayar
5.	Mr. Milan Khakhar (DIN: 00394065)	Non-Executive Director	September 28, 2015	-
6.	Ms. Anita Ramachandran (DIN: 00118188)	Independent Director	July 15, 2021	-
7.	Mr. Milind Sarwate (DIN: 00109854)	Independent Director	July 15, 2021	-
8.	Ms. Alpana Parida (DIN: 06796621)	Independent Director	July 15, 2021	-
9.	Mr. Pradeep Parameswaran (DIN: 07206780)	Independent Director	July 15, 2021	-
10.	Mr. Seshashayee Sridhara (DIN: 09247644)	Independent Director	July 26, 2021	-

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. The Policy is available on our website at: Board Diversity Policy.

B. 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 Ramachandran	Milind Sarwate	Milan Khakhar	Seshashayee Sridhara	Pradeep Parameswaran
Entrepreneurship	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Leadership/Operational Experience	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Business Strategy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Marketing – Digital, Consumer & E-commerce	✓	✓	✓	✓	✓	✓	-	✓	✓	✓
Industry knowledge	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Brand Building	✓	✓	✓	✓	✓	-	-	✓	✓	✓
Governance and Regulatory oversight	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial literacy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Human Capital Management	✓	✓	✓	✓	✓	✓	-	✓	-	✓
M&A, Investment Management, Risk Management	✓	✓	✓	✓	-	-	✓	✓	✓	✓

The Company did not have any pecuniary relationship or transactions with any of the Non-Executive Directors during the financial year ended March 31, 2024 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.

C. The 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, 2024, is given below:

Name of Director	Directorship held in other Listed Entities along with Category*		Number of Directorships in other Indian Public Limited Companies**	Membership and Chairmanship of the Committees of the Board of other Indian Public Limited Companies***		Number of Equity Shares held
	Name of the listed entity	Category of Directorship		Member	Chairperson	
Falguni Nayar	Dabur India Limited	Independent Director	3	1	-	NIL
Sanjay Nayar	-	-	2	-	-	NIL
Adwaita Nayar	-	-	1	-	-	1,80,360 (0.01%)
Anchit Nayar	-	-	1	-	-	9,60,480 (0.03%)
Anita Ramachandran	Metropolis Healthcare Limited Happiest Minds Technologies Limited Ujjivan Small Finance Bank Limited Blue Star Limited Grasim Industries Limited	Independent Director	8	9	3	4,38,384 (0.02%)
Milind Sarwate	Sequent Scientific Limited Mahindra and Mahindra Financial Services Limited Matrimony.com Limited Asian Paints Limited CEAT Limited	Independent Director	8	9	3	63,156 (0.00%)
Alpana Parida	Nestle India Limited Cosmo First Limited	Independent Director	4	4	1	10,79,802 (0.04%)
Pradeep Parameswaran	-	-	1	-	-	31,584 (0.00%)
Seshashayee Sridhara	-	-	1	-	-	Nil
Milan Khakhar	Solid Stone Company Limited	Managing Director	4	1	-	Nil

* Regulation 17A of the Listing Regulations provides for the inclusion of only equity listed entities for reckoning the directorship in the listed entity, hence directorships held in debt listed entities have not been considered for reporting as above.

** For the purpose of reckoning Directorship/Committees position on which a Director can serve, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies, and companies under Section 8 of the Act have been excluded.

*** In terms of Regulation 26(1)(b) of the Listing Regulations, the disclosure includes chairmanship/membership of the Audit Committee and Stakeholders' Relationship Committee in other Indian Public companies (listed and unlisted). Further, membership includes positions as Chairperson of the Committee. Also excludes the membership & chairmanship in FSN E-Commerce Ventures Limited.

As per declarations received from the Directors:

(a) None of the Directors is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a director.

(b) None of the Directors holds directorship in more than ten public companies and in more than seven listed companies, across the directorships held including that in the Company.

D. Board Meetings and attendance

During the financial year ended March 31, 2024, 5 (Five) Board Meetings were held. The meetings were held on May 24, 2023; August 11, 2023; November 06, 2023; February 06, 2024; March 14, 2024. The necessary quorum was present for all the Board Meetings. Attendance of the Directors at the Board meetings and the last Annual General Meeting ('AGM') is given below:

Name	Designation	No. of Board Meetings during FY 2023-24			Whether attended last AGM held on September 18, 2023
		Entitled to attend	Attended	%	
Falguni Nayar	Executive Chairperson, Managing Director and Chief Executive Officer	5	5	100	Yes
Sanjay Nayar	Non-Executive Director	5	5	100	Yes
Adwaita Nayar	Executive Director	5	5	100	Yes
Anchit Nayar	Executive Director	5	5	100	Yes
Milan Khakhar	Non-Executive Director	5	5	100	Yes
Anita Ramachandran	Independent Director	5	5	100	Yes
Milind Sarwate	Independent Director	5	5	100	Yes
Alpana Parida	Independent Director	5	2	40	Yes
Pradeep Parameswaran	Independent Director	5	4	80	Yes
Seshashayee Sridhara	Independent Director	5	5	100	Yes

E. Board Procedures and flow of information

The Management provides the Board with additional information beyond what is required by regulation, which enables informed decision-making and contributes to the Company's growth. The Chairperson, Managing Director & CEO and the Executive Directors are responsible for day-to-day management and are supported by the Senior Management Team members. 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.

The Board periodically reviews updates on business performance, projects, corporate restructuring plans, strategic plans, risk management, and other key areas impacting the business, and also on organization talent and culture. Information is provided continuously for review and approval, including strategic and operating plans, financial statements, appointments in senior management and directors, audits, legal and compliance matters and regulatory updates.

A formal system for follow-up, review, and reporting on actions taken by management on board decisions is in place. The Board members are provided with continuous information about the Company's operations for their review, input, and approval. This includes presenting our annual strategic plan, Budget and mid-term plan to the Board. The Management also present various matters such as appointment of Directors and Key Managerial Personnel, corporate actions and updates, review of internal and statutory audits, details of investor grievances and shareholding analysis, important managerial decisions, risk management initiatives including cyber security along with mitigation actions, CSR and ESG initiatives and plans and status of the implementations and legal/statutory matters to the respective Committees of the Board. These matters are later presented to the Board of Directors for approval, as may be required.

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.

F. 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 Terms and Conditions of appointment of Independent Directors.

G. 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 and members of management.

The Independent Directors Meeting was held on March 20, 2024. 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 as well as with the Senior Management Team.

H. Familiarisation Programme

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 Company also ensures induction and training programs are conducted for newly appointed Directors.

The details of familiarisation programmes imparted to Independent Directors are also disclosed on the Company's website: Familiarisation Program FY 2023-24.

I. 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.

4. COMMITTEES

The Board Committees are the pillars of the governance structure of the Company. The Board Committees are formed as a means of improving Board's effectiveness and efficiency in areas where more focused, specialised and technically oriented discussions are required. These committees prepare the groundwork for decision-making 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. Additionally, the minutes of the Committee meetings are also placed before the Board for its information and noting.

During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board. The Company has 6 (Six) Board 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.

DETAILS OF COMMITTEES

A. Audit Committee

Terms of Reference

The scope and function of the Audit Committee is in accordance with Section 177 of the Act and Regulation 18 of the 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 Act and 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, re-appointment 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 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 judgement 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 Listing Regulations and/or the applicable Accounting Standards and/or the Act.*

(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;

(l) 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 whole-time 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 Act, the 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;

(ab) To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and its shareholders; and

(ac) Carrying out any other functions as may be required/ mandated and/or delegated by the Board as per the provisions of the Act, 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 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 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 Act and 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 employee, obtain 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.

Meetings and Composition

The Committee met 6 (Six) times during the year under review on May 24, 2023, June 15, 2023, August 11, 2023, November 03, 2023, February 05, 2024, and March 20, 2024. Meetings held on November 03, 2023 and February 05, 2024 were adjourned to November 06, 2023 and February 06, 2024, respectively, for consideration of few agenda items. The requisite quorum was present at all the meetings of the Audit Committee. Details of the composition of the Audit Committee and attendance at meetings are as follows.

Sr. No.	Name of the Director	Designation	Position on the Committee	Number of Meetings entitled to attend	Number of Meetings attended	% of attendance
1.	Milind Sarwate	Independent Director	Chairperson	6	6	100
2.	Anita Ramachandran	Independent Director	Member	6	6	100
3.	Seshashayee Sridhara	Independent Director	Member	6	5	83
4.	Anchit Nayar	Executive Director	Member	6	6	100
5.	Milan Khakhar[1]	Non-Executive Director	Member	4	4	100
6.	Alpana Parida[1]	Independent Director	Member	4	3	75

Notes:

[1] Ms. Alpana Parida and Mr. Milan Khakhar ceased to be Members of the Committee effective November 06, 2023.

The Company Secretary and Compliance Officer of the Company is the Secretary of the Audit Committee.

B. 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 Act read with Regulation 19 of the 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:

(i) 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

(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.

(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;

(l) 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;

(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;

(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 Act, Listing Regulations or other applicable laws or by any other regulatory authority.

Meetings and Composition

The Committee met 5 (Five) times during the year under review, on April 27, 2023, September 18, 2023, October 23, 2023, February 05, 2024, and March 12, 2024. Meeting held on April 27, 2023 was adjourned to May 02, 2023 due to paucity of time for taking the agenda items. The requisite quorum was present at all the meetings of the Committee. Details of the composition of the Nomination and Remuneration Committee and attendance at meetings are as follows:

Sr. No.	Name of the Director	Designation	Position on the Committee	Number of Meetings entitled to attend	Number of Meetings attended	% of attendance
1.	Anita Ramachandran	Independent Director	Chairperson	5	5	100
2.	Milan Khakhar	Non-Executive Director	Member	5	5	100
3.	Pradeep Parameswaran	Independent Director	Member	5	5	100
4.	Alpana Parida[1]	Independent Director	Member	3	3	100

Notes:

[1] Ms. Alpana Parida ceased to be Member of the Committee effective November 06, 2023.

The Company Secretary and Compliance Officer of the Company is the Secretary of the Nomination and Remuneration Committee.

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 performance evaluation exercise was carried out through a structured questionnaire covering various aspects i.e., composition of Board, governance process, Board/ Committee Meetings and procedure, overall functioning of the Board, domain expertise, integrity, inclusive leadership, awareness about Company's strategy/objectives, effective participation in the Meetings, appropriateness and timeliness of information, awareness about role and responsibilities, stakeholders' interest, etc. This was 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.
- Fiduciary responsibilities.
- Any other aspects agreed by Board from time to time.

The Board evaluation process was completed for FY 2023-24. 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 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: Board of Directors' Evaluation Framework

C. Stakeholders' Relationship Committee

Terms of Reference

The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Act, and Regulation 20 of the 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;

(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;

(h) To open/close bank account(s) of the Company for 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;

(j) Any allied matter(s) out of and incidental to these functions and not herein;

(k) Redressal of all security holders' and investors' grievances and assisting with quarterly reporting of such complaints and formulating procedures in line with statutory guidelines to ensure speedy disposal of various requests received from shareholders;

(l) Reviewing of measures taken for effective exercise of voting rights by shareholders;

(m) Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation 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;

(n) 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;

(o) 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;

(p) Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Act or Listing Regulations, or by any other regulatory authority;

(q) 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;

(r) Such terms of reference as may be prescribed under the Act and Listing Regulations.

Meetings and Composition

The Committee met 2 (two) times in the year, that is on April 27, 2023, and March 07, 2024. The requisite quorum was present at both the meetings. Details of the composition of Stakeholders' Relationship Committee and attendance at meetings are as follows:

Sr. No.	Name of the Director	Designation	Position on the Committee	Number of Meetings entitled to attend	Number of Meetings attended	% of attendance
1.	Seshashayee Sridhara[1]	Independent Director	Chairperson (w.e.f. November 06, 2023)	1	1	100
2.	Alpana Parida[2]	Independent Director	Chairperson (till November 06, 2023)	1	1	100
3.	Anchit Nayar	Executive Director	Member	2	2	100
4.	Adwaita Nayar	Executive Director	Member	2	1	50

Notes:

1. Mr. Seshashayee Sridhara has been appointed as Chairperson of the Committee effective November 06, 2023.
2. Ms. Alpana Parida ceased to be Chairperson of the Committee effective November 06, 2023.

The Company Secretary and Compliance Officer of the Company is the Secretary of the Stakeholders' Relationship Committee.

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, 2023	Received during the year	Resolved during the year	Pending as on March 31, 2024
Nil	8	8	0

Details of queries and requests received in the year under review:

Pending as on April 01, 2023	Received during the year	Resolved during the year	Pending as on March 31, 2024
0	159	159	0

Nature of Requests/Queries: Non-credit of bonus shares, request for hard copy of annual reports, book closures, stock-split, e-voting related, etc.

D. Risk Management Committee

Terms of Reference

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

(a) To formulate a detailed risk management policy covering risk across functions and plan integration through training and awareness programmes;

(b) To periodically review the risk management policy at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(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;

(f) To monitor the Company's compliance with the risk 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;

(i) To approve major decisions affecting the risk profile or 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;

(l) 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);

(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 Act and Listing Regulations.

Meetings and Composition

The Committee met 2 (two) times in the year, that is on July 04, 2023 and November 22, 2023. The requisite quorum was present at both the meetings. The details of the composition of Risk Management Committee and attendance at meetings are as follows:

Sr. No.	Name of the Director	Designation	Position on the Committee	Number of Meetings entitled to attend	Number of Meetings attended	% of attendance
1.	Pradeep Parameswaran[1]	Independent Director	Chairperson	2	2	100
2.	Sanjay Nayar[2]	Non-Executive Director	Member	2	2	100
3.	Rajesh Uppalapati	Chief Technology Officer (non-Board member)	Member	2	1	50

Notes:

[1] Mr. Pradeep Parameswaran, a Member of the Committee, was appointed as the Chairperson of the Committee effective February 06, 2024.

[2] Mr. Sanjay Nayar was a Chairperson of the Committee till February 06, 2024 and continues to be a member effective February 07, 2024.

The Company Secretary and Compliance Officer of the Company is the Secretary of the Risk Management Committee.

E. Corporate Social Responsibility & Environmental, Social, and Governance Committee

Terms of Reference

(a) To formulate and recommend to the Board, a corporate social responsibility policy stipulating, amongst others, the guiding principles for selection, implementation and monitoring the activities as well as formulation of the annual action plan which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein;

(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;

(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 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 Act.

(h) To take note of the Compliances made by implementing agency (if any) appointed for the corporate social responsibility of the Company.

(i) Such terms of reference as may be prescribed under the Act and Listing Regulations.

The Company has adopted a Corporate Social Responsibility (CSR) Policy and identified following key focus areas for implementing CSR –

(a) Upliftment and Mentoring of vulnerable age groups

(b) Education, Skilling & Entrepreneurship

(c) Access to healthcare

(d) Sustainability and environmental responsibility

The Companies CSR Policy has been uploaded on the website of the Company at: https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/CSR-Policy.pdf.

Under the aegis of the ESG initiative, the Committee will has 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.

Composition of the Corporate Social Responsibility & Environmental, Social, and Governance Committee and the terms of reference are in compliance with the requirements under section 135 of the Companies Act, 2013.

Meetings and Composition

The Committee met 3 (three) times in the year, on May 18, 2023, August 18, 2023 and October 18, 2023. The requisite quorum was present at all the meetings. The details of the composition of Corporate Social Responsibility & Environmental, Social, and Governance Committee and attendance at meetings are as follows:

Sr. No.	Name of the Director	Designation	Position on the Committee	Number of Meetings entitled to attend	Number of Meetings attended	% of attendance
1.	Anita Ramachandran	Independent Director	Chairperson	3	3	100
2.	Sanjay Nayar	Non-Executive Director	Member	3	3	100
3.	Adwaita Nayar	Executive Director	Member	3	3	100

The Company Secretary and Compliance Officer of the Company is the Secretary of the Corporate Social Responsibility & Environmental, Social, and Governance Committee.

5. REMUNERATION OF DIRECTORS

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"), adopted Remuneration policy for Directors, Key Managerial Personnel and other Employees ('Remuneration Policy') which sets out criteria for the remuneration for Directors, Key Managerial Personal ('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 NRC. The remuneration and Commission/Variable Pay 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 NRC in accordance with the provisions of the Act, and the rules made thereunder. The Shareholders at the Extra-Ordinary General Meeting held on July 28, 2021 approved payment of commission to the Independent Directors not exceeding 1% of the profits of Company for the year or such limits as may be prescribed under the Act and the Listing Regulations.

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, long-term 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: Remuneration Policy

Remuneration to Executive Directors for the Financial Year 2023-24

(₹ in million)

Sr. No.	Name of the Director	Fixed Compensation	Perquisites/ Benefits	Variable Pay/ Commission	Total Remuneration
1.	Falguni Nayar[3]	6.61	Nil	Nil[1]	6.61
2.	Adwaita Nayar[4]	25.08	0.73	3.46[2]	29.27
3.	Anchit Nayar[3]	1.32	Nil	Nil[2]	1.32

Notes:

[1] 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.

[2] 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.

[3] In addition to the above, Ms. Falguni Nayar and Mr. Anchit Nayar have received ₹80.08 Million and ₹41.28 Million, respectively, as the remuneration from Nykaa E-Retail Limited, a wholly-owned Subsidiary of the Company.

[4] In addition to the above, Ms. Adwaita Nayar has received ₹13.29 Million as the remuneration from Nykaa Fashion Limited, a wholly-owned Subsidiary of the Company.

[5] 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 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 2023-24

(₹ in million)

Sr. No.	Name of the Director	Sitting fees Paid	Commission Paid/ Payable	Total Remuneration
1.	Anita Ramachandran	0.95	2.00	2.95
2.	Milind Sarwate	0.83	3.00	3.83
3.	Alpana Parida[3]	0.48	0.50	0.98
4.	Pradeep Parameswaran[4]	0.48	0.20	0.68
5.	Seshashayee Sridhara	0.73	1.00	1.73
6.	Milan Khakhar[1]	0.78	-	0.78

Notes:

[1] No sitting fees or commission was paid to Mr. Sanjay Nayar for FY 2023-24. No commission was paid to Mr. Milan Khakhar for FY 2023-24.

[2] 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.

[3] Additionally, commission of ₹0.5 Million is paid by FSN Brands Marketing Private Limited to Ms. Alpana Parida. Accordingly, the total commission stands to ₹1 Million, apart from the sitting fees.

[4] Additionally, commission of ₹0.8 Million is paid by Nykaa E-Retail Limited to Mr. Pradeep Parameswaran. Accordingly, the total commission stands to ₹1 Million, apart from the sitting fees.

Other disclosures for Executive Directors:

Sr. No.	Name of the Director	Service Contract	Notice Period	Stock Options	Severance fees
1.	Falguni Nayar	5 years	6 months	Nil	Note
2.	Adwaita Nayar	5 years	6 months	Nil	
3.	Anchit Nayar	5 years	6 months	Nil	

Note: Severance fees for all Executive Directors is 2 Years' compensation (computed basis prevailing annual fixed remuneration and average of immediately preceding two years variable pay paid to the respective Executive Director)

Senior Management Personnel

As on March 31, 2024, the Senior Management Personnel are as follows:

Name	Designation
Falguni Nayar	Executive Chairperson, Managing Director and Chief Executive Officer, Founding Member
Adwaita Nayar	Executive Director, Managing Director & CEO – Nykaa Fashion
Anchit Nayar	Executive Director, Managing Director & CEO – Nykaa E-Retail
P Ganesh	Chief Financial Officer
Vishal Gupta	Chief Executive Officer – Nykaa Distribution
Rajesh Uppalapati	Chief Technology Officer
Nihir Parikh	Chief Executive Officer – Nykaa Fashion.com
Manoj Jaiswal	Chief Officer – Supply Chain
Surender Mehta	Chief Human Resource Officer
Sujeet Jain[1]	Chief Legal and Regulatory Officer
Neelabja Chakrabarty[2]	Company Secretary and Compliance Officer

Notes:

[1] Mr. Sujeet Jain ceased to be the Company Secretary & Compliance Officer of the Company, with effect from close of business hours on February 07, 2024, while, he continues to be the Chief Legal and Regulatory Officer of the Company.

[2] Mr. Neelabja Chakrabarty was appointed as the Company Secretary & Compliance Officer w.e.f. February 08, 2024.

6. GENERAL BODY MEETING

Previous 3 (Three) Annual General Meetings

Year	Date	Time	Location (Deemed Venue)	Special Resolutions passed
2023*	September 18, 2023	10:30 a.m.	104 Vasan Udyog Bhavan, Sun Mill Compound, Lower Parel (W), Mumbai – 400 013	Nil
2022*	August 10, 2022	05:00 p.m.		Nil
2021*	September 29, 2021	05:00 p.m.		Nil

* In compliance with the provisions of the circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India from time to time, 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

Details of special resolution to be conducted through postal ballot:

The Board of Directors have approved a postal ballot notice on May 22, 2024 to consider the following proposals for shareholders' approval by special resolution:

1. Re-appointment of Mr. Pradeep Parameswaran as a Non-Executive, Independent Director for a second consecutive term of three years effective July 15, 2024.
2. Re-appointment of Mr. Seshashayee Sridhara as a Non-Executive, Independent Director for a second consecutive term of three years effective July 26, 2024.
3. Appointment of Mr. Santosh Desai as a Non-Executive, Independent Director for a term of three years effective July 15, 2024.

The e-voting will commence on June 13, 2024 and will end on July 12, 2024. The resolution, if approved by the requisite majority of members by means of Postal Ballot, shall be deemed to have been passed on the last day of e-voting i.e., Friday, July 12, 2024.

7. MEANS OF COMMUNICATION

Financial Results

Your Company's quarterly financial results are submitted to the stock exchanges within forty-five 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/quarterly-half-yearly-annual-filings-2024/lp The results are usually published in (Financial Express/Free Press Journal) English newspaper having country-wide circulation and in (Navshakti/Loksatta) Marathi newspaper where the registered office of the Company is situated.

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.com/investor-analyst-meets-2024/lp

Press/Media releases

Official news and press/media releases are uploaded on the website of stock exchanges and displayed on your Company's website at: https://www.nykaa.com/press-release-media-release-2024/lp

Compliance reports, corporate announcements, material information and updates

Your Company disseminates the requisite compliance reports and corporate announcements/updates to the stock exchanges through their designated portal.

Website

Your Company's website https://www.nykaa.com/investor-relations/lp contains a separate section for investors. Information on various topics such as the Board of Directors, Committees of the Board, Annual Reports, various policies, intimation to stock exchanges etc. are available on the website.

Designated Exclusive E-mail IDs

Your Company has designated the following E-mail IDs exclusively for investor servicing:

(a) For Investor Queries and Grievance Redressal:

investor-relations@nykaa.com
nykaacompanysecretary@nykaa.com

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

rnt.helpdesk@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.

8. 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

Date: September 18, 2024	Time: 03:30 p.m. (IST)
Venue: Meeting through VC/OAVM [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, 2023 to March 31, 2024.

Listing details:

Particulars	Details
Trading Symbol at BSE Limited	543384
Trading Symbol at National Stock Exchange of India Limited	NYKAA

Payment of Listing Fees

Annual Listing Fees for the Financial Year 2024-25 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, 2023 to March 31, 2024:

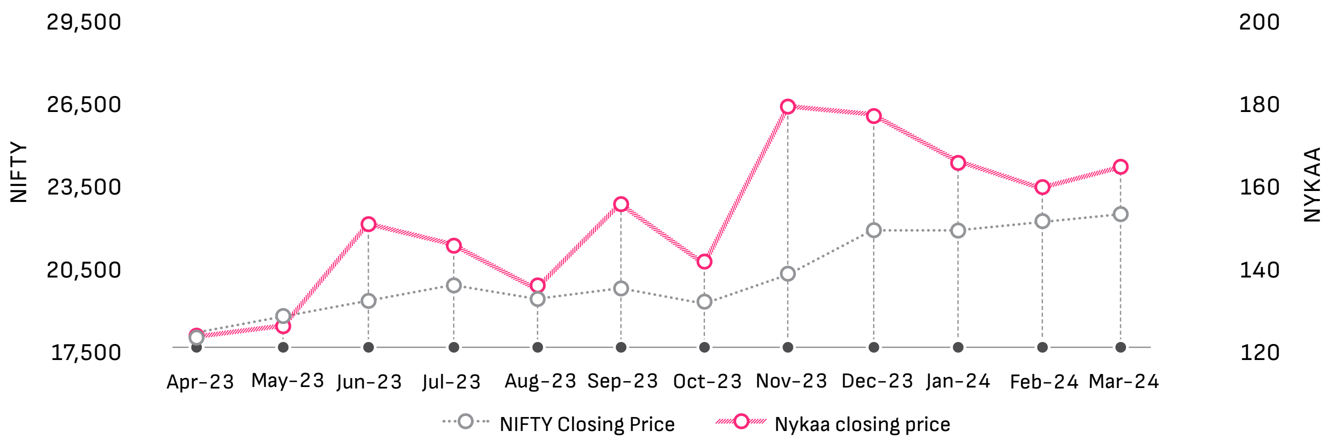
Share price performance on National Stock Exchange of India Limited (NSE) & BSE Limited (BSE):

Month (FY 2023-24)	NSE			BSE		
	High (₹)	Low (₹)	Volume (₹)	High (₹)	Low (₹)	Volume (₹)
April 2023	138.80	114.25	23,64,55,092	138.85	114.30	1,74,00,993
May 2023	132.35	122.15	17,31,15,031	132.35	120.80	1,23,18,744
June 2023	153.30	124.65	25,21,00,308	153.20	124.55	1,74,14,799
July 2023	149.90	138.65	11,30,27,352	149.90	138.60	69,22,327
August 2023	153.35	130.10	13,09,59,839	153.35	130.00	84,57,809
September 2023	158.00	133.75	16,09,65,702	157.85	133.75	93,48,800
October 2023	153.60	136.50	7,01,48,360	153.30	136.5	36,87,143
November 2023	178.35	138.40	20,86,16,974	178.20	138.45	1,10,18,001
December 2023	183.40	157.00	10,49,59,311	183.30	157.20	61,83,559
January 2024	195.50	159.20	23,27,88,738	195.40	159.10	4,43,60,798
February 2024	170.00	139.80	15,58,12,742	170.05	139.95	1,02,65,424
March 2024	165.20	145.30	8,10,42,227	165.35	145.35	39,94,815

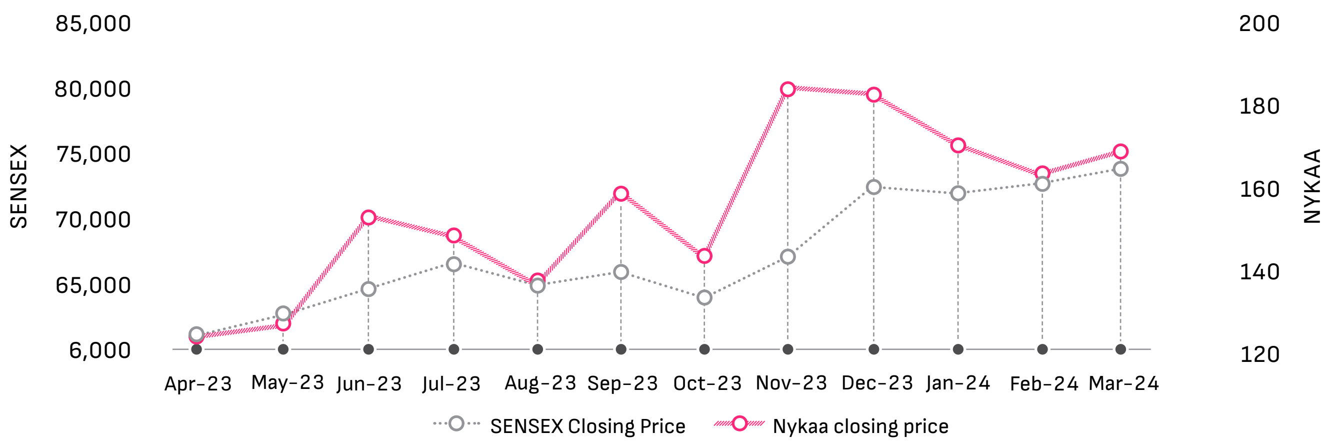
(Source: The above information is compiled from the data available on the websites of BSE and NSE)

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

NIFTY 50 vs NYKAA Share Price



SENSEX 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

No Securities of your Company were suspended from trading during the financial year 2023-24.

Investor Correspondence

Registrar and share transfer agent: (For Shares held in Physical form)	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083, India. Tel. No.: 022 4918 6000 Fax: 022 - 4918 6060 Email: rnt.helpdesk@linkintime.co.in Website: https://linkintime.co.in/ Toll Free No.: 1800 1020 878
For Shares held in Demat form	Investors' concerned Depository Participant
Secretarial Department	Your Company has designated nykaacompanysecretary@nykaa.com as an exclusive E-mail ID for Investors for the purpose of registering grievances and complaints.

Share Transfer System:

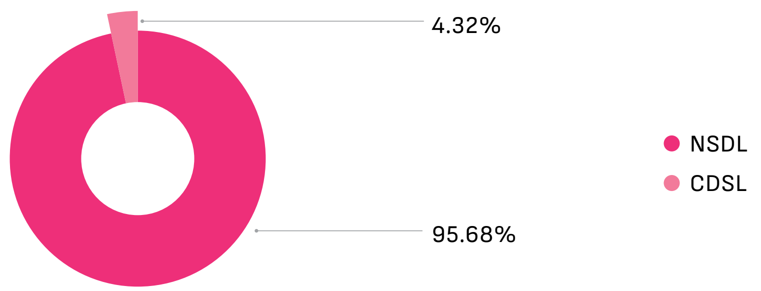
Effective from April 1, 2019, SEBI has mandated that shares can be transferred only in Demat. Hence no transfer of shares in physical form can be lodged by the shareholders. Shareholders, who hold shares in physical form, are advised to convert them into dematerialized mode to avoid the risk of losing shares, fraudulent transactions, and to receive better investor servicing.

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, 2024, approximately 100% of shareholding was held in Dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

Mode of Holding	No. of Shares	% of Share Capital
Physical Segment	198	0.00
Demat Segment	2,85,59,85,411	100.00
NSDL (A)	2,73,27,31,195	95.68
CDSL (B)	12,32,54,216	4.32
Total	**2,85,59,85,609**	**100.00**

Dematerialisation of shares



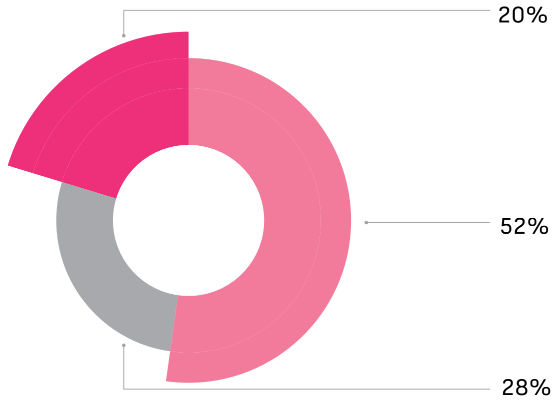
Distribution of Shareholding by Size as on March 31, 2024:

Category (shares)	No. of Shareholders	% of Shareholders	No. of Shares held	% of shareholding
1 to 500	4,97,163	94.1288	3,67,68,376	1.2874
501 to 1,000	17,107	3.2389	1,25,67,657	0.4400
1,001 to 2,000	7,694	1.4567	1,11,55,309	0.3907
2,001 to 3,000	2,410	0.4563	60,72,726	0.2126
3,001 to 4,000	1,019	0.1929	35,90,057	0.1257
4,001 to 5,000	624	0.1181	29,12,916	0.1020
5,001 to 10,000	1,028	0.1946	73,76,902	0.2583
10,001 and Above	1,128	0.2136	2,77,55,41,666	97.1833
Total	**5,28,173**	**100.0000**	**285,59,85,609**	**100.0000**

Shareholding Pattern as on March 31, 2024:

Sr. No.	Category of Shareholder	No. of shareholders	Total number of shares	% of total no. of shares
A	**Shareholding of Promoter and Promoter Group**			
1	Indian	9	1,49,13,92,142	52.22
2	Foreign	-	-	-
	Total shareholding of Promoter and Promoter Group	**9**	**1,49,13,92,142**	**52.22**
B	**Public Shareholding**			
1	Institutions	240	78,47,33,170	27.48
2	Non-Institutions	520,539	57,98,60,297	20.30
	Total Public Shareholding	**520,779**	**1,36,45,93,467**	**47.78**
	Total (A+B)	**520,788**	**2,85,59,85,609**	**100.00**

Category-wise shareholding



Liquidity:

The shares of your Company are actively traded on BSE and NSE. Relevant data for the average daily turnover for FY 2023-24 is given below:

Particulars	NSE	BSE	NSE + BSE
Shares (in No.)	78,04,844	6,15,338	84,20,182
Value (in ₹ crores)	1,16,21,51,311	9,56,08,165	1,25,77,59,475

(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 1,59,80,813 outstanding employee stock options and 6,00,000 restricted stock units as on March 31, 2024 with vesting period from 1 to 4 years from the date of grant. Such outstanding employee stock options and restricted stock units represents 1,65,80,813 equity shares, constituting 0.58% 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, 2024, 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 2023-24:

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

Type of Credit rating	During the Financial year 2023-24
Long Term Rating	Crisil A-/ Positive
Short Term Rating	Crisil A2+ (re-affirmed)
Corporate Credit Rating	Crisil A-/ Positive

Management Discussion and Analysis Report:

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

9. 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 - Nykaa E-Retail Limited and FSN Brands Marketing Private Limited in terms of Regulation 24 of the Listing Regulations.

The Company has formulated a policy for determining its 'Material' Subsidiaries and the same is available on the website of the Company. The weblink for the same is Policy for determining Material Subsidiaries.

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 Limited	February 22, 2017, Mumbai	M/s. S. R. Batliboi & Associates LLP, Mumbai	November 30, 2021
2.	FSN Brands Marketing Private Limited	February 19, 2015, Mumbai		
3.	Nykaa Fashion Limited	February 04, 2019, Mumbai	M/s V.C. Shah & Co., Mumbai	September 30, 2020

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.

Vigil Mechanism/Whistle-Blower Policy

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

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 the Notes 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 Policy on Materiality of Related Party Transactions

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 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.

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 https://www.nykaa.com/investor-relations.

Disclosure of commodity price risks/Foreign Exchange Risk 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:

Mode	Object	Amount Allocated (₹ Million)	Amount Utilised as on March 31, 2024 (₹ Million)
IPO	Investment in certain Subsidiaries for setting up of retail stores	420.00	420.00
	Capital expenditure and Investment in certain Subsidiaries for setting up of warehouses	420.00	420.00
	Repayment of certain borrowings of the Company	1,560.00	1,560.00
	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
	Net Proceeds	**6,045.72**	**6,045.72**

Your Company has appointed ICICI Bank Limited as Monitoring Agency in terms of Regulation 41 of the 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.

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 Disqualification 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, 2024, is ₹39.27 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	0
2.	Disposed of during the financial year under review	0
3.	Pending as on end of the financial year	0

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, 2024, 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.

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
1.	Board of Directors	17	Yes	• Composition and Appointment of Directors • Meetings and Quorum • Review of compliance reports • Plans for orderly succession • Code of Conduct • Fees/compensation to Non-Executive Directors • Minimum information to be placed before the Board • Compliance Certificate by Chief Executive Officer and Chief Financial Officer • Risk management plan, Risk assessment and Minimisation procedures • Performance evaluation of Independent Directors • Recommendation of Board for each item of special business
2.	Maximum Number of Directorships	17A	Yes	• Directorships in listed entities
3.	Audit Committee	18	Yes	• Composition • Meetings and quorum • Chairperson present at AGM • Role of the Committee
4.	Nomination and Remuneration Committee	19	Yes	• Composition • Meetings and quorum • Chairperson present at AGM • Role of the Committee
5.	Stakeholders Relationship Committee	20	Yes	• Composition • Meetings and quorum • Chairperson present at AGM • Role of the Committee

Sr. No.	Particulars	Regulation	Compliance Status Yes/ No/ N.A.	Key Compliance Observed
6.	Risk Management Committee	21	Yes	• Composition • Meetings and quorum • Role of the Committee
7.	Vigil Mechanism	22	Yes	• Vigil Mechanism and Whistle-Blower Policy for Directors and employees • Adequate safeguards against victimisation • Direct access to the Chairperson of Audit Committee
8.	Related party transactions	23	Yes	• Policy on Materiality of related party transactions and dealing with related party transactions • Prior approval including omnibus approval of Audit Committee for related party transactions • Quarterly review of related party transactions • Disclosure on related party transactions
9.	Subsidiaries of the Company	24	Yes	• Appointment of Company's Independent Director on the Board of unlisted material subsidiaries • Review of financial statements and investments of unlisted subsidiaries by the Audit Committee • Minutes of the Board of Directors of the unlisted subsidiaries are placed at the meeting of the Board of Directors • Significant transactions and arrangements of unlisted subsidiaries are placed at the meeting of the Board of Directors
10.	Secretarial Audit	24A	Yes	• Secretarial Audit of the Company and of material unlisted subsidiaries • Secretarial Audit Report of the Company and of material subsidiaries are annexed with the Annual Report of the Company • Annual Secretarial Compliance Report
11.	Obligations with respect to Independent Director	25	Yes	• Tenure of Independent Directors • Meetings of Independent Directors • Appointment and Cessation of Independent Directors • Familiarisation of Independent Directors • Declaration from Independent Director that he/she meets the criteria of independence are placed at the meeting of Board of Directors • Directors and Officers insurance for all the Independent Directors
12.	Obligations with respect to employees including Senior Management, Key Managerial Persons, Directors and Promoters	26	Yes	• Memberships/Chairmanships in Committees • Affirmation on compliance with Code of Conduct by Directors and Senior Management • Disclosures by Senior Management about potential conflicts of interest • No agreement with regard to compensation or profit sharing in connection with dealings in securities of the Company by Key Managerial Personnel, Director and Promoter
13.	Other Corporate Governance requirements	27	Yes	• Compliance with discretionary requirements • Filing of quarterly, half-yearly and yearly compliance report on Corporate Governance
14.	Website	46(2)(b) to (i)	Yes	• Terms and conditions of appointment of Independent Directors • Composition of various Committees of the Board of Directors • Code of Conduct of Board of Directors and Senior Management Personnel • Details of establishment of Vigil Mechanism/Whistle-blower policy • Criteria of making payments to Non-Executive Directors • Policy on dealing with related party transactions • Policy for determining material subsidiaries • Details of familiarisation programmes imparted to Independent Directors

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 2023-24, 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:

Particulars	Website Links
Vigil Mechanism/Whistle-blower Policy	Vigil Mechanism/Whistle-blower Policy
Terms & Conditions of Appointment of Independent Directors	Terms & Conditions of Appointment of Independent Directors
Risk Management Policy	Risk Management Policy
Remuneration Policy for Directors, Key Managerial Personnel and other Employees	Remuneration Policy for Directors, Key Managerial Personnel and other Employees
Related Party Transaction Policy	Related Party Transaction Policy
Policy for Succession Planning for the Board & Senior Management	Policy for Succession Planning for the Board & Senior Management
Policy on Board Diversity	Policy on Board Diversity
Policy on Material Subsidiaries	Policy on Material Subsidiaries
Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	Code of Practices and Procedures for fair disclosure of UPSI
Induction and Familiarisation Programme for Independent Director	Induction and Familiarisation Programme for Independent Director
Dividend Distribution Policy	Dividend Distribution Policy
Policy for Determining Materiality of Events and Information	Policy for Determining Materiality of Events and Information
Code of Conduct for Board and Senior Management	Code of Conduct for Board and Senior Management
Board of Directors' Evaluation Framework	Board of Directors' Evaluation Framework
Policy for Archival of Documents	Policy for Archival of Documents
Policy for Preservation of documents	Policy for Preservation of documents
Nykaa Health, Safety and Environment Policy	Nykaa Health, Safety and Environment Policy
Corporate Social Responsibility Policy	Corporate Social Responsibility Policy
Anti-Corruption & Anti-Bribery Policy	Anti-Corruption & Anti-Bribery Policy

For and on behalf of the Board of Directors

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

Place: Mumbai
Date : May 22, 2024

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, 2024.

For and on behalf of the Board of Directors

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

Place: Mumbai
Date : May 22, 2024

Annexure – II(B)

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, 2024 and to the best of our knowledge and belief:

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

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

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

Place: Mumbai
Date: May 22, 2024

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 2023-24 and Financial Year 2024-25** 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 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 March 31, 2024** 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	April 24, 2012	–
2.	Milan Khakhar	00394065	September 28, 2015	–
3.	Alpana Parida	06796621	September 28, 2015	–
4.	Anita Ramachandran	00118188	October 12, 2015	–
5.	Adwaita Nayar	07931382	January 22, 2018	–
6.	Anchit Nayar	08351358	August 13, 2019	–
7.	Sanjay Nayar	00002615	April 09, 2021	–
8.	Pradeep Parameswaran	07206780	July 15, 2021	–
9.	Milind Sarwate	00109854	July 15, 2021	–
10.	Seshashayee Sridhara	09247644	July 26, 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 March 31, 2024.

For S. N. ANANTHASUBRAMANIAN & Co.
Company Secretaries
ICSI Unique Code P1991MH040400
Peer Review Cert. No.: 5218/2023

May 22, 2024 | Thane

S. N. Viswanathan
Partner
ACS: 61955 | COP No.: 24335
ICSI UDIN: A061955F000418069

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 – 400013

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 March 31, 2024.

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 with the conditions of the Corporate Governance stipulated in the Listing Regulations, for the Financial Year ended 31st March, 2024.

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.: 5218/2023

May 22, 2024 | Thane

S. N. Viswanathan
Partner
ACS: 61955 | COP No.: 24335
ICSI UDIN: A061955F000418036

Annexure – IV

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year ended March 31, 2024

[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 March 31, 2024, 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 March 31, 2024 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 Foreign Direct Investment;**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   (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 – **Not Applicable as there was no reportable event during the financial year under review;**

   (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 – The Company has generally complied with the 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 no event has occurred which had a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

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.: 5218/2023

S. N. Viswanathan
Partner
ACS: 61955 | COP No.: 24335
ICSI UDIN: A061955F000417959

May 22, 2024 | Thane

Annexure – A

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 March 31, 2024,** 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.: 5218/2023

S. N. Viswanathan
Partner
ACS: 61955 | COP No.: 24335
ICSI UDIN: A061955F000417959

May 22, 2024 | Thane

Annexure – IV(A)

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2024

[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 LIMITED
104, Vasan Udyog Bhavan,
S Bapat Road, Lower Parel,
Mumbai - 400013, Maharashtra,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Nykaa E-Retail Limited (CIN: U74999MH2017PLC291558) ("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 31st March, 2024, 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 31st March, 2024, 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 – (**Not applicable to the Company)**

(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 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)**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company)**

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015; (Not applicable to the Company) and

(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 mentioned above subject to the following disclosure of the fact.

The Internal Audit Reports have been reviewed by the Board of Directors at periodic intervals, which have been verified by us from the minutes of the Board meetings, and as confirmed by the management, since the Board of Directors are aware of the engagement of concerned internal auditor, the appointment of internal auditor will be formalized in the Board meeting scheduled to be held in July/August 2024 and accordingly Form MGT-14 for the same will be filed.

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 and Committee 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 by the directors.

All decisions at Board Meetings and Committee Meetings are carried out unanimously and recorded in the minutes of the meetings of the Board of Directors.

We further report that the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory financial auditors, tax auditors and other designated professionals.

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 financial year, the status of the Company was changed from Private to Public. Accordingly, name of the Company has been changed from “Nykaa E-Retail Private Limited” to “Nykaa E-Retail Limited” and CIN (Corporate Identity Number) has been changed to U74999MH2017PLC291558, with effect from November 24, 2023, and consequential changes has been done in the Memorandum of Association and Articles of Association of the Company.

We further report that the Board of the Company at its meeting held on February 05, 2024 and FSN E-Commerce Ventures Limited (Holding Company), at its meeting held on February 06, 2024, had approved Scheme of Arrangement between FSN Distribution Limited and Nykaa E-Retail Limited, Wholly owned subsidiaries of FSN E-Commerce Ventures Limited and their respective shareholders and creditors.

We further report that during the audit period, there was no other event/action having major bearing on the Company’s affairs.

Place: Vashi, Navi Mumbai
Date: July 30, 2024

SAP & Associates
Company Secretaries

Name of the Partner: **Prakash Shenoy**
FCS No. 12625
CP No. 22619
PR No. P2020MH079800
UDIN: F012625F000852255

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.

Annexure – A

To,
The Members,
NYKAA E- RETAIL LIMITED
104, Vasan Udyog Bhavan,
S Bapat Road, Lower Parel,
Mumbai - 400013, Maharashtra,

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.

Place: Vashi, Navi Mumbai
Date: July 30, 2024

SAP & Associates
Company Secretaries

Name of the Partner: **Prakash Shenoy**
FCS No. 12625
CP No. 22619
PR No. P2020MH079800

Annexure – IV(B)

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year ended March 31, 2024

[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

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 31st March, 2024, 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 31st March, 2024, 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 – **(Not applicable to the Company)**

(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 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)**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company)**

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015; **(Not applicable to the Company)** and

(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. mentioned above subject to the following disclosure of the fact.

1. The Internal Audit Reports have been reviewed by the Board of Directors at periodic intervals, which have been verified by us from the minutes of the Board meetings, and as confirmed by the management, since the Board of Directors are aware of the engagement of concerned internal auditor, the appointment of internal auditor will be formalized in the Board meeting scheduled to be held in July/August 2024 and accordingly Form MGT-14 for the same will be filed.
2. The Company has appointed a woman director w.e.f. June 21, 2024, after a gap of more than three months, thereby regularized the vacancy created and this has been verified from the records and the form filed.

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 by the directors.

All decisions at Board Meetings are carried out unanimously and recorded in the minutes of the meetings of the Board of Directors.

We further report that the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory financial auditors, tax auditors and other designated professionals.

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 the Company had rescinded the following special resolutions in due compliance with the applicable provisions of the Act.

1. Conversion of the status of the Company from Private to Public;
2. Consequential change in the name of the Company from FSN Brands Marketing Private Limited to FSN Brands Marketing Limited including in the Clause 1 of the Memorandum of Association of the Company.

It was informed that due to certain developments, for operational reasons, the Board was of the opinion that it is prudent not to proceed with the implementation of the aforesaid special resolutions.

We further report that during the audit period, there was no other event/action having major bearing on the Company's affairs.

Place: Vashi, Navi Mumbai
Date: July 30, 2024

SAP & Associates
Company Secretaries

Name of the Partner: **Prakash Shenoy**
FCS No. 12625
CP No. 22619
PR No. P2020MH079800
UDIN: F01262SF000852156

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.

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.

Place: Vashi, Navi Mumbai
Date: July 30, 2024

SAP & Associates
Company Secretaries

Name of the Partner: **Prakash Shenoy**
FCS No. 12625
CP No. 22619
PR No. P2020MH079800

Annexure – IV(C)

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year ended March 31, 2024

[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 FASHION LIMITED
104, Vasan Udyog Bhavan,
S Bapat Road, Lower Parel,
Mumbai – 400013, Maharashtra,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Nykaa Fashion Limited (CIN: U18102MH2019PLC320627) ("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 March 31, 2024, 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 March 31, 2024, 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 – **(Not applicable to the Company)**

(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)**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company)**

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015; **(Not applicable to the Company)** and

(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 mentioned above subject to the following disclosure of the fact.

1. The Internal Audit Reports have been reviewed by the Board of Directors at periodic intervals, which have been verified by us from the minutes of the Board meetings, and as confirmed by the management, since the Board of Directors are aware of the engagement of concerned internal auditor, the appointment of internal auditor will be formalized in the Board meeting scheduled to be held in July/ August 2024 and accordingly Form MGT-14 for the same will be filed.

2. Pursuant to provisions of Section 203 of the Companies Act, 2013 read with Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as the Company Secretary of the Company has resigned w.e.f March 29, 2024, the Company shall appoint a Company Secretary within six months from March 29, 2024 that is before September 28, 2024. The Company has represented that it will appoint a Company Secretary before the expiry of the above period.

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 and Committee 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 by the directors.

All decisions at Board Meetings and Committee Meetings are carried out unanimously and recorded in the minutes of the meetings of the Board of Directors.

We further report that the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory financial auditors, tax auditors and other designated professionals.

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 financial year, the status of the Company was changed from Private to Public. Accordingly, name of the Company has been changed from "Nykaa Fashion Private Limited" to "Nykaa Fashion Limited" and CIN has been changed to U18102MH2019PLC320627, with effect from November 06, 2023 and consequential changes has been done in the Memorandum of Association and Articles of Association of the Company.

We further report that during the audit period, there was no other event/action having major bearing on the Company's affairs.

Place: Vashi, Navi Mumbai
Date: July 30, 2024

SAP & Associates
Company Secretaries

Name of the Partner: **Prakash Shenoy**
FCS No. 12625
CP No. 22619
PR No. P2020MH079800
UDIN: F012625F000852508

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.

Annexure – A

To,
The Members,
Nykaa Fashion Limited
104, Vasan Udyog Bhavan,
S Bapat Road, Lower Parel,
Mumbai, Maharashtra,
India, 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.

Place: Vashi, Navi Mumbai
Date: July 30, 2024

SAP & Associates
Company Secretaries

Name of the Partner: **Prakash Shenoy**
FCS No. 12625
CP No. 22619
PR No. P2020MH079800

Annexure – V

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 ratio of the remuneration of each director to the median remuneration of employees for the financial year 2023-2024; and the percentage increase in remuneration of each director, chief financial officer, chief executive officer, company secretary or manager, during the financial year 2023-2024:

Sr. No.	Name	Designation	Remuneration for the FY 2023-24 (in ₹ Million)	Percentage increase/ (decrease) in Remuneration in the FY 2023-24	Ratio to Median Remuneration (in times)
Non-Executive Directors					
1.	Ms. Anita Ramachandran	Independent Director	2.00	0.00	2.50
2.	Ms. Alpana Parida[1]	Independent Director	0.50	(50.00)	0.63
3.	Mr. Pradeep Parameswaran[2]	Independent Director	0.20	(80.00)	0.25
4.	Mr. Seshashayee Sridhara	Independent Director	1.00	0.00	1.25
5.	Ms. Milind Sarwate	Independent Director	3.00	0.00	3.75
6.	Mr. Milan Khakhar[3]	Non-Executive Director	-	Not Applicable	Not Applicable
7.	Mr. Sanjay Nayar[4]	Non-Executive Director	-	Not Applicable	Not Applicable
Executive Directors					
8.	Ms. Falguni Nayar	Executive Chairperson, Managing Director & Chief Executive Officer	6.61	(46.39)[5]	8.26
9.	Ms. Adwaita Nayar	Executive Director	29.27	20.50[6]	36.59
10.	Mr. Anchit Nayar	Executive Director	1.32	(50.00)[7]	1.65
Key Managerial Personnel					
11.	Mr. P. Ganesh	Chief Financial Officer	37.07	Not Applicable[8]	Not Applicable
12.	Mr. Sujeet Jain	Chief Legal and Regulatory Officer	26.53	Not Applicable[9]	Not Applicable
13.	Mr. Neelabja Chakrabarty	Company Secretary & Compliance Officer	2.68	Not Applicable[10]	Not Applicable

Notes:

1 Additionally, commission of ₹0.5 million was paid by FSN Brands Marketing Private Limited to Ms. Alpana Parida. Accordingly, the total commission paid to Ms Alpana Parida was ₹1 million, apart from the sitting fees.

2 Additionally, commission of ₹0.8 million was paid by Nykaa E-Retail Limited to Mr. Pradeep Parameswaran. Accordingly, the total commission paid to Mr. Pradeep Parameswaran was ₹1 million, apart from the sitting fees.

3 No commission was paid to Mr. Milan Khakhar for FY 2023-24. Only sitting fees was paid to Mr. Milan Khakhar.

4 No sitting fees or commission was paid to Mr. Sanjay Nayar for FY 2023-24.

5 In addition to the above, Ms. Falguni Nayar had received ₹80.08 million as the remuneration from Nykaa E-Retail Limited, a wholly-owned Subsidiary of the Company. Accordingly, total earning for the Financial Year 2023-24 was ₹86.69 million.

6 Ms. Adwaita Nayar is also the Managing Director and CEO of Nykaa Fashion Limited (100% Subsidiary of the Company). Hence, in addition to the above, Ms. Adwaita Nayar had received ₹13.29 million as the remuneration from Nykaa Fashion Limited. Accordingly, total earning for the Financial Year 2023-24 was ₹42.56 million.

7 Mr. Anchit Nayar is also the Managing Director and CEO of Nykaa E-Retail Limited (100% Subsidiary of the Company). In addition to the above, Mr. Anchit Nayar had received ₹41.28 million as the remuneration from Nykaa E-Retail Limited. Accordingly, total earning for the Financial Year 2023-24 was ₹42.60 million.

8 As Mr. P Ganesh had been appointed as Chief Financial Officer w.e.f. February 3, 2023, the percentage increase in remuneration is not applicable.

9 Mr. Sujeet Jain ceased to be the Company Secretary & Compliance Officer of the Company, with effect from close of business hours on February 07, 2024, while, he continues to be the Chief Legal and Regulatory Officer of the Company, hence the percentage increase in remuneration is not applicable.

10 As Mr. Neelabja Chakrabarty had been appointed as the Company Secretary & Compliance Officer w.e.f. February 08, 2024, hence the percentage increase in remuneration is not applicable.

2. The percentage increase in the median remuneration of employees during the financial year

Median remuneration of the employees of the company as at the end of the year under review was ₹0.8 million which was at the similar level as the previous year's median remuneration.

3. The number of permanent employees on rolls of the company as on March 31, 2024: 311

4. 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 (includes fixed pay) of employees other than the managerial personnel in the last financial year is 8.7%. Managerial remuneration from the Company dropped by 5.3% in the Financial Year 2023-24.

5. 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
DIN: 00003633

Place: Mumbai
Date : May 22, 2024

Annexure – VI

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FY 2023-24

[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 Board of Directors of the Company has approved Corporate Social Responsibility ("CSR") Policy in compliance with Section 135 of the Companies Act, 2013 and rules made thereunder, at its meeting held on September 27, 2021.

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 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.

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

The Company has been making consistent efforts over the years towards economic and social upliftment of the marginalised and vulnerable sections of society. It continually seeks ways to bring about an overall positive impact on the society wherein it operates. The Company implements some of its CSR initiatives through the Nykaa Foundation (Foundation), a Section 8 registered company set up by the Company in June 2022 and the balance been undertaken by the Company and/or its subsidiaries directly.

The Company (along with the Foundation and its subsidiary companies) 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.

Some of the major projects undertaken by the Company (directly or through Foundation or by subsidiary companies pursuant to CSR obligation by such subsidiary) were as follows:

(a) **Sambhav Foundation – Labournet Program:** The Labournet program aims to bring 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. Through Nykaa's collaboration, five centres in Bangalore, Guwahati, Noida, Pune and Mysore each fully equipped with beauty stations for practical sessions are currently operational offering months-long beginners training and internships to women. On completion of the program, these young women will then go on to work at beauty salons in local neighbourhoods, unlocking new career for them to explore and grow into.

(b) **Project 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. Starting with teacher trainings across districts of Rajasthan, the curriculum is then taught to children aged 7-16 years for 45 mins every week across schools bridging the gap towards accomplishing government education objectives centred around comprehensive education.

(c) **Indian Deaf Cricket Association:** Indian Deaf Cricket Association (IDCA) continuously works on development, training, and promotion of Differently-Abled Cricket Specially Deaf Cricket in the country and has a strong network of 20 State Deaf Cricket Associations. Through this endowment, the company is able to provide a unique opportunity for 180 talents from underprivileged backgrounds to compete against other state teams and excel in the field of disability sport.

(d) **Slum Soccer:** Krida Vikas Sanstha's (Slum Soccer) helps at-risk underprivileged youth to come together and engage in sports. The young girls and boys are the potential game changers and come from slum/ impoverished communities from different states - Jharkhand, Delhi, Maharashtra, Karnataka, Tamil Nadu, Chhattisgarh, Gujarat among others. All the players undergo specially designed training programs focused on equipping them with skills, knowledge, mindset and confidence, determination and motivation to bring a sustainable change in the community by using the power of football. The program supported by Nykaa culminates in a National Inclusion Cup where teams from all over the country compete and some players get selected to represent India in the Homeless World Cup. The tournament also emphasises the values of teamwork, sportsmanship and diversity among young children.

(e) **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 with the government and charitable/ trust hospitals to create long-term and sustainable solutions to ensure that no child in India grows up disabled as a result of being born with clubfoot. The Company is supporting Anushkaa Foundation in upskilling doctors in the Ponseti Method and providing necessary treatment to children born with clubfoot.

(f) **Nykaa Chair in Consumer Technology implemented by IIM-A:** Nykaa had partnered with The Indian Institute of Management Ahmedabad (IIM-A) Endowment Fund to institute the "Nykaa Chair in Consumer Technology". This collaborative program spanning three years focuses on advancing research and education in the field of marketing particularly emphasising the scientific application of digital, social, and mobile technologies on business models, customer behaviour, and social changes at large. Additionally, it will explore the incorporation of AI and machine learning insights in a rapidly evolving marketplace. The Chair's research will also delve into economic and statistical models to examine the role of the Internet and new media on consumer and firm behaviour while also understanding the privacy-preserving future of digital advertising.

The Chair will also work closely with faculty members associated with Centre for Digital Transformation, Brij Disa Centre for Data Science and Artificial Intelligence 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.

(g) **NCAER:** In partnering with India's oldest and largest independent, non-profit, economic policy research think tank i.e. National Council of Applied Economic Research ('NCAER') the Company has instituted a nationwide study to assess the economic and financial empowerment of women through a ground-level sample survey in 11 states of India during the first phase of the survey. The outcome of the study will be an index of women's empowerment and will help in measuring progress and identifying barriers to women's empowerment so that appropriate policies can be designed to overcome these barriers.

(h) **Beauty & You:** Launched in partnership with Estée Lauder International, the primary objective of Beauty & You awards is to discover and propel the next generation of beauty entrepreneurs and help founders, innovators, and creators grow their businesses holistically by identifying brand goals, achieving scale ambitions, and curating product portfolios for Indian consumers. The Awardees will receive a Grant that can be utilised to take forward their ideas and grow their beauty ventures, along with receiving mentorship, guidance, training and awareness that would facilitate their progress in the beauty/fashion industry. This year, Nykaa is supporting three beauty brands through this initiative.

(i) **Daniel Bauer Academy & Salaam Bombay:** Salaam Bombay Foundation equips at-risk youth in urban slums with the skills they need to break the cycle of poverty and build brighter futures. The Company partnered with the foundation to support and upskill five young girls to advance their careers in the beauty sector. Through this six-month certification program at Daniel Bauer Hair and Makeup Academy, the selected candidates underwent training at the academy in various Beauty skills followed by an internship at Salons/Beauty parlours.

(j) **Rise Against Hunger:** Rise Against Hunger's mission is to nourish lives, empower communities, respond to emergencies and build a strong movement towards ending hunger. The Company supported the mission by organising meal packing programs across four offices in Mumbai, Delhi and Bangalore where employees came together to package over 32,000 fortified, dehydrated, nutritious meals for the underprivileged.

(k) **West Wind Association:** West Wind Association is a cooperative non-profit organisation who will be the facilitator for providing support, protection and education to underprivileged children. West Wind association works with multiple NGOs who are supporting underprivileged children and women. The funds donated by the Company will be regularly monitored and reviewed by the West Wind Association to ensure maximal impact and outcome.

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

(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/2024/IR/csr-projects-approved-by-the-board-of-the-company-for-the-financial-year-2024-v2.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.	Particulars	Amount (in ₹)
1.	Average net profit of the company as per sub-section (5) of section 135	75,42,88,915
2.	Two percent of average net profit of the Company as per Section 135(5) of the Act	1,50,85,778
3.	Surplus arising out of the CSR Projects or Programmes or activities of the previous financial years	Nil
4.	Amount required to be set-off for the financial year	Nil
5.	Total CSR obligation for the financial year (7a+7b-7c)	1,50,85,778

(6) (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹1,50,85,778/-

(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)]: ₹1,50,85,778/-

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
74,42,417	76,43,361	April 26, 2024	-	-	-

(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)	1,50,85,778
(ii)	Total amount spent for the Financial Year	1,50,85,778
(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. No.	Preceding financial year	Amount transferred to Unspent CSR Account under Section 135(6) of the Act (in ₹)	Balance Amount in Unspent CSR Account under section 135(6) of the Act (in ₹)	Amount spent in the financial year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(5) of the Act			Amount remaining to be spent in succeeding Financial Years	Deficiency, If any
					Name of the Fund	Amount (in ₹)	Date of transfer		
1.	2021-22	15,11,000	Nil	15,11,000	-	-	-	Nil	Nil
2.	2022-23	73,11,260	Nil	73,11,260	-	-	-	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 a multiyear ongoing project namely, National Council of Applied Economic Research ('NCAER'). Due to this ongoing project 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 project has been transferred to a separate Unspent CSR account of the Company and will be spent for the said project 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.

Falguni Nayar
Executive Chairperson, Managing Director & CEO
DIN: 00003633
Mumbai, May 22, 2024

Anita Ramachandran
Independent Director
DIN: 00118188
(Chairperson – CSR Committee)
Mumbai, May 22, 2024

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity

L52600MH2012PLC230136

2. Name of the Listed Entity

FSN E-Commerce Ventures Limited

3. Year of incorporation

April 24, 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, 4th 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 reporting is being done

April 1, 2023 – March 31, 2024

10. Name of the Stock Exchange(s) where shares are listed

- BSE Limited (BSE)
- National Stock Exchange of India Limited (NSE)

11. Paid-up Capital (as on March 31, 2024)

₹2,85,59,85,609

12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report

Mr. P. Ganesh CFO
Email: nykaacompanysecretary@nykaa.com
Tel: + 91 022-66149696

13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).

We have considered FSN E-Commerce Ventures Limited and its subsidiary Nykaa E- Retail Limited ('E-Retail') for the purpose of disclosures under this report, collectively referred to as 'Company' or 'Nykaa'.

14. Name of assurance provider

TUV India Pvt Ltd

15. Type of assurance obtained

Reasonable Assurance

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Retail sale via e-commerce	The Company is engaged in the business of 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.	84%
2	Marketing support and marketplace services		11%
3	Wholesale of cosmetics (Offline – Own brands)		5%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of Turnover contributed by the product
1	Retail sale via e-commerce	52512	95%
2	Wholesale of cosmetics (Offline – Own brands)	51391	5%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	Not Applicable	28*	28
International		NA	

*Includes 22 warehouses and 6 office locations

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	Pan India
International (No. of Countries)	NA

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Nil, the Company has a separate subsidiary (FSN International) which deals with exports.

c. A brief on types of customers

Nykaa leverages an omnichannel strategy encompassing e-commerce, mobile commerce, and physical retail to cater to the growing demand for beauty and personal care (BPC) products among tech-savvy consumers in India, with a particular focus on Gen Z and millennial demographics.

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	Employees					
1	Permanent (D)	1,669	1,071	64.17%	598	35.83%
2	Other than Permanent (E)	1,018	198	19.45%	820	80.55%
3	**Total employees (D + E)**	2,687	1,269	47.23%	1,418	52.77%
	Workers					
4	Permanent (F)	-	-	-	-	-
5	Other than Permanent (G)	4,340	4,185	96.43%	155	3.57%
6	**Total workers (F + G)**	4,340	4,185	96.43%	155	3.57%

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	Differently abled employees					
1	Permanent (D)	2	2	100%	-	0%
2	Other than Permanent (E)	-	-	-	-	-
3	**Total differently abled employees (D+ E)**	2	2	100%	-	0%
	Differently abled workers					
4	Permanent (F)	-	-	-	-	-
5	Other than permanent (G)	-	-	-	-	-
6	**Total differently abled workers (F + G)**	-	-	-	-	-

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	10	4	40%
Key Management Personnel	3	1	33%

22. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2023-2024			FY 2022-2023			FY 2021-2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	26%	40%	31%	27%	38%	31%	26%	35%	30%
Permanent Workers	-	-	-	-	-	-	-	-	-

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding/ Subsidiary / associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated in column A participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Nykaa E-Retail 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 Limited	Direct Subsidiary	100%	No
5	FSN International Limited	Direct Subsidiary	100%	No
6	FSN Distribution Limited	Direct Subsidiary	100%	No
7	Dot & Key Wellness Private Limited	Direct Subsidiary	51%	No
8	Nudge Wellness Private Limited	Direct Subsidiary	60%	No
9	Earth Rhythm Private Limited	Associate	18.51%	No
10	Iluminar Media Limited	Direct Subsidiary	100%	No
11	Nykaa Foundation	Direct Subsidiary	99.99%	No
12	FSN Global FZE	Step-down Subsidiary	100%	No
13	Nykaa International UK Limited	Step-down Subsidiary	100%	No
14	Nessa International Holdings Limited	Step-down Subsidiary	55%*	No
15	Nysaa Beauty LLC	Step-down Subsidiary	55%*	No

*Effective shareholding of FSN E-Commerce Ventures Ltd.

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) - Yes

(ii) Turnover: ₹50,378 million

(iii) Net worth: ₹22,715 million

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2023-2024			FY 2022-2023		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes*	0	0	-	0	0	-
Investors (other than shareholder s)	Yes*	0	0	-	0	0	-
Shareholders	Yes*	8	0	-	43	0	-
Employees and workers	Yes*	3	1	-	1	0	-

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2023-2024			FY 2022-2023		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Customers	Yes* Privacy Policy (nykaa.com)	8,156	0	0.021% of total orders – reduction due to optimizing SOPs	9684	0	0.03% of total orders, reduction due to optimizing process and system automation
Value Chain Partners	Yes*	0	0	-	0	0	-
Others — Brand Partners	Yes*	0	0	-	0	0	-

*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

The Company policies are hosted on the website at https://www.nykaa.com/policies

26. 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. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Sustainable Sourcing (Raw materials/ product sourcing)	Risk & Opportunity	Sustainable sourcing is crucial for Nykaa to meet evolving consumer expectations, address concerns from NGOs, and strengthen our overall ESG performance. Prioritizing sustainability enhances supply chain resilience, reduces environmental impact, and builds brand reputation. It allows for partnerships with like- minded suppliers and may open doors to collaboration with ethical investors.	Nykaa has implemented sustainable sourcing practices, including the utilization of recycled plastics for packaging needs within our operations. Approximately 85% of our packaging materials are sourced from eco-friendly sources. Additionally, the company predominantly procures packaging materials from small and medium-scale enterprises, aiming to foster the MSME ecosystem as a component of our social responsibility initiatives.	Negative & Positive
2	Privacy and Data Security	Risk	As an e-commerce platform, Nykaa recognizes that robust cybersecurity and data protection are essential for maintaining consumer trust. Protecting sensitive customer information safeguards our reputation, minimizes the risk of legal and financial penalties, and ensures compliance with data privacy regulations. Proactive data protection measures foster customer loyalty and can become a competitive advantage in the long term.	Nykaa allocates substantial resources to cyber-security and data protection measures, which encompass regular assessments (including third-party assessments) of vital IT systems and technological infrastructure. Utilizing cutting-edge cybersecurity technologies and IT control systems, the company maintains a proactive stance. Furthermore, regular company-wide awareness sessions are conducted for all employees to uphold and disseminate best practices in cybersecurity.	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3	Labour Management	Risk & Opportunity	Adherence to labor laws and ethical practices across our operations and supply chain is a non- negotiable commitment. It mitigates legal and reputational risks while building a positive employer brand for Nykaa in a competitive talent market. Proactive compliance attracts socially conscious partners, customers, and employees, creating positive ripple effects for the company's growth and social impact	Nykaa has undertaken significant initiatives to ensure full compliance with labour regulations as mandated by law. We have partnered with a Tier 1 Compliance consultant, and adherence is periodically reviewed.	Negative & Positive
4	Supply Chain Management	Risk & Opportunity	An efficient and resilient supply chain is directly linked to Nykaa's revenue, customer satisfaction, and environmental footprint. Disruptions can lead to significant financial losses and damage our reputation amongst customers. Optimizing our supply chain mitigates risks, reduces operational costs, decreases emissions, and builds adaptability to challenges posed by geopolitical events, extreme weather, or potential infrastructure failures.	Nykaa operates a decentralized supply chain strategy focused on localized fulfillment, facilitating deliveries from the closest fulfillment centers. This approach optimizes shipment expenses and inventory investments while leveraging economies of scale and reducing ecological impact. Furthermore, the company ensures that its business partners and suppliers adhere strictly to human rights compliance, encompassing regulations concerning child labor, forced labor, harassment prevention, discriminatory employment practices, and other labor standards.	Negative & Positive
5	Product Safety and Quality	Risk & Opportunity	Nykaa understands the paramount importance of ensuring the safety and quality of products sold on the platform. A rigorous focus on safety builds strong customer trust, differentiates us in the market, and minimizes the risk of product recalls and costly lawsuits. Investing in testing, adhering to safety regulations, and sourcing high-quality ingredients are key components of our long-term commitment to responsible product development.	(a) Our proprietary product designs prioritize ethically sourced ingredients and adhere to environmentally friendly formulations, aligning with established regulatory frameworks. Rigorous safety testing is conducted throughout the development process to ensure product safety during use and over time. Employing low carbon footprint production practices in accordance with Good Manufacturing Practices (GMP), our consciously curated formulations are packaged using environmentally acceptable materials. Prior to launch, products undergo extensive testing with real consumers to ensure an exceptional consumer experience. As a socially responsible brand, the majority of our product designs are Paraben-free, Mineral oil free, cruelty free, Vegan, and utilize Natural actives, among other considerations. (b) Our suppliers are dedicated to providing products and services of the highest quality that meet all relevant standards.	Negative & Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6	Consumer Financial Protection	Risk	As an e-commerce platform, Nykaa has a responsibility to proactively protect consumers from fraud, scams, and unfair practices on the platform. Implementing robust consumer protection measures mitigates financial and reputational risks while fostering a sense of security that fuels long-term growth and customer loyalty.	Nykaa has instituted protocols aimed at identifying and mitigating fraudulent activities and scams, enhancing consumer experiences, and bolstering overall satisfaction levels. These measures include fostering an environment conducive to reporting concerns, closely monitoring high-risk activities, assessing sellers based on transactional histories, and imposing restrictions or suspensions on certain sellers when necessary.	Negative
7	Human capital development	Risk & Opportunity	Nykaa prioritizes investment in our human capital, recognizing that attracting, developing, and retaining a skilled, motivated workforce is crucial for innovation, operational efficiency, and sustained growth. Providing competitive benefits, opportunities for development, and a positive work culture boosts employee satisfaction and makes Nykaa an employer of choice in a competitive talent landscape.	Nykaa consistently evaluates and hires experienced professionals to bolster its workforce. Competing in the market to attract and retain skilled personnel across various domains such as product and design technology, sales, digital marketing, brand management, omni- channel retailing, consumer service, supply chain and operations, and corporate functions is a priority. In line with our growth objectives, we have strategically onboarded key personnel and significant market participants to reinforce our senior management team, thus fortifying our capacity to support sustained growth.	Negative & Positive
8	Marketing and Labelling	Risk & Opportunity	Nykaa pursues ethical and effective marketing strategies to drive growth and customer acquisition. Compliance with advertising regulations and maintaining accuracy and transparency in product labeling are key priorities. These practices build trust, safeguard the company's reputation, and create a positive brand image, while minimizing the risk of legal liabilities.	Nykaa is actively engaged in cultivating a robust customer base through a comprehensive 360- degree marketing strategy, encompassing digital marketing, mass media, diverse content channels, and offline initiatives. This approach mitigates reliance on any singular marketing channel, ensuring a balanced outreach strategy. Moreover, the company meticulously adheres to industry regulations by prominently displaying all requisite information on product labels, as mandated by prevailing industry standards.	Negative & Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	• Anti-Corruption & Anti-Bribery Policy • Code of Conduct for Prevention of Insider Trading • Code Of Conduct • Whistle-Blower (Vigil-Mechanism) Policy (both versions) • Information Security Policies (such as Access Management Policy, Acceptable Usage Policy, Cryptographic Control Policy)	• Health, Safety, and Environment (HSE) Policy	• HR Security Policy • Human Rights Policy • Employee Referral Policy • Learning & Development Policy • Leave Policy, Maternity Policy, Time & Attendance Policy, Transfer Policy • Employee Grievance Redressal Policy • Prevention of Sexual Harassment Policy (PoSH) • Health, Safety, and Environment (HSE) Policy	• Code of Practices and Procedures for Fair Disclosure of UPSI • Whistle-Blower (Vigil-Mechanism) Policy	• Human Rights Policy • Prevention of Sexual Harassment Policy (PoSH) • Whistle- Blower (Vigil- Mechanism) Policy • Employee Grievance Redressal Policy • Information Security Policies (such as Access Management Policy, Acceptable Usage Policy, Cryptograp hic Control Policy)	• Health, Safety, and Environment (HSE) Policy	• Whistle-Blower (Vigil-Mechanism) Policy	• Corporate Social Responsibility Policy • Human Rights Policy	• Privacy Policy • Record Retention, Disposal, and Cardholder Information Privacy Policy • Information Security Policies (such as Access Management Policy, Acceptable Usage Policy, Cryptographic Control Policy)
b. Has the policy been approved by the Board? (Yes/No)	Yes. Policies are approved by the Board where their review and approval are required, other policies are reviewed and approved by the respective responsible functionaries.								
c. Web Link of the Policies, if available	Policies can be accessed on the link: https://www.nykaa.com/policies/lp and some internal policies as applicable to employees are available on our intranet.								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Yes								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes								
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							Vegan and cruelty-free products- BUREAU VERITAS certified

<table>
<tr><th>Disclosure Questions</th><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7</th><th>P8</th><th>P9</th></tr>
<tr><td>5. Specific commitments, goals and targets set by the entity with defined timelines, if any.</td><td colspan="9" rowspan="2">Nykaa recognizes the importance of operating responsibly and creating a positive social and environmental impact. As a result, we are actively developing a robust Environmental, Social, and Governance (ESG) framework. This framework will establish specific goals designed to drive continuous improvement within our operations and contribute to a more sustainable future. The Nykaa 10x10 initiatives, launched in 2020, are a testament to our ambition across a range of ESG issues including sustainable packaging, energy consumption, and employee well-being. These initiatives were reviewed and updated this year to reflect our continued commitment.

Minimizing our environmental footprint is a top priority. In FY 23-24, we achieved a significant milestone by sourcing approximately 85% of our packaging materials from eco-friendly sources and recycling over 141 tonnes of plastic combined from the premises of FSN E-commerce Ventures and Nykaa E-Retail. We prioritise the usage of energy efficient fixtures in our operational locations where feasible. Our Private Label warehouses have achieved a 100% reuse rate for cardboard box waste. Nykaa has been compliant with the applicable Extended Producer Responsibility (EPR) requirements since 2021.

Additionally, we have significantly increased our order fulfillment capacity by adopting digital tabs in place of printed order tickets, achieving zero paper utilization for orders processed. Furthermore, we are committed to fostering responsible practices throughout our supply chain. FY 23-24 saw the implementation of a comprehensive human rights policy for Nykaa employees, a crucial first step towards ensuring ethical practices across our value chain. The composition of our Board of Directors demonstrates a strong commitment to gender diversity, with women holding 40% of the seats and approximately 50% of the committees are chaired by women.

Transparency and responsible sourcing are critical. Currently, Nykaa is developing clear ethical sourcing guidelines for suppliers. These guidelines will prioritize the use of sustainable raw materials and responsible production processes. The implementation of these guidelines represents a significant step towards a more sustainable future. Furthermore, we are exploring renewable energy options for our facilities, demonstrating our commitment to continuous reduction of our environmental footprint.

The Nykaa Foundation has partnered with Rangeet, an innovative impact-initiative organization, to launch an app-based learning program called "SEEK" (Social, Emotional, and Ecological Knowledge). Approximately 20,000 students have benefited from this program. In partnership with Labournet, around 800 women from marginalized backgrounds have been trained to become skilled beauty professionals

Our MD & CEO, Ms. Falguni Nayar, announced a 3-year association between Nykaa and the American India Foundation (AIF) to promote STEM education for girls in India. Additionally, Nykaa supported three tournaments in FY 2024 to deepen our partnership with the Indian Deaf Cricket Association (IDCA).

Nykaa remains committed to ongoing monitoring and improvement in all areas of ESG.</td></tr>
<tr><td>6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.</td></tr>
<tr><td colspan="10">Governance, leadership and oversight</td></tr>
<tr><td>7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)</td><td colspan="9">Environmental Stewardship:
At Nykaa, we remain committed to building a climate-conscious culture and minimizing our environmental footprint. We have made substantial strides in reducing plastic consumption and remain committed to further advancements in this area. Resource optimization and circularity are key priorities, as evidenced by our achievement of 100% corrugated box reuse within our Private Label warehouses. Over the past year, we have significantly enhanced our data collection capabilities to gain a comprehensive understanding of our environmental footprint, including energy consumption and waste generation. This robust data foundation will inform our strategic sustainability initiatives, such as the accelerated adoption of renewable energy sources.
Social Responsibility:
We are proud to announce that our human rights policy was successfully implemented this year. This policy reaffirms our commitment to upholding ethical labor practices across our entire supply chain.
Continuous Improvement:
We understand that our journey towards becoming a truly responsible and sustainable organization is a continuous one. We actively seek external validation of our efforts, and this year, we achieved the BRSR Core Assurance certification by TUV India. This demonstrates our dedication to adhering to best practices in business responsibility and sustainability reporting.
Looking Ahead:
We are committed to ongoing improvement in all areas of our BRSR performance. We will continue to refine our data collection processes, explore new avenues for environmental responsibility, and strengthen our social responsibility initiatives. We have presented our strategic focus areas and initiatives to key stakeholders, including our investors. Our next steps involve leveraging this valuable feedback to establish clear, measurable goals and targets. To foster deeper alignment and collaboration, we will implement a robust stakeholder engagement program built on regular, transparent communication. We are confident that these efforts will contribute positively to a more sustainable future for our industry and society at large.</td></tr>
</table>

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policies.	The Board of Directors ensures the Company has clear goals aligned to shareholders' value and its growth, and in line with its Sustainability agenda. Corporate Social Responsibility (CSR) and Environment, Social, and Governance (ESG) Committee reviews and oversees implementation of ESG.								
9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	Yes, Corporate Social Responsibility (CSR) and Environment, Social, and Governance (ESG) Committee								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Yes, the company's Board of Directors, alongside its Board-level Committees, including the Nomination and Remuneration Committee (NRC), Stakeholders' Relationship Committee, Audit Committee, Risk Management Committee, and Corporate Social Responsibility & Environment Social Governance (ESG) Committee, are diligently involved in governance matters.									Quarterly/Half yearly/Annually								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes, the company adheres to all relevant statutory and regulatory mandates.																	

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If

"Yes", provide the name of the agency.

P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Yes, we employ a robust functional review mechanism coupled with a rigorous independent internal audit process, ensuring thorough examination of all key policies. Moreover, relevant third-party assessments are periodically conducted across our business units by external auditors.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the principles material to its business (Yes/No)	Not applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

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:**

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	3	Training sessions on: (i) Implementation of amendments to SEBI LODR Regulations, 2015 (ii) Other Legal/Regulatory updates	100%
Key Managerial Personnel	6	Training sessions on: (i) Implementation of amendments to SEBI LODR Regulations, 2015 (ii) Training for UPSI & Insider Trading Regulations	100%
Employees other than BoD and KMPs	121	Training cum capacity building sessions on: Prevention of Sexual Harassments (POSH); Application Development Training, Nykaa Manager Program, Nykaa Leader program, Excel Training, Secure Application development Training, Advanced Analytics, Business Essentials, Business Communication, Knowledge Management, Excel Advanced, Accounting & Finance, Power BI, Basic Business Skills, Listening Skills, Programming, Business Math, Effective Writing Skills, Effective Dealing, Problem Solving, Customer Service Management, Continuous Quality Improvement, Leadership, Conflict Management, Personal Development, Programming, Management Essentials, Delegation and Empowerment, Business Etiquette Health, Safety and Environment (HSE) trainings.	100%
Workers	10	POSH and Gender Diversity; Emergency Response trainings; road safety trainings; general Health, Safety and Environment (HSE) trainings; Awareness sessions on workplace safety incidents	26.82%

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

Monetary					
	NGRBC Principle	**Name of the regulatory/enforcement agencies/judicial institutions**	**Amount (In ₹)**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Penalty/ Fine	Nil				
Settlement					
Compounding fee	Principle 9	Legal Metrology – Consumer Affairs Ministry	2,87,500	Legal Metrology Notice compounding fees paid to regulatory office	No

Non-Monetary					
	NGRBC Principle	**Name of the regulatory/enforcement agencies/judicial institutions**	**Amount (In ₹)**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Penalty/ Fine	Nil				
Settlement					

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/enforcement agencies/judicial institutions
Not Applicable	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a 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.

To reinforce Nykaa's commitment to the highest ethical standards, the Company requires all employees to acknowledge the Code of Conduct (CoC) upon onboarding. The CoC explicitly addresses anti-corruption and anti-bribery measures. Furthermore, Nykaa has established a comprehensive annual training program encompassing both the CoC and Prevention of Sexual Harassment (POSH) policies. Effective from the following year, the Company will be implementing a yearly renewal process for the CoC, requiring employees to reaffirm their adherence to the policy at the beginning of each calendar year.

Web-link: https://www.nykaa.com/media/wysiwyg/2021/Investors-Relations/pdfs/10-11/Anti-Corruption-andAnti-Bribery-Policy.pdf

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2023-2024	FY 2023-2024
Directors	-	-
KMPs	-	-
Employees	-	-
Workers	-	-

6. Details of complaints with regard to conflict of interest:

	FY 2023-2024		FY 2023-2024	
	Number	Remarks	Number	Remarks
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	-	-	-	-

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.

Not Applicable, as no such cases were observed.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY 2023-2024	FY 2023-2024
Number of days of accounts payables	36	39

Note: If any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Yes, reasonable assurance has been carried out by TUV India Private Limited on the above indicator.

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter		Metrics	FY 2023-24	FY 2022-23
Concentration of purchases	a.	Purchases from trading houses as % of total purchases	NIL	NIL
	b.	Number of trading houses where purchases are made from	NIL	NIL
	c.	Purchases from top 10 trading houses as % of total purchases from trading houses	NIL	NIL
Concentration of sales	a.	Sales to dealers / distributors as % of total sales	6%	8%
	b.	Number of dealers / distributors to whom sales are made	623	496
	c.	Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	77%	97%
Share of RPTs in	a.	Purchases (Purchases with related parties / Total Purchases)	16%	17%
	b.	Sales (Sales to related parties / Total Sales)	5%	7%
	c.	Loans & advances* (Loans & advances given to related parties / Total loans & advances)	100%	100%
	d.	Investments (Investments in related parties / Total Investments made)	100%	100%

*For the purpose of above disclosure, loans given (net) to related parties is considered in line with related party disclosure in financial statements.

Note: If any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Yes, reasonable assurance has been carried out by TUV India Private Limited on the above indicator.

Leadership Indicators

1. Awareness programmes conducted for 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

During the year, Nykaa conducted various awareness programs for workers. These sessions cover a broad range of topics, including:

- Fire safety, emergency response procedures, and road safety to ensure a safe working environment.
- POSH guidelines to enhance awareness about fostering inclusive workplaces
- Monthly updates on relevant rules and regulations for the security guards
- Periodic seminars to promote positive social values, such as women's empowerment.

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.

The Company maintains Code of Conduct for its Board of Directors and Senior Management personnel (collectively, "Leadership"). This Code outlines principles of ethical conduct, including a framework for managing conflicts of interest. Leadership is expected to act with impartiality and avoid any situations that could compromise their independent judgment. This includes refraining from using their position for personal gain or the benefit of associates.

To ensure transparency and promote ethical decision-making, Leadership is required to disclose any existing or potential conflicts of interest. This disclosure should encompass relationships with individuals, firms, or other entities that might influence their objectivity while fulfilling their duties to the Company. Disclosures are mandatory both upon appointment and whenever circumstances change.

Nykaa is firmly committed to the highest ethical standards and has zero tolerance for bribery or corruption. Our Board operates under a robust evaluation framework. The Chair of the Nomination and Remuneration Committee leads ongoing discussions among directors to identify opportunities to enhance Board efficiency and effectiveness. A designated channel, speakup@nykaa.com, is available for reporting any potential or actual conflicts of interest.

The complete Code of Conduct can be found on the Company's Investor Relations webpage: Code-of-Conduct-for-Board-and-Senior-Management.pdf (nykaa.com)

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 the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2023-24	FY 2022-23	Details of improvement in environmental and social aspects
R&D	-	-	-
Capex	-	3.74%	-

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes, Nykaa does have procedures in place for sustainable sourcing.

b. **If yes, what percentage of inputs were sourced sustainably?**

To promote responsible practices, the Company incorporates ESG considerations into its business agreements with participating vendors and suppliers. While these agreements ensure workplace safety through training and monitoring requirements, they also extend to encompass certain environmental considerations. Notably, they establish guidelines related to minimizing environmental damage through responsible material sourcing and waste management practices.

As part of Nykaa's ongoing commitment to sustainability and responsible business practices, the company is currently undertaking a comprehensive review of its procurement policy. This initiative aims to realign Nykaa's procurement practices with industry benchmarks while also strengthening Environmental, Social, and Governance (ESG) considerations into the policy framework. By incorporating ESG aspects into the procurement policy, Nykaa seeks to further enhance its commitment to ethical sourcing, environmental stewardship, and social responsibility across its supply chain.

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 and (d) other waste.**

Due to its focus on retail operations, Nykaa's product related waste generation is limited to expired and damaged products. The Company employs authorized vendors to ensure the safe disposal of such waste through incineration.

The Company has been further compliant with the Extended Producer Responsibility (EPR) guidelines since April 2021. The plastic waste generated from packaging used while shipping products is recycled via authorized vendors.

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 Boards? If not, provide steps taken to address the same.**

Nykaa and its subsidiaries demonstrate a commitment to environmental responsibility through adherence to Extended Producer Responsibility (EPR) regulations. This compliance began in April 2021, with the company receiving certification as a "Brand Owner and Importer" from the Central Pollution Control Board (CPCB). To ensure proper waste collection across different states, Nykaa has established agreements with authorized CPCB-registered recyclers. Furthermore, the company successfully achieved its EPR target for FY2024 through a designated recycler, fulfilling all necessary updates for annual filings on the EPR portal.

Beyond waste management, Nykaa prioritizes the safety and well-being of its employees, operations, and the environment through a comprehensive Health, Safety, and Environment (HSE) framework. This framework encompasses a range of measures to promote safety in the workplace, warehousing, and logistics operations, on the road, and through responsible waste management practices.

Leadership Indicators

1. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product/Service	Description of the risk/concern	Action taken
Despite its primary focus on retail operations with limited involvement in manufacturing, Nykaa acknowledges its broader environmental and social responsibility. This responsibility acts as a guiding principle throughout the product lifecycle, encompassing creation, design, and execution. Nykaa prioritizes ethical sourcing of ingredients that minimize environmental impact. Further, product formulations are consciously designed to be eco-friendly. Production practices adhere to Good Manufacturing Practices (GMP) and employ low-carbon footprint methods. Environmentally friendly packaging materials further reflect Nykaa's commitment to sustainability. Rigorous safety testing ensures all products comply with stringent regulatory frameworks. Extensive consumer testing is undertaken before launching a product to ensure product designs deliver a positive user experience. Furthermore, Nykaa demonstrates its social responsibility by offering a wide range of products formulated without parabens, mineral oils, and cruelty-free practices. Many products are vegan and incorporate natural ingredients. This dedication to ethical sourcing and sustainable practices underscores Nykaa's commitment to the wellbeing of society and the environment.		

2. 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	Recylced or re-used input material to total material	
	FY 2023-24	FY 2022-23
Not Applicable, as the Company is not involved in manufacturing.		

3. 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:

	FY 2023-24			FY 2022-23		
	Reused	Recycled	Safely disposed	Reused	Recycled	Safely Disposed
Plastics (including packaging)	NA	NA*	NA	NA	NA* (247)	NA
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste (Expired products)	NA	NA	12.17	NA	NA	NA

*Clarification on Recycled Plastic Reporting: Prior disclosures on recycled plastic waste from shipping materials are not applicable to product packaging.

4. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate Product Category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not Applicable, as the Company is not involved in manufacturing.	

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:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		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)
Permanent employees											
Male	1,071	1,071	100%	1,071	100%	NA	NA	1,071	100%	Day care facilities for all eligible locations to be provided from FY25.	
Female	598	598	100%	598	100%	598	100%	NA	NA		
Total	**1,669**	**1,669**	**100%**	**1,669**	**100%**	**598**	**36%**	**1,071**	**64%**		
Other than Permanent employees*											
Male	198	198	100%	-	-	-	-	-	-	-	-
Female	820	820	100%	-	-	-	-	-	-	-	-
Total	**1,018**	**1,018**	**100%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

b. Details of measures for the well-being of workers:

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		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)
Permanent workers											
Male	Not Applicable										
Female	-										
Total	-										
Other than Permanent workers											
Male	4,185	4,185	100%	4,185	100%	NA	NA	NA	NA	NA	NA
Female	155	155	100%	155	100%	155	100%	NA	NA	NA	NA
Total	**4,340**	**4,340**	**100%**	**4,340**	**100%**	**155**	**4%**	**NA**	**NA**	**NA**	**NA**

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY 2023-24	FY 2022-23
Cost incurred on well- being measures as a % of total revenue of the company	0.04%	0.04%

Note: If any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Yes, reasonable assurance has been carried out by TUV India Private Limited on the above indicator.

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	0.48%	96%	Yes	0.80%	100%	Yes
Others – please Specify (Employee Compensation Policy as per Act)	-	4%	Yes	-	-	-

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, whether any steps are being taken by the entity in this regard.

Nykaa is dedicated to fostering a work environment that is inclusive and accessible for all employees. We continuously strive to ensure our offices meet accessibility standards and implement improvements to enhance the experience for everyone on our premises. This commitment is further solidified by the implementation of our Human Rights Policy in FY24. This policy underscores Nykaa's respect for human rights and reinforces our dedication to providing employees with disabilities the resources and facilities they need to perform their jobs effectively, in accordance with the Rights of Persons with Disabilities Act.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Nykaa's unwavering commitment to equal opportunity is enshrined within our Code of Conduct. We maintain a zero-tolerance policy for any type of discrimination across the entire value chain, encompassing gender, caste, color, creed, disability, or any other unlawful or discriminatory attribute.

Nykaa adopted a Human Rights Policy in FY24. This policy underscores our ongoing efforts to strengthen equal opportunity practices within the company. We strive to ensure a level playing field where all individuals have a fair chance to compete for and succeed in roles at Nykaa. Support for individuals with disabilities will be ensured, allowing them to effectively perform their job responsibilities. Nykaa will continue to cultivate a workplace culture that embraces and includes all employees.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100.00%	79%	-	-
Female	100.00%	55%	-	-
Total	**100.00%**	**73%**	**-**	**-**

Note: In FY 2023-24, the Company has standardized retention rate calculation methodology aligned with latest BRSR guidelines. Consequently, previous year data is not comparable.

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.

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent Workers Other than Permanent Workers Permanent Employees Other than Permanent Employees	The Company has established a multi-tiered grievance redressal process to ensure all employee concerns are addressed promptly and fairly. **Formal Channels:** · **Direct Communication:** Employees are encouraged to initially discuss any grievances with their Reporting Manager and the respective Head of Department. · **Human Resources Department:** If an initial discussion does not yield a satisfactory resolution, employees can escalate their grievances to the HR department for further investigation and action. **Additional Reporting Options:** · **Independent Third-Party Facility:** Nykaa utilizes an independent, third-party facility to facilitate the reporting of concerns. This avenue provides employees with the option to report anonymously if desired. · **Periodic HR Visits:** The HR department conducts regular visits to various warehouse locations. These visits provide employees with another opportunity to raise concerns directly with HR personnel. **E-Grievance Reporting:** For added convenience, Nykaa offers dedicated email addresses for reporting specific concerns: · **SpeakUp (speakup@nykaa.com):** Employees can use this email address to report any concerns or grievances. · **POSH (Posh@nykaa.com):** Employees can use this email address to report incidents of harassment or discrimination under the Prevention of Sexual Harassment (POSH) Act. · **Whistle Blower policy:** To ensure a safe and ethical environment, individuals can anonymously report actual or suspected concerns regarding incidents of wrongdoing, fraud, or any unethical practices by writing to our confidential tip line: nykaa@tip-offs.innykaa@tip-offs.in. Employees may also directly communicate with the Chairperson of the Audit Committee via email: auditcommitteechair@nykaa.com

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY 2023-24			FY 2022-23		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	-	-	-	-	-	-
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
Total Permanent Workers	-	-	-	-	-	-
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-

Note: Company has no recognized Trade Union or any other associations.

8. Details of training given to employees and workers:

Category	FY 2023-2024					FY 2022-2023				
	Total (A)	On Health and safety measures		On Skill Upgradation		Total (D)	On Health and safety measures		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	1,071	675	63%	765	71%	995	305	31%	759	76%
Female	598	348	58%	407	68%	630	65	10%	401	64%
Total	**1,669**	**1,023**	**61%**	**1,172**	**70%**	**1,625**	**370**	**23%**	**1,160**	**71%**
Workers										
Male	4,185	700	17%	-	-	3,617	3,617	100%	-	-
Female	155	57	37%	-	-	139	139	100%	-	-
Total	**4,340**	**757**	**17%**	**-**	**-**	**3,756**	**3,756**	**100 %**	**-**	**-**

Note: Health & Safety training was initiated last year with a focus on general safety topics. This year's training emphasized specific areas such as induction for new joiners, road safety, and Emergency Response Team (ERT) training. Continuous improvement in Health & Safety training remains a priority for Nykaa.

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	1,071	1,008	94%	995	878	88%
Female	598	545	91%	630	536	85%
Total	1,669	1,553	93%	1,625	1,414	87%
Workers						
Male	NA					
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, the coverage of such a system?

The Company prioritizes the health and safety of all stakeholders, encompassing employees, customers, business partners, suppliers, and visitors. This commitment is formalized through our comprehensive Health, Safety, and Environment (HSE) Policy.

The HSE Policy establishes a robust framework for managing all aspects of safety and environmental well-being. This framework includes:

- Proactive Risk Management: We actively identify and mitigate potential safety and environmental hazards to minimize risks.
- Performance Monitoring and Benchmarking: Our practices are continuously monitored and benchmarked against industry standards to ensure ongoing improvement in HSE performance.
- Enhanced Incident Management: Reporting and investigation procedures for safety incidents are continually strengthened, allowing for effective learning and prevention of future occurrences.
- Continuous Improvement Programs: Regular audits and ongoing improvement programs are implemented to foster a culture of safety throughout the organization.
- Employee Engagement: We actively encourage employee engagement in upholding safety standards by promoting their involvement in safety initiatives.
- Comprehensive Safety Awareness Programs: Employees are equipped with the necessary knowledge and skills through comprehensive training and communication programs that emphasize established safety policies and best practices.
- Dissemination of Learnings: Learnings gained from past incidents are actively disseminated to prevent similar occurrences in the future.

Nykaa's commitment to safety extends to all our workplaces. We continuously integrate and improve our HSE systems, ensuring the highest safety standards for both existing and new facilities. This year, we strengthened emergency preparedness by establishing Emergency Response Teams (ERTs) across all warehouses. These teams support the implementation of emergency evacuation plans and enhance safety measures during critical situations. Furthermore, multiple training sessions were conducted throughout the year to reinforce safety awareness among all employees.

To ensure adherence to safety regulations from time to time, Nykaa undergoes external HSE audits of all locations.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company prioritizes maintaining a safe working environment for all employees. The inherent nature of our operations minimizes the risk of exposure to hazardous materials. No major incidents or accidents occurred in the workplace during FY24. The severity of any incidents that did occur was very low. Monthly monitoring of workplace incidents allows for early identification and mitigation of potential hazards.

Recognizing the importance of proactive safety measures, Nykaa is committed to ongoing improvement in this area. In the near future, we will plan for an activity- based HIRA.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Nykaa prioritizes fostering a culture of safety and open communication. To achieve this, we have developed and implemented a comprehensive incident reporting mechanism across all workplaces.

A dedicated Health, Safety, and Environment (HSE) Single Point of Contact (SPOC) is appointed for each location. Employees are encouraged to report all incidents, including near misses and unsafe conditions, directly to their designated HSE SPOC. These SPOCs are responsible for:

- Incident Reporting Intake: Receiving and documenting all reported incidents.
- Investigative Action: Initiating appropriate investigations into reported incidents.
- Corrective Action Implementation: Developing and implementing corrective actions to address identified hazards and prevent future occurrences.

Workers are actively informed about the incident reporting mechanism through regular training sessions. Additionally, QR codes are strategically placed throughout workplaces to allow for the immediate reporting of near misses and unsafe conditions via mobile devices. This multi-faceted approach empowers employees to actively participate in maintaining a safe working environment.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Given the non-hazardous nature of our operations, Nykaa does not maintain an in- house health care center. However, we prioritize the well-being of our employees by having readily available first-aid boxes in all accessible workplace locations. Additionally, the Company has established a partnership with a doctor to ensure access to medical services when necessary. We also offer voluntary one-to-one counselling available in telephonic, virtual & in-person sessions conducted by external mental health professionals. This initiative extends to employees and their families.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category*	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

*Including in the contract workforce

Note: If any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Yes, reasonable assurance has been carried out by TUV India Private Limited on the above indicator.

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Nykaa prioritizes the well-being of its employees by maintaining a safe and healthy work environment. We achieve this through a multi-pronged approach encompassing infrastructure, operations, and continuous improvement initiatives.

Infrastructure Measures:

Comprehensive Safety Systems: All Nykaa offices are equipped with essential safety systems, including smoke detectors, public address systems, sprinklers, and fire hydrant systems. Fire safety compliance is an essential component when a new facility is opened.

Operational Measures:

Safety Training and Awareness: Nykaa provides regular safety training programs / awareness to employees and workers, ensuring they possess the necessary knowledge and skills to identify and respond to potential hazards.

Emergency Preparedness Drills: Mock emergency drills are conducted regularly in collaboration with building management teams. These drills assess preparedness levels, identify areas for improvement, and bolster employee confidence in handling emergency situations.

Proactive Hazard Identification: We are committed to proactive risk management through ongoing Health, Safety, and Environment (HSE) audits. These audits help us identify potential hazards and risks before incidents occur, allowing for timely mitigation strategies.

Readily Available First-Aid Support: First-aid boxes are readily available at all Nykaa workplaces to ensure prompt treatment for minor injuries.

Emergency Response Teams (ERTs): To further enhance emergency preparedness, Nykaa has established Emergency Response Teams (ERTs) comprised of first aid trained personnel and fire-fighting teams. These teams play a critical role in responding to emergencies and ensuring employee safety.

HSE Induction and E-Learning Modules: All new employees undergo comprehensive HSE inductions to familiarize them with company safety policies and procedures. Additionally, an e- learning module on HSE policy is available to all employees, promoting ongoing awareness and knowledge retention.

Future Strategies:

Standardized Training Modules: Nykaa is committed to continuous improvement in its safety program. We are currently developing Standard Operating Procedures (SOPs) for employee based HSE training modules. These standardized modules will ensure consistency and comprehensiveness in safety training across the organization.

Formalized Mock Drill Protocols: SOPs and guidelines for conducting mock drills are also under development. Formalizing these procedures will further strengthen our emergency preparedness efforts and ensure a more systematic approach to conducting drills.

13. Number of Complaints on the following made by employees and workers:

Topic	FY 2023-2024			FY 2022-2023		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	No complaints			No complaints		
Health & Safety						

14. Assessments for the year:

Topic	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and Safety Practices	100%
Working conditions	100%

To ensure adherence to safety regulations from time to time, Nykaa undergoes external HSE audits of all locations.

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

There are no major workplace-related incidents reported during the current year.

In response to a few reported minor incidents, the Company has implemented corrective and preventative actions. This includes providing additional safety training and promoting safety awareness programs across the entire workforce. By taking these proactive steps, we aim to further minimize the risk of future occurrences.

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.

Nykaa ensures statutory dues from value chain partners by:

Contracts: Requiring compliance with all agreements.

Partner Assessments: Regularly evaluating partner adherence to regulations. Third-Party Expertise: Utilizing specialized agencies for in-depth checks.

Furthermore, compliance partners oversee statutory compliance.

2. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employees	None			
Workers				

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

Nykaa prioritizes open communication and collaboration with its stakeholders. A dedicated Stakeholder Relationship Committee oversees the engagement process, ensuring all relevant stakeholder groups are identified and involved. Stakeholders are identified based on their:

- Dependence: Direct or indirect dependence on Nykaa's activities, products, services, and associated performance.
- Interdependence: Those Nykaa depends on for effective operation.
- Influence: Ability to impact Nykaa's strategic or operational decision-making.

This process also prioritizes disadvantaged, vulnerable, and marginalized stakeholders aligned with Nykaa's CSR focus areas – skill development, upliftment and mentoring of vulnerable age groups, improved access to healthcare, promotion of equitable quality education, entrepreneurship, livelihood initiatives. By proactively engaging with a diverse range of stakeholders, Nykaa fosters mutually beneficial partnerships and strengthens its social responsibility efforts.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Email, noticeboards, meetings, townhalls and internal portals (HRMS)	Regularly	Business Discussions and Employee Connect to share Feedback on processes, policies and improvement areas. Talent management, Internal Job Postings, Employee Surveys, Skill Development Sessions, Learning
Vendors/Value Chain Partners/ Brand Partners	No	Emails, 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, portals of regulatory bodies, real time meetings and investor discussions.	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 filing	Regularly	Financial Results, Financial Statements, Press Release and matters to be reported / filed with regulatory bodies as per applicable laws, investor meeting platforms.
Communities and NGOs/ Implementation Agencies	Yes	Various collaborations with NGOs, direct consultations, field-visits & trainings, digital platforms, volunteering work, including e- volunteering, reviewing program achievements and impacts	Regularly	To understand the 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. As detailed in indicator 6 of principle 8

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Nykaa demonstrates its commitment to Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) principles through a dedicated committee of board of directors. This committee fosters a consultative and inclusive approach, overseeing CSR projects and addressing socio-economic and environmental topics. The Company collaborates with long-term NGO partners who provide periodic reports on project progress. These reports include observations made during site visits by program managers, and any feedback received from stakeholders. The Board committee reviews these reports and any other relevant concerns on a periodic basis.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Nykaa actively engages with its stakeholders to understand their perspectives and aspirations regarding management of key social and environmental topics. This continuous dialogue helps the Company to prioritize focus areas and ensure our CSR and ESG efforts are aligned with the most pressing concerns of our stakeholders.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

Through "constant dialforces" conducted with NGO partners, Nykaa identifies the specific needs of marginalized and vulnerable stakeholders. This data guides the development of targeted CSR programs that empower these groups. For instance, our partnership with Sambhav Foundation's LabourNet program trains women for self-employment in the beauty and grooming industry. This initiative fosters their economic upliftment and financial independence.

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:

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	1,669	1,669	100%	1,625	1,625	100%
Other than permanent	1,018	1,018	100%	777	777	100%
Total Employees	**2,687**	**2,687**	**100%**	**2,402**	**2,402**	**100%**
Workers						
Permanent	-	-	-	-	-	-
Other than permanent	4,340	1,164	27%	3,756	427	11%
Total Workers	**4,340**	**1,164**	**27%**	**3,756**	**427**	**11%**

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023-2024					FY 2022-2023				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	1,071	-	-	1,071	100%	995	-	-	995	100%
Female	598	-	-	598	100%	630	-	-	630	100%
Other than Permanent										
Male	NA*									
Female										
Workers										
Permanent										
Male	0		0	0.00%	0	-	-	-	-	-
Female	0		0	0.00%	0	-	-	-	-	-
Other than Permanent										
Male	4,185	259	6%	3,926	94%	3,617	175	5%	3,442	95%
Female	155	2	1%	153	99%	139	3	2%	136	98%

*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

a. Median remuneration / wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors	6	Refer Director's report	4	Refer Director's report
Key Managerial Personnel	2	Refer Director's report	1	Refer Director's report
Employees Other than BoD and KMP	1,067	9.91 lacs	596	7.21 lacs
Workers	4,185	1.62 lacs	155	1.61 lacs

Note: In FY 2023-24, the Company has standardized remuneration calculation methodology aligned with latest BRSR guidelines. Consequently, previous year data is not comparable.

b. **Gross wages paid to females as % of total wages paid by the entity, in the following format:**

	FY 2023-2024	FY 2022-2023
Gross wages paid to females as % of total wages	30.90%	31.47%

Note: If any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Yes, reasonable assurance has been carried out by TUV India Private Limited on the above indicator.

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)

Our Human Resource (HR) department assumes the responsibility for addressing human rights concerns and issues. Additionally, a dedicated POSH Committee handles matters related to harassment, ensuring a safe and respectful work environment for all employees.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Demonstrating its dedication to human rights, Nykaa recently adopted a comprehensive Human Rights Policy. This policy outlines the Company's commitment to non-discrimination, prevention of child labor, non-retaliation, employee health and safety, and a harassment-free workplace. For any concerns related to these issues, employees can utilize the designated email address, speakup@nykaa.com and POSH(Posh@nykaa.com). The policy ensures timely resolution and escalation procedures for addressing employee grievances.

Nykaa's Whistleblower Policy allows for anonymous reporting of suspected fraud, unethical practices, or any other misconduct through our designated email address, nykaa@tip-offs.in, auditcommitteechair@nykaa.com or by calling our toll-free number, 1800 210 8988.

6. Number of Complaints on the following made by employees and workers:

Benefits	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual harassment	1	0	-	1	-	-
Discrimination at workplace	-	-	-	-	-	-
Child labour	-	-	-	-	-	-
Forced labour/ involuntary labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

(₹ in Millions)

	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	1	1
Complaints on POSH as a % of female employees / workers	0.06%	0.07%
Complaints on POSH upheld	0	0

Note: If any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Yes, reasonable assurance has been carried out by TUV India Private Limited on the above indicator.

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Nykaa strives to create a workplace free of inappropriate behavior, in which people are free to share their opinion, concern, and issues without any fear of retaliation. All our employees and business partners are encouraged to speak up about any concerns they may have and redress their grievances. The Company prohibits any form of retaliation or adverse action against any person who raises a concern in good faith. To facilitate this, the company has created various channels to report such incidents, including the Whistle-Blower helpline, which is being managed by a credible third party to bring in objectivity, transparency and create comfort for Whistle-Blowers regarding their confidentiality. Nykaa ensures confidentiality of the complaint throughout the investigation process, to the best extent possible.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. Nykaa integrates human rights, ethical business conduct, and statutory compliance into its vendor onboarding process. This ensures that all business and vendor partners uphold these same principles throughout their operations. Business agreements include clauses to ensure that partners follow appropriate guidelines on employee qualifications, working hours, safety training, emergency preparedness, and general workplace safety rules. For long-term contractors, Nykaa conducts periodic audits to verify compliance with these standards.

10. Assessments for the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	100%
Forced/ involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	-

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

Nil.

Leadership Indicators

1. Details of the scope and coverage of any Human rights due diligence conducted.

Nykaa prioritizes the protection and respect of human rights within our operations. We regularly ensure assessment focused on critical areas such as labor practices, child labor prevention, equal pay for equal work, and non-discrimination. The assessment also include a process for identifying and remedying any human rights violations discovered.

2. 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?

Nykaa is committed to creating an inclusive environment that is accessible to all employees and visitors. We continually strive to improve the accessibility of our office and warehouse facilities to ensure a positive experience for everyone. This commitment is reflected in our continuous efforts to enhance infrastructure and meet accessibility standards. The Human Rights policy adopted this year further declares our commitment to adhere to the standards as laid down under the Rights of Persons with Disabilities Act.

3. Details on assessment of value chain partners:

<table>
<tr><th></th><th>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</th></tr>
<tr><td>Child Labour</td><td rowspan="6">Several initiatives are in place to promote responsible behaviour by suppliers/vendors:
• Vendor Assessments: The supply chain team conducts periodic on-site visits to all contract manufacturing and packaging vendors, verifying adherence to safe and healthy working conditions.
• Child Labor Prevention: Central HR and warehouse team undertakes KYC verification to mitigate child labor risks.</td></tr>
<tr><td>Forced/ involuntary labour</td></tr>
<tr><td>Sexual harassment</td></tr>
<tr><td>Discrimination at workplace</td></tr>
<tr><td>Wages</td></tr>
<tr><td>Others – please specify</td></tr>
</table>

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:**

Parameter	FY 2023-24 (GJ)	FY 2022-23 (GJ)
From renewable sources		
Total electricity consumption (A)	0	0
Total fuel consumption (B)	0	0
Energy consumption sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	0	0
From non-renewable sources		
Total electricity consumption (D)	17,144	14,400
Total fuel consumption (E)	3,206	2,600
Energy consumption through other sources (F)	0	0
Total energy consumed from non- renewable sources (D+E+F)	20,350	17,000
Total energy consumed (A+B+C+D+E+F)	20,350	17,000
Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations) (GJ / ₹ million)	0.40	0.39
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total energy consumed / Revenue from operations adjusted for PPP) (GJ / ₹ million)	8	8

*The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by World Bank for India which is 20.96.

Note: If any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Yes, reasonable assurance has been carried out by TUV India Private Limited on the above indicator.

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? (Y/N) 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, as we are not an energy-intensive industry as outlined under the Performance, Achieve and Trade (PAT) Scheme of the Government of India.

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2023-24 (KL)	FY 2022-23 (KL)
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	62,816	16,306
(iii) Third party water (tanker)	1,566	590
(iv) Seawater / desalinated water	-	-
(v) Others (water cans and municipal supply system)	31,869	27,859
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	96,251	44,755
Total volume of water consumption (in kilolitres)	96,251	44,755
Water intensity per rupee of turnover (Total water consumption / Revenue from operations) (KL / ₹ million)	1.91	1.03
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total water consumption / Revenue from operations adjusted for PPP) (KL / ₹ million)	40	22

The Company has installed water meters at many of its locations and in the process to gradually cover other locations to accurately measure water consumption. This is unlike previous years where water consumption was derived basis high level assumption and judgements involving high level of estimation uncertainty.

*The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by World Bank for India which is 20.96.

Note: If any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Yes, the independent assessment has been carried out by TUV India Private Limited on the above indicator.

4. Provide the following details related to water discharged:

Parameter	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water	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.	
– No treatment		
– With treatment – please specify level of treatment		
(ii) To Groundwater		
– 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		
(v) Others		
– No treatment		
– With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: If any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Yes, reasonable assurance has been carried out by TUV India Private Limited on the above indicator.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Not applicable for Nykaa as the company does not manufacture any products and water is solely used for domestic consumption.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2023-24	FY 2022-23
NOx		Nykaa prioritizes operational resilience through efficient backup power with diesel generators. We actively monitor and control the use of DG sets across our locations to minimize environmental impact. To further strengthen our environmental practices, we are exploring the feasibility of measuring non-GHG emissions, such as NOx and VOCs, from our generators in the near future.	
SOx			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – please specify			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Please specify unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	223	182
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	3,410	2,840
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations) ($MTCO_2e$ / ₹ million)		0.07	0.07
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP) ($MTCO_2e$ / ₹ million)		2	1

*The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by World Bank for India which is 20.96.

Note: If any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Yes, reasonable assurance has been carried out by TUV India Private Limited on the above indicator.

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

Yes, Nykaa has initiated efforts to implement initiatives aimed at reducing greenhouse gas emissions through the adoption of renewable energy sources. This transition is being implemented in phases, commencing from FY25.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24	FY 2022-23
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	141	#
E-waste **(B)**	0	4
Bio-medical waste **(C)**	Not Applicable	-
Construction and demolition waste **(D)**	Not Applicable	-
Battery waste **(E)**	0	-
Radioactive waste **(F)**	Not Applicable	-
Other Hazardous waste. Please specify, if any. **(G)** (Expired products)	12.17	54
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	1,492.717 (Carton waste)	#
Total (A+B + C + D + E + F + G + H)	**1645.887**	**58**
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations) (MT / ₹ million)	0.03	0.00
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)** (Total waste generated / Revenue from operations adjusted for PPP) (MT / ₹ million)	1	0.03
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		The Company has started recycling and/or reusing paper and other packaging waste generated in the warehouse, quantity details will be measured from FY2024.
(i) Recycled	0	
(ii) Re-used	13.827^ (Carton waste)	
(iii) Other recovery operations	0	
Total	13.827	
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration (Expired products disposed via incineration)	12.17	54
(ii) Landfilling	0	-
(iii) Other disposal operations (Plastic waste disposed via third party vendors for recycling)	141	4*
(Carton waste disposed via third party vendors for recycling, excludes the quantity that is re-used within the reporting boundary)	1,478.89	-
Total	**1,632.06**	**58**

*E-waste disposed through CBCP authorized vendor

#Plastic waste and corrugated boxes generated within the premises was not quantified in FY 22-23. The Company fulfilled the annual EPR compliance and achieved EPR targets outlined by the CPCB in FY 22-23 and FY 23-24.

^In an effort to minimize its waste footprint, the Company re-uses 100% of carton waste generated within the premises of its Private Label warehouses.

**The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by World Bank for India which is 20.96.

Note: If any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Yes, reasonable assurance has been carried out by TUV India Private Limited on the above indicator.

10. 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.

Nykaa prioritizes responsible waste management and chemical safety, but doesn't use, produce, or dispose of hazardous chemicals due to the nature of its business.

11. 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. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
1	Warehouse operation located at Baprour village, Patiala (Punjab)	Warehouse	Yes, Landlord has obtained requisite approvals/clearance for one of our warehouses taken on lease.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Not applicable as none of Nykaa's projects require environmental impact assessments					

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law/regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken if any
Yes, Nykaa's operations/offices comply with applicable environmental law, regulations of the country and operate as per Consent to Operate conditions from the Central and State Pollution Control Boards. Further, no fine/penalty/action was initiated against the entity under any of the applicable environmental laws/regulation/guidelines.				

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area: Bengaluru, Dwarka, Gurgaon, Delhi, Haryana, and Punjab

(ii) Nature of operations: Offices and warehouses

(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, water discharge is not applicable.

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kiloliters)		
(i) Surface water	0	-
(ii) Groundwater	34,143	7,281
(iii) Third party water (tanker)	1,566	590
(iv) Seawater / desalinated water	0	-
(v) Others (water cans and municipal supply system)	17,384.14	7025
Total volume of water withdrawal (in kiloliters)	53,093	14,896
Total volume of water consumption (in kiloliters)	53,093	14,896
Water intensity per rupee of turnover (Water consumed / turnover) (KL / ₹ million)	1.05	0.34
Water discharge by destination and level of treatment (in kiloliters)		
(i) Into Surface water	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third parties	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
(v) Others	NA	NA
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kiloliters)		

The Company has started installing water meters at many of its locations and in the process to gradually cover other locations to accurately measure water consumption. This is unlike previous years where water consumption was derived basis high level assumption and judgements involving high level of estimation uncertainty.

Note: If any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Yes, reasonable assurance has been carried out by TUV India Private Limited on the above indicator.

2. With respect to the ecologically sensitive areas reported at Question 11 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, as none of Nykaa's operations fall under ecologically sensitive zones.

3. 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:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	A shift towards increased utilization of paper over plastic and the incorporation of recycled plastic materials.	Nykaa has implemented several impactful initiatives within its packaging processes. Firstly, the company has significantly reduced the usage of plastic bubble wrap, opting instead for eco-friendly alternatives to minimize plastic waste. Furthermore, Nykaa has revamped its corrugated box designs to align with eco- conscious principles. The new boxes prominently display messages emphasizing their 100% recycled and eco-friendly nature, along with social media logos and instructions for customer engagement. In addition, Nykaa has taken steps to reduce the usage of BOPP tape, effectively cutting down its consumption by approximately 30%. This reduction not only diminishes the company's carbon footprint but also contributes to overall resource conservation. Moreover, in a move towards streamlined luxury packaging, Nykaa has eliminated the practice of including separate thank-you cards in luxury boxes. Instead, these messages are now integrated within the luxury box itself, enhancing the aesthetic appeal while reducing unnecessary paper usage.	Resulted in reduced plastic usage, increased eco-friendly materials, and streamlined luxury packaging, enhancing sustainability and customer experience.
2.	Tree plantation in the vicinity of the warehouse	Nykaa has initiated a commendable endeavor in environmental stewardship by spearheading a tree plantation initiative outside the confines of its warehouse premises. This initiative, which was initiated by our valued partner, signifies a collaborative effort towards ecological sustainability and conservation. A notable milestone in this initiative was the generous donation of 254 trees to the Trees for Tigers project in Ramtek, Maharashtra, India, as part of Project Aranyam. In recognition of this significant contribution, Nykaa received a certificate acknowledging its dedication to environmental welfare and the proactive steps taken to mitigate the impacts of deforestation and habitat loss.	Plantation of 254 trees

4. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.

At Nykaa, we have implemented a cloud-based Disaster Recovery Framework, with critical databases being backed up on an hourly basis in the cloud account. Additionally, we conduct Disaster Recovery (DR) drills biannually to ensure the entire website is operational on the DR account, adhering to defined Recovery Time Objectives (RTOs). A majority of users are provided VPN access to enable remote work capabilities.

To remain at the forefront of contemporary business continuity management practices, we have initiated a project aimed at enhancing our Business Continuity Management (BCM) program. This initiative involves raising awareness at an enterprise level and conducting a structured Business Impact Analysis across key functions and processes of the organization. We anticipate completion and implementation of this project in FY 2024-2025.

5. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Nykaa's business agreements include Health, Safety, and Environment (HSE) declarations, with provisions for termination in case of breaches. Waste generated at our warehouses is sent to Pollution Control Board-affiliated vendors for safe disposal and recycling. Certificates verifying proper waste disposal are maintained for audit and assurance purposes, showcasing our commitment to environmental responsibility and compliance. These measures ensure transparent and accountable waste management practices aligned with our sustainability goals.

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.**

   5

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of 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
5	NASSCOM – National Association of Software and Service Companies	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 cases 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 (Annually/ Half Yearly/ Quarterly/ Others – please specify)	Web Link, if available
1.	We collaborated with external associations such as the Federation of Indian Chambers of Commerce & Industry (FICCI), Confederation of Indian Industry (CII), Indian Beauty Health Association (IBHA), National Association of Software and Service Companies (NASSCOM), and Retailers Association of India (RAI) for regulatory compliance. This collaboration aimed at addressing regulations such as the Drugs & Cosmetic Act 1940, Cosmetic Rules 2020, Import Regulations, Legal Metrology Act 2009, and standards set by the Bureau of Indian Standards (Cosmetic and Footwear). The focus was on drafting new regulations, effectively implementing existing and new rules, and improving compliance among operational and vendor partners. Our involvement in regulatory agendas included addressing labeling issues under Legal Metrology, obtaining import permissions and assessments from CDSCO, implementing Quality Control Orders for footwear, and advocating for the reduction of compliance burdens for retailers under the Bureau of Indian Standards and Legal Metrology Act.	With member of association representing industry POV and its comments in draft stage of regulatory documents	Yes	Annually	Association and regulatory authority links for new regulations and updates

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development.

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details 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 as none of Nykaa's projects require social impact assessments.					

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. No.	Name of 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 ₹)
During FY 2023-24, we at Nykaa have not undertaken any projects that require Rehabilitation and Resettlement (R&R).						

3. **Describe the mechanisms to receive and redress grievances of the community.**

We are dedicated to fostering community development across our locations and addressing their grievances and concerns. Our team regularly engages with all stakeholders, including communities, NGOs, and implementation agencies, to understand their concerns. In the event of a specific grievance, it is duly recorded, investigated, and acted upon. Nykaa provides a dedicated email address, grievanceofficercs@nykaa.com, to establish a grievance redressal mechanism.

Nykaa encourages all its stakeholders to voice concerns about potential wrongdoing. Our robust Whistleblower Policy allows for anonymous reporting of suspected fraud, unethical practices, or any other misconduct through our designated email address, nykaa@tip-offs.in, auditcommitteechair@nykaa.com or by calling our toll-free number, 1800 210 8988.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

Source	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/ small producers	21%	30%*
Directly from within India	98%	96%#

*Figures for FY 2022-23 have been restated in accordance with the 'Input Material' definition as specified by BRSR Core

#Pursuant to the new requirements of the BRSR Core, previous year figure has been restated to include all domestic purchases within India, rather than solely those sourced directly from within the district and neighbouring districts.

Note: If any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Yes, reasonable assurance has been carried out by TUV India Private Limited on the above indicator.

5. **Job creation in smaller towns — Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/ on contract basis) in the following locations, as % of total wage cost.**

Location	FY 2023-24	FY 2022 – 2023
Rural	-	-
Semi-urban	0.43%	0.01%
Urban	3.57%	0.42%
Metropolitan	96.00%	99.57%
Total	**100%**	**100%**

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Note: If any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Yes, reasonable assurance has been carried out by TUV India Private Limited on the above indicator.

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
Not applicable for Nykaa as there was no Social Impact Assessment required to be conducted during FY 2023-24.	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (in ₹)
Nykaa, does not operate in designated aspirational districts identified by government bodies. Therefore, we do not have any CSR projects undertaken specifically in those areas.			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No, Nykaa does not currently have a preferential procurement policy in place.

(b) From which marginalized /vulnerable groups do you procure?

NA

(c) What percentage of total procurement (by value) does it constitute?

NA

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
Not applicable as Nykaa doesn't have any IPR based on traditional knowledge				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved

Name of authority	Brief of the case	Corrective action taken
Not applicable, as there are no adverse orders in intellectual property related disputes wherein the usage of traditional knowledge was involved		

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalized groups
1.	Labournet – Training program for young women on Beauty & Wellness across Bangalore and Guwahati with new centers added in Noida, Pune and Mysore this FY24	256	100%
2.	Beauty & You – Incubation program in association with Estee Lauder to support three young entrepreneurs in the Impact category	3	0%
3.	Daniel Bauer & Salaam Bombay Foundation – Kay Beauty partnered with Daniel Bauer Academy to provide five young women training to become professional makeup artists	5	100%
4.	Project Rangeet - Social skills development for government school children between 7 to 14 years	17772	100%
5.	Nykaa Chair in Consumer Technology at IIM – Ahmedabad.	This project aims to create marketing education materials and conduct workshops/hackathons, but variable student attendance makes precise impact assessment difficult.	-
6.	Sponsoring Indian Deaf Cricket Association in the development, training, and promotion of Differently Abled Cricket Specially Deaf Cricket in India	180	100%
7.	Supporting Slum Soccer – using football to bring about a change in the lives of street dwellers.	672	100%
8.	Supporting West Wind Association in the construction of a classroom for underprivileged children	100	100%
9.	Anushkaa Foundation – supporting children in the elimination of Clubfoot	75	100%
10.	NCAER – survey to assesses the state of women's economic empowerment and financial independence	Evaluation in progress as project began in March 2024 and will continue for the next one year	-
11.	Aatapi Seva Foundation – for training of rural women in beauty care services	80	100%

PRINCIPLE 9 Businesses 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.**

As a consumer-centric organization, we value all consumer feedback and have set up various channels through which consumers can reach out to us. We have made available Grievance Officer and Nodal Officer details, including their names, addresses, email IDs, and phone numbers, for all e-commerce platforms and websites. These officers handle customer feedback, comments, and grievance submissions. Additionally, each product we market carries labeling with information about the registered office address, email ID, and phone number of the marketing entity. Complaints received through various channels are logged in to our system with a unique ticket ID. Customers are notified of the resolution status via email, app notification, and/or SMS.

2. **Turnover of products and/ services as percentage of turnover from all products/services that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	0%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

*Our products are labelled with instructions for appropriate usage and any necessary precautions to ensure safe and effective use.

#Our products are labelled with the appropriate recycling symbols to guide consumers on proper disposal.

3. **Number of consumer complaints in respect of the following:**

	FY 2023-24			FY 2022-23		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data Privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-Security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Other	8,156	-	All consumer complaints have been closed	9,684	-	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 recall during the reporting period.
Forced recalls	Nil	

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/ No) If available, provide a web-link of the policy.**

Yes, Nykaa has a Data Privacy Policy in place. The policy covers details about the customer information collected - purpose of collection, details of its disclosure to other parties, data security practices and customers' rights.

The policy can be accessed here: https://www.nykaa.com/policy#privacy-policy

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

Product Recalls

We enforce rigorous mandatory quality standards, regularly verifying compliance through audits and self-assessments. These standards guarantee that our products are supplied with safety and excellent quality in mind, adhering to relevant industry and regulatory standards in our operational countries. We have comprehensive management procedures in place to mitigate risks and safeguard our consumers and markets. Whenever products fail to meet these standards, we take immediate and decisive action to ensure that only products of the highest quality are introduced to the market.

Cyber Security and Data Privacy

Nykaa has implemented a comprehensive Information Security Incident Management process. This process outlines clear procedures for:

- Identifying and reporting security incidents.
- Taking necessary actions to contain and minimize the impact of incidents.
- Investigating the root cause of incidents and collecting relevant evidence.
- Recovering affected systems and data.
- Preventing future incidents through learnings and continuous improvement of the process.

The Company emphasizes employee training, utilizes threat intelligence platforms, and ensures proper evidence collection to effectively manage security incidents.

7. Provide the following information relating to data breaches:

a. Number of instances of data breaches

0

b. Percentage of data breaches involving personally identifiable information of customers

0

c. Impact, if any, of the data breaches

None

Note: If any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Yes, reasonable assurance has been carried out by TUV India Private Limited on the above indicator.

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information regarding Nykaa's products and services can be accessed from the following channels:

- Website: https://www.nykaa.com/
- Nykaa Retail Stores.
- General Trade Stores and Modern Trade Stores where Nykaa products are available.
- Nykaa App

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Nykaa is committed to empowering consumers with the knowledge necessary to make informed choices and utilize products safely. All Nykaa products carry clear and detailed instructions pertaining to safe and responsible usage. These are supplemented by

- Buying Guides: Nykaa offers buying guides on its platform, providing consumers with additional information to guide purchase decisions.
- Editorial Articles: Educational content through editorial articles empowers consumers with further product knowledge.

Nykaa further collaborates with cosmetic experts and beauty bloggers who host regular awareness sessions on skincare and hygiene best practices. These sessions provide consumers with valuable information directly from industry professionals.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

At Nykaa, we do not deal with any essential services. However, in case of any disruption, we can disseminate information through our website, various social media platforms, distribution network, sales representatives, emails, etc.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.

Nykaa prioritizes providing consumers with clear and comprehensive product information. All mandatory product labels adhere to industry regulations and established norms. Beyond mandatory requirements, Nykaa displays logos or additional information on its product labels to highlight specific product attributes. These attributes might include:

- **Cruelty-Free:** Products that have not been tested on animals.
- **Vegan:** Products formulated without animal-derived ingredients.
- **Clean:** Products meeting specific criteria related to sustainability or the absence of certain ingredients.

Did your entity carry out any survey with regard to consumer 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)

Nykaa's website features an extensive rating and review mechanism for all products. This system allows customers to share their experiences and satisfaction levels, providing valuable feedback on product performance and use. We actively analyse customer reviews to identify areas for improvement and product development. This customer-centric approach allows Nykaa to better cater to consumer needs and preferences.

Independent Assurance Statement

To
The Board of Directors,
FSN E Commerce Ventures limited,
Mumbai 400013

Nykaa E-Retail Limited and FSN E Commerce Ventures limited (hereafter 'Nykaa') commissioned TUV India Private Limited (TUVI) to conduct independent external assurance of BRSR Core disclosures (*09 attributes as per Annexure I - Format of BRSR Core*) following the *(BRSR Core –Framework for assurance and ESG disclosures for value chain* stipulated in SEBI *circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, dated 12/07/2023*). Nykaa developed Business Responsibility and Sustainability Report (hereinafter 'the BRSR') for the period April 01, 2023 to March 31, 2024. The BRSR is based on the National Guidelines on Responsible Business Conduct (NGRBC), *SEBI circular: SEBI/HO/CFD/CMD-2/P/CIR/2021/562, dated 10/05/2021* followed by the *notification number SEBI/LAD-NRO/GN/2023/131, dated 14/06/2023* pertaining to Business Responsibility and Sustainability Report (BRSR) requirement. This assurance engagement was conducted in reference with BRSR, the terms of our engagement and ISAE 3000 (Revised) requirement.

Management's Responsibility

'Nykaa' developed the BRSR's content pertaining to the Core disclosures (*09 attributes as per Annexure I - Format of BRSR Core*). 'Nykaa' management is responsible for carrying out the collection, analysis, and disclosure of the information presented in the BRSR (web-based and print), including website maintenance, integrity, and for ensuring its quality and accuracy in reference with the applied criteria stated in the BRSR, such that it's free of intended or unintended material misstatements. Nykaa will be responsible for archiving and reproducing the disclosed data to the stakeholders and regulators upon request.

Scope and Boundary

The scope of work includes the assurance of the following *09 attributes as per Annexure I - Format of BRSR Core* disclosed in the BRSR. The BRSR core requirements encompass essential disclosures pertaining to organization's Environmental, Social and Governance (ESG). In particular, the assurance engagement included the following:

i. Review of *09 attributes as per Annexure I - Format of BRSR Core* submitted by Nykaa
ii. Review of the quality of information
iii. Review of evidence (on a random samples) for all 9 attributes and its KPI

TUVI has verified the below *09 attributes as per Annexure I - Format of BRSR Core* disclosed in the BRSR

Attributes	KPI
Green-house gas (GHG) footprint Boundary: Scope 1 Boundary – Consumption from all Corporate Locations and Warehouses are part of financial statement. Scope 2 Boundary – All Corporate locations and Warehouses	Total Scope 1 emissions (with breakup by type) - GHG (CO2e) Emission in MT - Direct emissions from organization's owned- or controlled sources (Calculated)
	Total Scope 2 emissions in MT - Indirect emissions from the generation of energy that is purchased from a utility provide (Calculated)
	GHG Emission Intensity (Scope 1+2), Total Scope 1 and Scope 2 emissions (MT) / Total Revenue from Operations adjusted for PPP ($MTCO_2e$/INR Million) (Calculated)
Water footprint Boundary: Covers all warehouses and corporate locations.	Total water consumption (in kL) (Calculated)
	Water consumption intensity - kL / Total Revenue from Operations adjusted for PPP (KL/INR Million) (Calculated)
	Water Discharge by destination and levels of Treatment (kL)- Not applicable
Energy footprint Boundary: Refer attribute "Green-house gas (GHG) footprint"	Total energy consumed in GJ (Calculated)
	% of energy consumed from renewable sources - In % terms- (reported nil)
	Energy intensity -GJ/ Rupee adjusted for PPP (GJ / INR million) (Calculated)
Embracing circularity - details related to waste management by the entity Boundary: Covers all Corporate Offices and Warehouses	Plastic waste (A) (MT) (Calculated)
	E-waste (B) (MT) (Reported Nil)
	Bio-medical waste (C) (MT)- (Reported Not applicable)
	Battery waste (D) (MT) (Reported Nil)
	Other Hazardous waste. Please specify, if any. (G) (KG/MT) Expired products (Calculated)
	Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector) (KG/MT) Carton waste (Calculated)
	Total waste generated (A + B + C + D + E + F+G+H+I) (MT) (Calculated)
	Waste intensity : MT / Rupee adjusted for PPP (MT/INR Million) (Calculated)
	Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (MT) (Calculated)
	Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (Intensity) ✓ kg of Waste Recycled Recovered /Total Waste generated

	For each category of waste generated, total waste disposed by nature of disposal method (MT)	
	For each category of waste generated, total waste disposed by nature of disposal method (Intensity) 1. kg of Waste Recycled Recovered /Total Waste generated 2. Expired products (Incineration) (reported) 3. Plastic waste (Recycling via third party vendors) (reported) 4. Carton waste (Recycling via third party vendors) (reported)	
Enhancing Employee Wellbeing and Safety	Spending on measures towards well-being of employees and workers – cost incurred as a % of total revenue of the company - In % terms (Calculated)	
	Details of safety related incidents for employees and workers (including contract-workforce e.g. workers in the company's construction sites) 1) Number of Permanent Disabilities (reported Nil) 2) Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) (reported Nil) 3) No. of fatalities (reported Nil)	
Enabling Gender Diversity in Business	Gross wages paid to females as % of wages paid - In % terms (Calculated)	
	Complaints on POSH	1) Total Complaints on Sexual Harassment (POSH) (reported)
		2) Complaints on POSH as a % of female employees / workers (Calculated)
		3) Complaints on POSH upheld (reported)
Enabling Inclusive Development	Input material sourced from following sources as % of total purchases – Directly sourced from MSMEs/ small producers and from within India – In % terms – As % of total purchases by value (Calculated)	
	Job creation in smaller towns – Wages paid to persons employed in smaller towns (permanent or non-permanent /on contract) as % of total wage cost - In % terms – As % of total wage cost • Rural - NIL • Semi-Urban (calculated) • Urban (calculated) • Metropolitan (calculated)	
Fairness in Engaging with Customers and Suppliers	Instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events (Nil)	
	Number of days of accounts payable - (Accounts payable *365) / Cost of goods/services procured (Calculated)	
Open-ness of business	Concentration of purchases & sales done with trading houses, dealers, and related parties Loans and advances & investments with related parties	1) Purchases from trading houses as % of total purchases (reported Nil)
		2) Number of trading houses where purchases are made from (reported Nil)
		3) Purchases from top 10 trading houses as % of total purchases from trading houses (reported Nil)
		1) Sales to dealers / distributors as % of total sales (Calculated)
		2) Number of dealers / distributors to whom sales are made (Calculated)
		3) Sales to top 10 dealers / distributors as % of total sales to dealers / distributors (Calculated)
		Share of RPTs (as respective %age) in -
		• Purchases (reported)
		• Sales (reported)
		• Loans & advances (reported)
		• Investments (reported)

The reporting boundaries cover FSN E Commerce Ventures Limited and Nykaa E-Retail Limited operations.

Onsite Verification

1. 6th Floor, Old Standard Mill Compound, Cnergy It Park, Appasaheb Marathe Marg, Century Bazaar, Prabhadevi, Mumbai, Maharashtra 400025 - 17 April 2024,
2. 104, Vasan Udyog Bhavan Sun Mill Compound, Tulsi Pipe Road Lower Parel, Mumbai 400 013- dated 18 April 2024
3. Warehouse: 73HW+R7C Shanti Complex, Bhadwad Gaon, Sonale Village, Bhiwandi, Gholgaon, Maharashtra 421302 dated 29 April 2024,
4. Warehouse: Gate No.650/651, village Moi, near shree Multi-speciality Hospital, Nighoje Road, Moi, Kuruli, Taluka khed, Pune -410501 dated 30 April 2024.

The assurance activities were carried out together with a desk review as per reporting boundary.

Limitations

TUVI did not perform any assurance procedures on the prospective information disclosed in the BRSR, including targets, expectations, and ambitions. Consequently, TUVI draws no conclusion on the prospective information. During the assurance process, TUVI did not come across any limitation to the agreed scope of the assurance engagement. TUVI verified 09 attributes and corresponding KPIs independent of any ESG goals. TUVI verified data on a sample basis; the responsibility for the authenticity of data entirely lies with Nykaa. The application of this assurance statement is limited w.r.t SEBI *circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, dated 12/07/2023*. TUVI has taken reference of the financial figures from the audited financial reports. Nykaa will be responsible for the appropriate application of the financial data.

Our Responsibility

TUVI's responsibility in relation to this engagement is to perform a reasonable level of assurance and to express a conclusion based on the work performed. Our engagement did not include an assessment of the adequacy or the effectiveness of Nykaa' s strategy, management of ESG-related issues or the sufficiency of the BRSR against BRSR reporting principles, other than those mentioned in the scope of the assurance. TUVI's responsibility regarding this verification is in reference to the agreed scope of work, which includes assurance of non-financial quantitative and qualitative information (*09 attributes as per Annexure I - Format of BRSR Core*) disclosed by Nykaa. Reporting Organization is responsible for archiving the related data for a reasonable time period.

TUVI is responsible

i. For planning to obtain the reasonable assurance for BRSR attributes so that it is free from material misstatement,
ii. Forming an independent opinion, based on the sampled evidence,
iii. Reporting the opinion to the Directors of 'Nykaa'.

This assurance statement is prepared by considering that the data and information presented by 'Nykaa' are free from material mis-statement. The data is verified on a sample basis, the responsibility for the authenticity of data lies with the reporting organization. Reporting Organization is responsible for archiving the related data for a reasonable time period. This assurance statement is intended solely for the information and use of 'Nykaa' and is not be used by anyone other than 'Nykaa'.

Verification Methodology

During the assurance engagement, TUVI adopted a risk-based approach, focusing on verification efforts with respect to disclosures. TUVI has verified the disclosures and assessed the robustness of the underlying data management system, information flows, and controls. In doing so:

a) TUVI examined and reviewed the documents, data, and other information made available by Nykaa for non-financial 09 attributes as per Annexure I - Format of BRSR Core (non-financial disclosures),
b) TUVI conducted interviews with key representatives, including data owners and decision-makers from different functions of Nykaa,
c) TUVI performed sample-based reviews of the mechanisms for implementing the sustainability-related policies and data management (qualitative and qualitative),
d) TUVI reviewed the adherence to reporting requirements of "BRSR" framework.

Opportunities for Improvement

The following are the opportunities for improvement reported to Nykaa However, they are generally consistent with Nykaa management's objectives and programs. Nykaa already identified below topics and Assurance team endorse the same to achieve the Sustainable Goals of organization.

i. Warehouses: More visible and legible signage can be implemented. Visual display of evacuation plan can also be introduced;
ii. Nykaa can utilize the best practices/ requirements of ISO 20400 to develop its sustainable procurement policy;
iii. Nykaa can opt for the principles and requirement of ISO 46001:2019 – water efficiency management standard;
iv. Health check-up can be regularize annually. Ergonomic wellness sessions can also be introduced.

Conflict of Interest

In the context of BRSR requirements set by SEBI, addressing conflict of interest is crucial to maintain high integrity and independence of assurance engagements. As per SEBI guidelines, assurance providers need to disclose any potential conflict of interest that could compromise the independence or neutrality of their assessments. TUVI diligently identifies any relationships, affiliations, or financial interests that could potentially cause conflict of interest. We proactively implement measures to mitigate or manage these conflicts, ensuring independence and impartiality in our assurance engagements. We provide clear and transparent disclosures about any identified conflicts of interest in our assurance statement. We recognize that failure to address conflict of interest adequately could undermine the creditability of the assurance process and the reliability of the reported information. Therefore, we strictly adhere to SEBI guidelines and take necessary measures to avoid, disclose, or mitigate conflicts of interest effectively.

Our Conclusion

In our opinion, based on the scope of this assurance engagement, the disclosures on BRSR Core KPI described in the BRSR along with the referenced information provides a fair representation of the 9 attributes, and meets the general content and quality requirements of the BRSR. TUVI confirms its competency to conduct the assurance engagement for the BRSR as per SEBI guidelines. Our team possesses expertise in ESG verification, assurance methodologies, and regulatory frameworks. We ensure independence, employ robust methodologies, and maintain continuous improvement to deliver reliable assessments.

Attributes: TUVI is of the opinion that the reported disclosures generally meet the BRSR requirements. Nykaa refers to general disclosure to report contextual information about Nykaa, while the Management & Process disclosures the management approach for each indicator (*09 attributes as per Annexure I - Format of BRSR Core*).

Reasonable Assurance: As per SEBI reasonable assurance requirements including scope of Assurance, Assurance methodologies (risk- based approach and data validation techniques), mitigating conflicts of interests, documentation on evidence and communication on findings, TUVI can effectively validate the accuracy and reliability of the information presented in the BRSR, instilling confidence in stakeholders and promoting transparency and credibility in ESG reporting practices.

BRSR complies with the below requirements

a) Governance, leadership and oversight: The messages of top management, the business model to promote inclusive growth and equitable development, action and strategies, focus on services, risk management, protection and restoration of environment, and priorities are disclosed appropriately.

b) Connectivity of information: Nykaa discloses *09 attributes as per Annexure I - Format of BRSR Core* and their inter-relatedness and dependencies with factors that affect the organization's ability to create value over time.

c) Stakeholder responsiveness: The BRSR covers mechanisms of communication with key stakeholders to identify major concerns to derive and prioritize the short, medium and long-term strategies. The BRSR provides insights into the organization's relationships (nature and quality) with its key stakeholders. In addition, the BRSR provides a fair representation of the extent to which the organization understands, takes into account and responds to the legitimate needs and interests of key stakeholders.

d) Materiality: The material issues within 9 attributes and corresponding KPI as per BRSR requirement are reported properly.

e) Conciseness: The BRSR reproduces the requisite information and communicates clear information in as few words as possible. The disclosures are expressed briefly and to the point sentences, graphs, pictorial, tabular representation is applied. At the same time, due care is taken to maintain continuity of information flow in the BRSR.

f) Reliability and completeness: Nykaa has established internal data aggregation and evaluation systems to derive the performance. Nykaa confirms that, all data provided to TUVI, has been passed through internal checks. The majority of the data and information was verified by TUVI's assurance team (on sample basis) during the BRSR verification and found to be fairly accurate. All data, is reported transparently, in a neutral tone and without material error.

g) Consistency and comparability: The information presented in the BRSR is on yearly basis. and founds reliable and complete manner. Thus, the principle of consistency and comparability is established.

Independence and Code of Conduct: TUVI follows IESBA (International Ethics Standards Board for Accountants) Code which, adopts a threats and safeguards approach to independence. We recognize the importance of maintaining independence in our engagements and actively manage threats such as self-interest, self-review, advocacy, and familiarity. The assessment team was safeguarded from any type of intimidation. By adhering to these principles, we uphold the trust and confidence of our clients and stakeholders. In line with the requirements of the SEBI *circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, dated 12/07/2023*, TUVI confirms that there is no conflict of interest with Nykaa.

TUVI solely focuses on delivering verification and assurance services and does not engage in the sale of service or the provision of any non-audit/non-assurance services, including consulting.

Quality control: The assurance team complies with quality control standards, ensuring that the engagement partner possesses requisite expertise and the assigned team collectively has the necessary competence to perform engagements in reference with standards and regulations. Assurance team follows the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behaviour. In accordance with International Standard on Quality Control, TUVI maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Assurance Team and Independence

TUVI is an independent, neutral third-party providing ESG Assurance services with qualified environmental and social specialists. TUVI states its independence and impartiality and confirms that there is "no conflict of interest" with regard to this assurance engagement. In the reporting year, TUVI did not work with 'Nykaa' on any engagement that could compromise the independence or impartiality of our findings, conclusions, and observations. TUVI was not involved in the preparation of any content or data included in the BRSR, with the exception of this assurance statement. TUVI maintains complete impartiality towards any individuals interviewed during the assurance engagement.

For and on behalf of TUV India Private Limited

Manojkumar Borekar
Product Head – Sustainability Assurance Service
TUV India Private Limited

Technical Inspection Services TÜV TUV India

Date: 31/07/2024
Place: Mumbai, India
Project Reference No: 8122436497

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, 2024, 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 material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2024, 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, 2024. 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	I How our audit addressed the key audit matter
Impairment of investments in subsidiaries and associate, and loans to subsidiaries (refer Note 8, Note 9 and Note 17 in the standalone financial statements)	
The Company has investment of ₹5,992.12 million in subsidiaries and ₹416.50 million in associate and has outstanding loans receivable of ₹7,851.34 million from subsidiaries as at March 31, 2024 (as described in Note 8, Note 9 and Note 17 of standalone financial statements). 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.	Our audit procedures included the following: • Obtained the audited financial statements of subsidiaries and associate as on March 31, 2024 from the management and assessed impairment indicators in accordance with Ind AS 36. • Assessed the Company's valuation methodology applied in determining the recoverable amount. • Assessed the assumptions used in determining cash flow forecasts, discount rates, expected growth rates and terminal growth rates used. • 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	I How our audit addressed the key audit matter
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.	• 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.

We have determined that there are no other key audit matters to communicate in our report.

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 do 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 when it becomes available 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 to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 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 standalone 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 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, 2024 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

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph (i)(vi) below on reporting under Rule 11(g);

   (c) The Balance Sheet, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid 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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls 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, 2024 has been paid/ provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

   (h) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i)(vi) below on reporting under Rule 1 l(g);

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in the financial statements – Refer Note 45(B) to the standalone financial statements;

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

(iv) (a) The Management has represented that to the best of its knowledge and belief, other than as disclosed in the note 54(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 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 54(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) Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that. as described in Note 46(ii) to the financial statements audit trail feature is not enabled at the database level and for modifications to master data fields.

With respect to third-party operated software applications, in the absence of Service Organisation Controls report on audit trail, as described in Note 46(ii) to the financial statements, we are unable to comment on whether the audit trail feature with respect to third-party operated software applications was enabled and operated throughout the year for all relevant transactions recorded in these software applications or whether there were any instances of the audit trail feature being tampered with.

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

per **Nilangshu Katriar**
Partner
Membership Number: 058814
UDIN: 24058814BKGSOF2867
Place of Signature: Mumbai
Date: May 22, 2024

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 for previous year has been concluded during the year. No material discrepancies were noticed on such verification.

(c) According to information and explanations given by the management and based on the examination of the financial statements there is no immovable property held in the name of the Company. In respect of immovable properties that have been taken on lease and disclosed as property, plant, and equipment in the financial statement, based on our examination of the lease agreements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2024.

(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 ₹ five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the audited/ unaudited books of accounts of the Company.

(iii) (a) During the year, the Company has provided loans, & stood guarantee to its subsidiaries as follows:

(₹ in million

Particulars	Guarantees	Loans
Aggregate amount granted/ provided during the year	1,730.00	12,598.03
Balance outstanding as at March 31, 2024 in respect of above cases	8,120.00	7,851.34

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) The Company has granted loans during the year to its subsidiaries where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.

(d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

(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 the same parties.

(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, 2013 (the 'Act'):

(₹ in million)

Particulars	All Parties	Promoters	Related Parties
Aggregate amount of loans / advances in nature of loans – Repayable on demand	8,549.80		8,549.80
Percentage of loans / advances in nature of loans to the total loans	67.87%		67.87%

(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 commented upon.

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

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

(vii) (a) 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 the date they became payable.

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

(₹ in 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	2016-17	CIT Appeals	
Maharashtra Value Added Tax, 2022	MVAT	20.49	2016-17	Deputy Commissioner of Sales Tax	
Maharashtra Goods and Services Tax, 2017	MGST	4.78	2018-19	Office of Deputy Commissioner	
Maharashtra Goods and Services Tax, 2017	MGST	8.53	2017-18 2018-19 2019-20	Assistant Commissioner of State Tax	
Maharashtra Goods and Services Tax, 2017	MGST	0.39	2017-18	Joint Commissioner of Sales tax (SGST) (Appeal)-1 Appellate Authority	
Uttar Pradesh Goods and Services Tax, 2017	UPGST	0.30	2023-24	Assistant Commissioner of State Tax	

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

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

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

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

(xix) On the basis of the financial ratios disclosed in note 52 to the standalone 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 section 5 of section 135 of the Act. This matter has been disclosed in note 56 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 56 to the standalone financial statements.

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

per **Nilangshu Katriar**
Partner
Membership Number: 058814
UDIN: 24058814BKGSOF2867
Place of Signature: Mumbai
Date: May 22, 2024

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, 2024 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 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 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 with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these financial statements included obtaining an understanding of internal financial controls with reference to these 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 with reference to these standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE STANDALONE FINANCIAL STATEMENTS

A Company's internal financial control 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 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 WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to these standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial control with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to these standalone financial statements and such internal financial controls with reference to these standalone financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per **Nilangshu Katriar**
Partner
Membership Number: 058814
UDIN: 24058814BKGSOF2867
Place of Signature: Mumbai
Date: May 22, 2024

Balance Sheet

as at March 31, 2024

(Amount in ₹ Million, unless stated otherwise)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023 Refer Note 55
Assets			
Non-current assets			
Property, plant and equipment	4	197.36	173.33
Capital work-in-progress	4A	39.05	-
Intangible assets	5	41.53	36.74
Right of use assets	6	39.80	76.17
Intangible assets under development	7	52.43	8.86
Financial assets			
Investments	8	6,408.62	4,612.77
Loans	9	3,861.00	2,184.35
Other financial assets	10	48.48	108.08
Deferred tax assets (net)	11	400.44	39.97
Non current tax assets (net)		229.42	53.94
Other non current assets	12	3.63	5.07
Total non-current assets (A)		**11,321.76**	**7,299.28**
Current assets			
Inventories	13	745.98	780.04
Financial assets			
Trade receivables	14	922.41	714.90
Cash and cash equivalents	15	14.42	112.62
Bank balance other than cash and cash equivalents	16	371.92	407.04
Loans	17	3,990.34	7,069.34
Other financial assets	18	512.55	1,724.80
Other current assets	19	244.19	248.42
Total current assets (B)		**6,801.81**	**11,057.16**
Total assets (A+B)		**18,123.57**	**18,356.44**
Equity and liabilities			
Equity			
Equity share capital	20	2,855.99	2,852.45
Other equity	21	13,418.49	11,703.12
Total equity (A)		**16,274.48**	**14,555.57**
Liabilities			
Non-current liabilities:			
Financial liabilities			
Lease liabilities	22	51.04	124.02
Other financial liabilities	23	114.18	294.40
Long-term provisions	24	19.88	13.91
Total non-current liabilities (B)		**185.10**	**432.33**
Current liabilities:			
Financial liabilities			
Borrowings	25	748.66	354.68
Lease liabilities	26	73.02	74.85
Trade payables	27		
– Total outstanding dues of Micro enterprise and small enterprises		36.75	9.98
– Total outstanding dues of creditors other than Micro enterprises and small enterprises		191.26	146.79
Other financial liabilities	28	519.74	2,607.83
Short-term provisions	29	**16.03**	**22.32**
Contract liabilities	30	**3.29**	**3.28**
Other current liabilities	31	75.25	148.81
Total current liabilities (C)		**1,664.00**	**3,368.54**
Total liabilities (B+C)		**1,849.10**	**3,800.87**
Total equity and liabilities (A+B+C)		**18,123.57**	**18,356.44**

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

For and on behalf of Board of Directors of
FSN E-Commerce Ventures Limited

per Nilangshu Katriar
Partner
Membership No: 058814

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

Anchit Nayar
Executive Director
DIN: 08351358

P Ganesh
Chief Financial Officer

Neelabja Chakrabarty
Company Secretary & Compliance Officer
Membership No.: A16075

Place: Mumbai
Date: May 22, 2024

Place: Mumbai
Date: May 22, 2024

Statement of Profit and Loss

for the year ended March 31, 2024

(Amount in ₹ Million, except per share data and unless stated otherwise)

Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023 Refer Note 55
Income			
Revenue from operations	32	2,579.60	2,754.56
Other income	33	1,846.03	1,287.73
Total Income		**4,425.63**	**4,042.29**
Expenses			
Cost of material consumed	34	-	589.11
Purchase of traded goods	35	1,034.69	689.95
Changes in inventories of finished goods and stock-in-trade	36	34.06	(143.63)
Employee benefits expense	37	602.45	499.47
Finance costs	38	68.95	74.51
Depreciation and amortisation expense	39	77.32	72.60
Other expenses	40	1,708.33	1,496.28
Total expenses		**3,525.80**	**3,278.29**
Profit before tax		**899.83**	**764.00**
Tax expense:	11		
Current tax		90.04	157.90
Deferred tax		(361.11)	35.28
Total tax expense		**(271.07)**	**193.18**
Profit after tax		**1,170.90**	**570.82**
Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) of defined benefit liability		2.60	(2.94)
Income tax effect on above		(0.64)	0.74
Other comprehensive income / (loss) for the year, net of tax		**1.96**	**(2.20)**
Total Comprehensive Income for the year		**1,172.86**	**568.62**
Earnings per share of face value D 1/- each	41		
Basic		0.41	0.20
Diluted		0.41	0.20

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 22, 2024

For and on behalf of Board of Directors of
FSN E-Commerce Ventures Limited

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

Anchit Nayar
Executive Director
DIN: 08351358

P Ganesh
Chief Financial Officer

Neelabja Chakrabarty
Company Secretary &
Compliance Officer
Membership No.: A16075

Place: Mumbai
Date: May 22, 2024

Statement of Cash flows

for the year ended March 31, 2024

(Amount in ₹ Million, unless stated otherwise)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flows from operating activities		
Profit before tax as per Statement of Profit and Loss	899.83	764.00
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment and right of use assets	69.05	61.83
Amortisation of intangible assets	8.27	10.77
Interest expense and other finance costs	68.62	73.95
Unrealised foreign exchange loss/(gain) (net)	(0.02)	0.62
Share based expense	69.00	21.35
Provision for gratuity expense	8.94	6.49
Provision for compensated expense	(4.23)	6.08
Expected credit (loss)/credit impaired	-	2.49
Fair value of put option liability	(180.22)	52.00
Commission on financial guarantee	(55.27)	(45.47)
Interest income	(917.16)	(738.64)
Liabilities no longer required written back	(0.89)	(0.05)
Gain on cancellation of lease	-	(0.88)
Operating profit before working capital changes	**(34.08)**	**214.54**
Working capital adjustments:		
(Increase) in trade receivables	(207.28)	(503.32)
Decrease in inventories	34.06	38.92
(Increase) / decrease in current financial asset	(215.05)	57.18
(Increase) / decrease in non-current financial assets	(0.70)	47.51
Decrease in other current assets	4.23	11.54
Increase/ (decrease) in trade payables	72.14	(12.25)
(Decrease) in provisions	(2.43)	(8.30)
Increase in current financial liabilities	376.27	179.20
(Decrease) / increase in other current liabilities	(73.55)	113.57
Cash generated from operations	**(46.39)**	**138.59**
Payment of taxes (net of refund)	(265.51)	(142.97)
Net cash flow (used in) operating activities (A)	**(311.90)**	**(4.38)**
Cash flows from investing activities		
Consideration paid on acquisition of business (refer note 55)	(2,260.30)	-
Purchase of property, plant and equipment and other intangible assets (net off capital advance)	(148.81)	(157.18)
Investment redeemed from bank deposits (net)	54.60	3,933.36
Investment redeemed from bank deposits	1,581.36	-
Investment placed in bank deposits	(164.88)	-
Investment in subsidiaries	(1,699.79)	(328.85)
Investment in associate	-	(416.50)
Loans repaid by subsidiaries	1,946.15	-
Loans given to subsidiaries (non current)	(3,548.23)	-
Loans to subsidiaries (net)	3,078.99	(4,137.06)
Interest received	846.25	692.88
Net cash flows (used in) investing activities (B)	**(314.66)**	**(413.35)**

Statement of Cash flows

for the year ended March 31, 2024

(Amount in ₹ Million, unless stated otherwise)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flows from financing activities		
Proceeds from issue of equity shares/shares pending allotment including security premium (net off expenses)	172.30	288.36
Proceeds from current borrowings (net)	393.98	41.41
Interest paid on borrowings	(49.98)	(52.49)
Rental income on sub lease	47.75	25.60
Commission on financial guarantee	55.27	-
Principal payment of lease liabilities	(75.03)	(68.53)
Interest paid on lease liabilities	(15.93)	(21.74)
Net cash flows from financing activities (C)	**528.36**	**212.61**
Net (decrease) in cash and cash equivalents (A+B+C)	**(98.20)**	**(205.12)**
Cash and cash equivalents at the beginning of the year	112.62	317.74
Cash and cash equivalents at the year end (refer note 15)	**14.42**	**112.62**

Notes:

1. Non cash transactions relating to investing and financing activities. (Refer note: 17,18, 28 and 42).
2. 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 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 22, 2024

For and on behalf of Board of Directors of
FSN E-Commerce Ventures Limited

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

Anchit Nayar
Executive Director
DIN: 08351358

P Ganesh
Chief Financial Officer

Neelabja Chakrabarty
Company Secretary &
Compliance Officer
Membership No.: A16075

Place: Mumbai
Date: May 22, 2024

Statement of Changes in Equity

for the year ended March 31, 2024

(Amount in ₹ Million, unless stated otherwise)

A. EQUITY SHARE CAPITAL (refer note 20)

Equity shares issued, subscribed and fully paid

	No. of shares	Amount
As at April 01, 2022	474,104,876	474.11
Issue of equity shares of face value of ₹1 each	4,778,769	4.78
Issue of bonus shares[1]	2,373,563,075	2,373.56
As at March 31, 2023	**2,852,446,720**	**2,852.45**
Issue of equity shares of face value of ₹1 each	3,538,889	3.54
As at March 31, 2024	**2,855,985,609**	**2,855.99**

[1] 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.

B. OTHER EQUITY (refer note 21)

Particulars	Share application money pending allotment	Reserves & Surplus				Other Comprehensive Income (OCI)	Total other equity
		Retained Earnings	Securities premium	Capital reserve (Refer note 55)	Employee share options scheme reserve		
As at April 01, 2022	0.65	751.29	14,150.68	(2,142.77)	155.91	(33.53)	12,882.23
Net profit for the year	–	570.82	–	–	–	–	570.82
Other comprehensive income	–		–	–	–	(2.20)	(2.20)
Total comprehensive income	**–**	**570.82**	**–**	**–**	**–**	**(2.20)**	**568.62**
Securities premium on issue of shares	–	–	291.86	–	–	–	291.86
Addition during the year	296.45	–	–	–	94.02	–	390.47
Securities premium utilised on issue of bonus shares	–	–	(2,373.56)	–	–	–	(2,373.56)
Shares alloted during the year under ESOP scheme	(296.64)	–	80.67	–	(80.67)	–	(296.64)
Share issue expense	–	–	(8.09)	–	–	–	(8.09)
Contribution (refer note 55)	–	248.23	–	–	–	–	248.23
Transfer from retained earnings (refer note 55)	–	(205.97)	–	205.97	–	–	–
As at March 31, 2023	**0.46**	**1,364.37**	**12,141.56**	**(1,936.80)**	**169.26**	**(35.73)**	**11,703.12**
Net profit for the year	–	1,170.90	–	–	–	–	1,170.90
Other comprehensive income	–	–	–	–	–	1.96	1.96
Total comprehensive income	**–**	**1,170.90**	**–**	**–**	**–**	**1.96**	**1,172.86**
Securities premium on issue of shares on account of ESOP	–	–	164.21	–	–	–	164.21
Addition during the year	172.29	–	–	–	165.07	–	337.36
Shares alloted / lapsed during the year under ESOP scheme	(167.75)	4.75	48.46	–	(53.21)	–	(167.75)
Share issue expense	–	–	–	–	–	–	–
Contribution (refer note 55)	–	208.69	–	–	–	–	208.69
Transfer from retained earnings (refer note 55)	–	(279.92)	–	279.92	–	–	–
As at March 31, 2024	**5.00**	**2,468.79**	**12,354.23**	**(1,656.88)**	**281.12**	**(33.77)**	**13,418.49**

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

For and on behalf of Board of Directors of
FSN E-Commerce Ventures Limited

per Nilangshu Katriar
Partner
Membership No: 058814

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

Anchit Nayar
Executive Director
DIN: 08351358

P Ganesh
Chief Financial Officer

Neelabja Chakrabarty
Company Secretary & Compliance Officer
Membership No.: A16075

Place: Mumbai
Date: May 22, 2024

Place: Mumbai
Date: May 22, 2024

Notes

for the Financial Statements for the year ended March 31, 2024

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 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.

The Board of Directors approved the financial statements for the year ended March 31, 2024 and authorised for issue on May 22, 2024.

2. MATERIAL ACCOUNTING POLICIES

2A. Basis of preparation

(i) Statement of compliance:

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

(ii) Historical cost convention:

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and contingent consideration is measured at fair value
- defined benefit plans
- share-based payments.

(iii) New and amended standards adopted by the Company

The Ministry of Corporate Affairs had vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 ('the Rules') which amended certain accounting standards (see below), and are effective April 01, 2023:

(a) Disclosure of accounting policies – amendments to Ind AS 1

(b) Definition of accounting estimates amendments to Ind AS 8

(c) Deferred tax related to assets and liabilities arising from a single transaction – amendments to Ind AS 12

The other amendments to Ind AS notified by these rules are primarily in the nature of classifications.

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.

(iv) New and amended standards issued but not effective

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

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 non-current 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.

Notes

for the Financial Statements for the year ended March 31, 2024

(b) Property plant & equipment

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

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

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of property, plant and 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 Act.

Estimated useful lives of the assets are as follows:

Property, plant and equipment	Useful lives (in years)
Plant and Machinery	8
Computers and Hardware	3
Furniture and 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 estimate.

(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 capitalised development costs, are not capitalised 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.

Notes

for the Financial Statements for the year ended March 31, 2024

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
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 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 fair value and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared for the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the Statement of Profit and Loss.

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

Notes

for the Financial Statements for the year ended March 31, 2024

Net realisable 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.

(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 straight-line basis over the lease term.

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

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.

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.

Notes

for the Financial Statements for the year ended March 31, 2024

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.

(g) 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.

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 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.

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

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

Notes

for the Financial Statements for the year ended March 31, 2024

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.

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.

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

Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

Financial Assets designated at fair value through OCI (equity instruments)

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

Notes

for the Financial Statements for the year ended March 31, 2024

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 including bank overdrafts, and derivative financial instruments.

Derecognition

Financial Assets

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

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

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

Financial Liabilities

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

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II. 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.

III. Offsetting of financial instruments

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

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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

IV. 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.

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Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold, and services rendered is net of variable consideration on account of discounts offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognised only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

The Company identifies the performance obligations in its contracts with customers and recognises revenue as and when the performance obligations are satisfied. The specific recognition criteria described below must also be met before revenue is recognised.

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.

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

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

Marketing support revenue

- The Group recognises 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 recognise 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. 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 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

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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 (INR) in million ('Mn'), which is E-Commerce Ventures Limited's functional and presentation currency.

Foreign currency transactions and balances

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange differences

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

(j) Share based payments

Employees (including senior executives) of the Company 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.

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 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 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 Statement of Profit and Loss 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

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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.

(k) 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.

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. Re-measurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of 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.

(l) 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

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relevant observable inputs and minimizing the use of unobservable inputs.

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

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

For assets and liabilities that are 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.

(m) 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 recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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deferred taxes relate to the same taxable entity and the same taxation authority.

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

(n) Cash and cash equivalents

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

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

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) Business combination:

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

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

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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.

I. Judgements:

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

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

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

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

II. Estimates and assumptions:

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

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

b. Fair Value measurement of financial instruments

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

c. Estimation of defined benefit obligation and compensated absences

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

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for the Financial Statements for the year ended March 31, 2024

Future salary increases are based on expected future inflation rates. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at interval in response to demographic changes.

d. Income taxes

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

e. Deferred Taxes

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

f. Provision

Provisions and liabilities are 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.

g. Impairment of financial assets:

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

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

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

i. Leases – Estimating the incremental borrowing rates:

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities.

The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

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

j. Other estimates:

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

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(Amount in ₹ Million, unless otherwise stated)

4 PROPERTY, PLANT AND EQUIPMENT

Particulars	Computers & Hardware	Furniture & Fixtures	Office equipments	Vehicles	Plant & Machinery	Leasehold improvements	Total
Gross carrying amount							
As at April 01, 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**
Additions	3.32	50.30	1.75	1.13	-	-	56.50
Disposals	-	-	-	-	-	-	-
As at March 31, 2024	**20.61**	**210.67**	**28.45**	**11.23**	**3.15**	**29.56**	**303.67**
Accumulated depreciation							
As at April 01, 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**
Depreciation charge for the year	4.49	20.67	5.73	1.12	0.45	-	32.46
Disposals	-	-	-	-	-	-	-
As at March 31, 2024	**13.81**	**49.71**	**11.81**	**6.23**	**2.07**	**22.67**	**106.30**
Net carrying amount							
As at March 31, 2024	**6.80**	**160.95**	**16.64**	**5.00**	**1.08**	**6.89**	**197.36**
As at March 31, 2023	**7.97**	**131.33**	**20.62**	**4.99**	**1.53**	**6.89**	**173.33**

Notes:

1. Movable assets have been pledged to secure borrowings of the Company (Refer note – 25).
2. Refer note 45 for capital commitments.

Note 4A Capital work-in-progress

Particulars	As at March 31, 2024	As at March 31, 2023
Capital work-in-progress ('CWIP')	39.05	-
Total	**39.05**	**-**

Disclosure for movement in CWIP:

Particulars	Amount
As at April 01, 2022	-
Addition	-
Capitalisation	-
As at March 31, 2023	**-**
Addition	39.05
Capitalisation	-
As at March 31, 2024	**39.05**

CWIP ageing schedule

As at March 31, 2024

Particulars	Amount of the CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	39.05	-	-	-	39.05

Note:

1. There are no overdue or cost overrun projects compared to its original plan and no projects which are temporarily suspended, on the above-mentioned reporting date.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

5 INTANGIBLE ASSETS

Particulars	Business application development cost	Trademark	Computer Software	Total
Gross carrying amount				
As at April 01, 2022	**12.47**	**-**	**18.86**	**31.33**
Additions (includes ₹34.53 Mn on account of restatement – Refer note 55)	-	35.12	3.10	38.22
Disposals	-	-	-	-
As at March 31, 2023	**12.47**	**35.12**	**21.96**	**69.55**
Additions	2.74	-	10.32	13.06
Disposals	-	-	-	-
As at March 31, 2024	**15.21**	**35.12**	**32.28**	**82.61**
Accumulated amortisation				
As at April 01, 2022	**10.94**	**-**	**11.10**	**22.04**
Amortisation charge for the year (includes ₹1.97 Mn on account of restatement – Refer note 55)	1.22	2.00	7.55	10.77
Disposals	-	-	-	-
As at March 31, 2023	**12.16**	**2.00**	**18.65**	**32.81**
Amortisation charge for the year	3.05	2.35	2.87	8.27
Disposals	-	-	-	-
As at March 31, 2024	**15.21**	**4.35**	**21.52**	**41.08**
Net carrying amount				
As at March 31, 2024	**-**	**30.77**	**10.76**	**41.53**
As at March 31, 2023	**0.31**	**33.12**	**3.31**	**36.74**

Note:

1. Refer note 45 for capital commitments.

6 RIGHT OF USE ASSETS

Particulars	Right of use assets
Gross carrying amount	
As at April 01, 2022	**155.05**
Additions	51.66
Disposals	(15.74)
As at March 31, 2023	**190.97**
Additions	0.22
Disposals	-
As at March 31, 2024	**191.19**
Accumulated depreciation	
As at April 01, 2022	**87.94**
Depreciation charge for the year	39.56
Disposals	(12.70)
As at March 31, 2023	**114.80**
Depreciation charge for the year	36.59
Disposals	-
As at March 31, 2024	**151.39**
Net carrying amount	
As at March 31, 2024	**39.80**
As at March 31, 2023	**76.17**

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

7 INTANGIBLE ASSETS UNDER DEVELOPMENT ('IAUD')

Particulars	Amount
As at April 01, 2022	-
Addition	8.86
Capitalisation	-
As at March 31, 2023	**8.86**
Addition	56.63
Capitalisation	13.06
As at March 31, 2024	**52.43**

Intangible assets under development include cost for implementation of accounting and finance software.

Intangible assets under development ageing schedule:

Particulars	Amount of the IAUD for a period of				
	0-1 years	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2024	52.43	-	-	-	52.43
As at March 31, 2023	8.86	-	-	-	8.86

8 NON-CURRENT INVESTMENTS (UNQUOTED)

Particulars	As at March 31, 2024	As at March 31, 2023
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, 2023: 102,000,000 fully paid equity shares of ₹10 each)		
Nykaa E-Retail Limited (Formerly known as Nykaa E-Retail Private Limited)	95.10	95.10
9,510,000 fully paid equity shares of ₹10 each (March 31, 2023: 9,510,000 fully paid equity shares of ₹10 each)		
FSN International Limited (Formerly known as FSN International Private Limited)(1)	250.78	51.00
2,50,78,000 fully paid equity shares of ₹10 each (March 31, 2023: 5,100,000 fully paid equity shares of ₹10 each)		
Nykaa Fashion Limited (Formerly known as Nykaa Fashion Private Limited) (2)	1,750.10	250.10
17,50,10,000 fully paid equity shares of ₹10 each (March 31, 2023: 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, 2023: 510,000 fully paid equity shares of ₹10 each)		
Dot & Key Wellness Private Limited(3)	1,471.76	1,471.76
692,143 fully paid equity shares of ₹10 each (March 31, 2023: 692,143 fully paid equity shares of ₹10 each)		
FSN Distribution Limited (Formerly known as FSN Distribution Private Limited)	0.10	0.10
10,000 fully paid equity shares of ₹10 each (March 31, 2023: 10,000 fully paid equity shares of ₹10 each)		
Nudge Wellness Private Limited	36.00	36.00
36,00,150 fully paid equity shares of ₹10 each (March 31, 2023: 36,00,150 fully paid equity shares of ₹10 each)		
Iluminar Media Private Limited (LBB)	292.75	292.75
26,113 fully paid equity shares of ₹10 each (March 31, 2023: 26,113 fully paid equity shares of ₹10 each)		
Nykaa Foundation	0.10	0.10
9,993 fully paid equity shares of ₹10 each (March 31, 2023: 9,993 fully paid equity shares of ₹10 each)		
Total investments in subsidiaries measured at cost (A)	**4,921.79**	**3,222.01**

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023
(B) Equity component — loans to subsidiaries		
FSN Brands Marketing Private Limited	249.41	249.41
Nykaa E-Retail Limited (formerly known as Nykaa E-Retail Private Limited)	16.09	16.09
Nykaa Fashion Limited (formerly known as Nykaa Fashion Private Limited)	138.05	138.05
Nykaa-KK Beauty Private Limited	6.57	6.57
FSN International Limited (formerly known as 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 Limited (formerly known as Nykaa E-Retail Private Limited)	194.47	194.47
Nykaa Fashion Limited (formerly known as 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**
(D) Equity component — ESOP		
FSN Brands Marketing Private Limited	19.81	20.42
Nykaa E-Retail Limited (formerly known as Nykaa E-Retail Private Limited)	304.46	231.49
Nykaa Fashion Limited (formerly known as Nykaa Fashion Private Limited)	70.80	59.69
FSN Distribution Limited (formerly known as FSN Distribution Private Limited)	3.07	0.30
Iluminar Media Private Limited (LBB)	13.53	3.70
Total equity component of ESOP (D)	**411.67**	**315.60**
Total investment — equity component (E = B+C+D)	**1,070.33**	**974.26**
Measured at fair value through Other Comprehensive Income (FVTOCI)		
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 associates accounted for using equity method (unquoted, fully paid up)		
Earth Rhythm Private Limited	416.50	416.50
8,230 fully paid equity shares of ₹10 each (March 31, 2023: 8,230 fully paid equity shares of ₹10 each)		
Total investments in associates measured at cost (G)	**416.50**	**416.50**
Total non-current investments (A+E+F+G)	**6,408.62**	**4,612.77**
Category-wise investment		
Measured at Cost	6,408.62	4,612.77
Measured at FVTOCI	-	-
Total investments	**6,408.62**	**4,612.77**
Aggregate amount of unquoted investments	6,408.62	4,612.77
Aggregate amount of impairment in value of investments	38.03	38.03

[1] During the current year, the Company has invested in 19,978,000 shares of ₹10 each.

[2] During the current year, the Company has invested in 150,000,000 shares of ₹10 each.

[3] 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 a subsidiary of the Company. Further, the Promoter shareholders of Dot & Key (NCI holder of the subsidiary) had Put Option for selling balance stake of 49% to the Company at a value to be determined as per the terms of Shareholders Agreement. The fair value of the Put Option on the date of acquisition of ₹502.76 Mn had been included in the cost of investments and any subsequent changes in the fair valuation has been routed through profit and loss account in accordance with Ind AS 109. Consequent to the above, the Company has recorded a gain / (loss) as Other Income of ₹180.22 Mn during the year (Previous Year ₹(52.00 Mn)).

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

9 LOANS (NON CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
(Unsecured, considered good)		
Loan to subsidiaries (refer note 44 and 46)	3,861.00	2,184.35
Total	**3,861.00**	**2,184.35**

The above loans are measured at amortised cost and have been given for business purpose.

10 OTHER FINANCIAL ASSETS (NON-CURRENT) (MEASURED AT AMORTISED COST)

Particulars	As at March 31, 2024	As at March 31, 2023
Sublease net investments	37.53	78.84
Security deposits (unsecured, considered good)	10.95	9.54
Deposits with banks with remaining maturity of more than twelve months	-	19.70
Total	**48.48**	**108.08**

Refer note 44 for details of net sublease investments with related parties.

11 INCOME TAX

The major components of income tax expense are:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current tax:		
In respect of current year	90.04	157.90
In respect of earlier year	-	-
	90.04	**157.90**
Deferred tax:		
In respect of current year	(361.11)	35.28
	(361.11)	**35.28**
Income tax expense reported in the Statement of Profit and Loss	**(271.07)**	**193.18**
Deferred tax related to items recognised in OCI during the year:		
Tax (income) / expenses on remeasurements of defined benefit plans	(0.64)	0.74
Income tax expense (credited)/ charged to OCI	**(0.64)**	**0.74**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before tax	899.83	764.00
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	226.49	192.30
Tax effect of:		
Interest on loan given	(18.77)	(22.92)
Commission on financial guarantee	-	(2.71)
Fair value of put option	(45.36)	13.09
Others	3.88	2.78
Tax impact on slump sale transaction (refer note 55)	(437.31)	10.64
Total Tax	**(271.07)**	**193.18**
Current tax expense	90.04	157.90
Deferred tax expense	(361.11)	35.28
Tax expense recognised in the Statement of Profit and Loss	**(271.07)**	**193.18**
Effective tax rate	**(30.12%)**	**25.29%**

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before tax	899.83	764.00
Applicable tax rate	25.17%	25.17%
Tax effect of:		
Interest on loan given	(2.09%)	(3.00%)
Commission on financial guarantee	0.00%	(0.35%)
Fair value of put option	(5.04%)	1.71%
Others	0.42%	0.36%
Tax impact on slump sale transaction (refer note 55)	(48.60%)	1.40%
Total Tax	**(30.12%)**	**25.29%**
Current tax expense	10.01%	20.67%
Deferred tax expense	(40.13%)	4.62%
Effective tax rate	**(30.12%)**	**25.29%**

Deferred tax:

Particulars	As at March 31, 2024	As at March 31, 2023
Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	6.93	8.44
On timing difference between depreciation as per books and as per the Income-tax Act, 1961	383.63	17.07
Lease related liabilities	31.23	50.06
Allowance for expected credit losses	0.62	0.85
Others	7.42	11.44
Deferred tax assets (A)	**429.83**	**87.86**
Lease related assets	29.39	47.89
Deferred tax liabilities (B)	**29.39**	**47.89**
Deferred tax assets (net) (C=A-B)	**400.44**	**39.97**

Reconciliation of deferred tax assets (net):

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	39.97	74.51
Tax (expense)/ income during the year recognised in profit or loss	361.11	(35.28)
Tax (expense)/ income during the year recognised in OCI	0.64	(0.74)
Closing balance	**400.44**	**39.97**

12 OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Capital advances	3.63	5.07
Total	**3.63**	**5.07**

13 INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

Particulars	As at March 31, 2024	As at March 31, 2023
Stock-in-trade*	709.00	707.51
Finished goods	36.98	72.53
Total	**745.98**	**780.04**
Provision for inventories taking into account various factors, including obsolescence of material, unserviceable items and ageing of material.	13.70	29.74

* Inventories includes goods in transit as at March 31, 2024: ₹39.49 Mn (March 31, 2023: ₹17.15 Mn)

Refer note 55

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

14 TRADE RECEIVABLES

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables – unsecured, considered good	922.41	714.90
Trade receivables – credit impaired	2.45	3.37
Less: Allowances for expected credit loss (refer note 48)	(2.45)	(3.37)
Total	**922.41**	**714.90**

Trade receivables ageing schedule (Gross):

March 31, 2024

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – unsecured, considered good	543.90	374.23	4.28	-	-	-	922.41
Undisputed trade receivables – credit impaired	-		1.30	1.15	-	-	2.45
Total	**543.90**	**374.23**	**5.58**	**1.15**	**-**	**-**	**924.86**

March 31, 2023

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – unsecured, considered good	64.42	650.48	-	-	-	-	714.90
Undisputed trade receivables – credit impaired	0.09	1.14	1.31	0.02	0.81	-	3.37
Total	**64.51**	**651.62**	**1.31**	**0.02**	**0.81**	**-**	**718.27**

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.

Refer note 48

Refer note 55

15 CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	-	0.01
Balances with banks in current accounts	14.42	93.13
Deposits with original maturity of less than three months		
– With Banks	-	19.48
Total	**14.42**	**112.62**

16 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2024	As at March 31, 2023
Deposits with original maturity for more than three months but less than twelve months		
– With Banks	371.92	407.04
Total	**371.92**	**407.04**

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

17 LOANS (CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
(Unsecured, considered good)		
Loan to subsidiaries (refer note 44 and 46)	3,990.34	7,069.34
Total	**3,990.34**	**7,069.34**

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 loan or advance in the nature of loan outstanding		% of total loans or advance in the nature of loan	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Subsidiaries (refer note 46)	3,990.34	7,069.34	50.82%	76.39%

18 OTHER FINANCIAL ASSETS (CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
Sublease net investments	41.31	38.11
Security deposit (unsecured, considered good)	0.46	0.23
Current maturity of deposits with banks with maturity period more than 12 months	165.10	1,581.36
Unbilled receivable	221.42	6.59
Interest accrued but not due on deposits and loans	84.26	98.50
Mark-to-market asset	-	0.01
Total	**512.55**	**1,724.80**

Movement in interest accrued on deposit but not due

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	98.50	102.41
Interest accrued during the year (excluding amortisation impact)	832.01	688.97
Receipt of interest during the year	(846.25)	(692.88)
Closing balance	**84.26**	**98.50**

19 OTHER CURRENT ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Advances other than capital advances		
Advance to Suppliers (unsecured, considered good)	139.34	150.90
Prepaid expenses	82.44	44.34
Balance with statutory / government authorities	22.41	53.18
Total	**244.19**	**248.42**

Refer note 55

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

20 SHARE CAPITAL

Particulars	Equity Shares		Preference Shares	
	Numbers	Amount	Numbers	Amount
Authorised Share Capital				
As at April 01, 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 [1]	500,000,000	500.00	(500,000,000)	(500.00)
As at March 31, 2023 (shares of face value of ₹ 1 each)	**3,250,000,000**	**3,250.00**	**-**	**-**
Addition	-	-	-	-
As at March 31, 2024 (shares of face value of ₹ 1 each)	**3,250,000,000**	**3,250.00**	**-**	**-**

[1] The Board of Directors approved reclassification of Authorized Share Capital of the Company from ₹3,250 million comprising of 2,750,000,000 (Two thousand, seven hundred and fifty million) equity shares of ₹1 each and 500,000,000 (Five-hundred million) preference shares of ₹1 each, to ₹3,250 million comprising of 3,250,000,000 (Three thousand, two-hundred and fifty millions) Equity Shares of ₹1/- (Rupee One) and the same was approved by Members of the Company on November 02, 2022 through Postal Ballot.

Issued, subscribed and fully paid-up share capital

Particulars	Equity Shares	
	Numbers (absolute)	Amount
As at April 01, 2022	**474,104,876**	**474.11**
Issue 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**
Issue of equity shares of face value of ₹1 each	3,538,889	3.54
As at March 31, 2024	**2,855,985,609**	**2,855.99**

Notes:

(a) Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of C1 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.

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

Name of the shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of shares	% holding	No. of shares	% holding
Sanjay Nayar (through family trust)	634,113,520	22.20%	634,913,520	22.26%
Falguni Nayar (through family trust)	625,834,620	21.91%	625,834,620	21.94%
Indra Singh Banga / Harindarpal Singh Banga	182,878,740	6.40%	182,878,740	6.41%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(c) Shares reserved for issue under option

The Company has reserved issuance of 210,000,000 (March 31, 2023: 210,000,000) Equity Shares of C1 each for offering to Eligible Employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the year ended March 31, 2024 the Company has granted 1,618,400 options (March 31, 2023: 3,109,600). Cumulative number of equity shares granted under Employee Stock Option Scheme (ESOS) is 61,066,800 equity shares as at March 31, 2024. (March 31, 2023: 59,448,400).

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

(d) Shares issued for consideration other than cash

(1) The Company had issued 2,373,563,075 bonus shares of face value of C1 each during the year vide shareholders' approval dated November 02, 2022 in the ratio of 5 bonus shares for every 1 share held.

(e) Details of promoter shareholding:

As at March 31, 2024

Promoter Name	Description	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
Sanjay Nayar (through family trust)	Equity shares of ₹1 each	634,913,520	22.26%	634,113,520	22.20%	(0.06%)
Falguni Nayar (through family trust)	Equity shares of ₹1 each	625,834,620	21.94%	625,834,620	21.91%	(0.03%)
Total		**1,260,748,140**	**44.20%**	**1,259,948,140**	**44.12%**	**(0.08%)**

As at March 31, 2023:

Promoter Name	Description	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
Sanjay Nayar (through family trust)	Equity shares of ₹1 each	634,913,520	22.32%	634,913,520	22.26%	(0.06%)
Falguni Nayar (through family trust)	Equity shares of ₹1 each	625,834,620	22.00%	625,834,620	21.94%	(0.06%)
Total		**1,260,748,140**	**44.32%**	**1,260,748,140**	**44.20%**	**(0.12%)**

* 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 shareholder's approval dated November 02, 2022.

21 OTHER EQUITY

(A) Other equity

Particulars		As at March 31, 2024	As at March 31, 2023
(i)	**Securities premium**		
	Opening balance	12,141.56	14,150.68
	Add : Securities premium on issue of shares	164.21	291.86
	Add: Transfer from employee share options scheme reserve	48.46	80.67
	Less: Utilised on issue of bonus shares	-	(2,373.56)
	Less: Share issue expenses	-	(8.09)
	Closing balance (A)	**12,354.23**	**12,141.56**
(ii)	**Retained earnings**		
	Opening balance	1,364.37	751.29
	Add: Profit during the year	1,170.90	570.82
	Add: Shares lapsed during the year under ESOP scheme	4.75	-
	Add: Contribution	208.69	248.23
	Less: Transfer to capital reserve	(279.92)	(205.97)
	Closing balance (B)	**2,468.79**	**1,364.37**
(iii)	**Other comprehensive income**		
	Opening balance	(35.73)	(33.53)
	Add: Other comprehensive income / (loss) for the year	1.96	(2.20)
	Closing balance (C)	**(33.77)**	**(35.73)**

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023
(iv) Share application money pending allotment		
Opening balance	0.46	0.65
Add : Additions during the year	172.29	296.45
Less: Shares allotted during the year	(167.75)	(296.64)
Closing balance (D)	**5.00**	**0.46**
(v) Employee share options scheme reserve		
Opening balance	169.26	155.91
Add : Additions during the year	165.07	94.02
Less: Shares exercised during the year	(53.21)	(80.67)
Closing balance (E)	**281.12**	**169.26**
(vi) Capital reserve		
Opening balance (as on April 01, 2022 includes ₹2,143.13 Mn on account of restatement – refer note 55 – table 4)	(1,936.80)	(2,142.77)
Add: Transfer from retained earnings	279.92	205.97
Closing balance (F)	**(1,656.88)**	**(1,936.80)**
Total (A+B+C+D+E+F)	**13,418.49**	**11,703.12**

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:** The Capital Reserve includes a) amount on account of forfeiture of partly paid up OCRPS and security premium thereon and b) difference between carrying amount of net assets acquired and consideration paid (refer note 55). The amount is not available for distribution to shareholders.

22 LEASE LIABILITIES (NON-CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
Payable for lease liabilities (Refer note 42)	51.04	124.02
Total	**51.04**	**124.02**

23 OTHER FINANCIAL LIABILITIES (NON-CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
Put option liability (refer note 8)	114.18	294.40
Total	**114.18**	**294.40**

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

24 LONG-TERM PROVISIONS

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for gratuity (Refer note 43 and 55)	15.23	13.91
Provision for litigation	4.65	-
Total	**19.88**	**13.91**

Provision for litigation	As at March 31, 2024	As at March 31, 2023
Opening	-	-
Add: Provision	4.65	-
Less: Reversal	-	-
Closing	**4.65**	**-**

25 BORROWINGS (CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
Working capital loan from Banks (unsecured)	748.66	354.68
Total	**748.66**	**354.68**

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) Bank loan contain certain financial covenants and the Company has satisfied all covenants as per the terms of bank loan.

(iv) As at March 31, 2024, the Company had undrawn committed funded and non-funded borrowing facilities of ₹41.16 Mn (March 31, 2023: ₹470.32 Mn).

(v) Quarterly statements of current assets filed by the Company with banks are in agreement with the audited/unaudited books of accounts.

26 LEASE LIABILITIES (CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
Payable for lease liabilities (Refer note 42)	73.02	74.85
Total	**73.02**	**74.85**

27 TRADE PAYABLES

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro enterprises and small enterprises	36.75	9.98
Total outstanding dues of trade payables other than micro enterprises and small enterprises	191.26	146.79
Total	**228.01**	**156.77**

Refer note 44 for trade payables to related parties.

Refer note 55.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

Details of dues to Micro and Small enterprises as defined under the MSMED Act, 2006:

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

Particulars		As at March 31, 2024	As at March 31, 2023
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	36.75	9.98
(b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year	1.23	0.56
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

Trade payables aging schedule:

As at March 31, 2024

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	19.70	17.05	-	-	-	36.75
Total outstanding dues of creditors other than micro enterprises and small enterprises	157.94	23.71	7.29	1.18	1.14	191.26
Total	**177.64**	**40.76**	**7.29**	**1.18**	**1.14**	**228.01**

As at March 31, 2023

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	1.65	28.32	-	-	-	29.97
Total outstanding dues of creditors other than micro enterprises and small enterprises	111.34	7.29	4.93	2.77	0.47	126.80
Total	**112.99**	**35.61**	**4.93**	**2.77**	**0.47**	**156.77**

28 OTHER FINANCIAL LIABILITIES (CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
Financial liabilities at amortised cost		
Employee related liabilities (Refer note 55)	59.60	68.18
Accrued expenses (Refer note 55)	453.63	277.49
Creditors for capital goods	3.16	1.23
Interest accrued but not due on borrowings	3.34	0.63
Consideration towards business acquisition (Refer note 55)	-	2,260.30
Financial liabilities at FVTPL		
Mark to market derivative instrument	0.01	-
Total	**519.74**	**2,607.83**

For details of employee related liabilities with related parties, refer note 44, related party disclosures.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

Movement in Interest accrued but not due and finance charge:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	0.63	0.91
Interest and finance charge accrued during the year	52.69	52.21
Payment of interest and finance charge during the year	(49.98)	(52.49)
Closing balance	**3.34**	**0.63**

29 SHORT-TERM PROVISIONS

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for gratuity (refer note 43 and 55)	6.47	4.46
Provision for compensated absences (refer note 55)	9.56	17.86
Total	**16.03**	**22.32**

30 CONTRACT LIABILITIES

Particulars	As at March 31, 2024	As at March 31, 2023
Advance from customers	3.29	3.28
Total	**3.29**	**3.28**

31 OTHER LIABILITIES (CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues	75.25	148.81
Total	**75.25**	**148.81**

32 REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of products	2,579.60	2,754.56
Total	**2,579.60**	**2,754.56**

Revenue from geographical market	For the year ended March 31, 2024	For the year ended March 31, 2023
Within India	2,579.60	2,754.56
Outside India	-	-
Total	**2,579.60**	**2,754.56**

(A) Disaggregation of revenue from contracts with customers

The Company derives its major revenue from sale of products and sale of products by selected platforms, which is a single line of business.

(B) Contract Balances

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables	922.41	714.90
Contract liabilities	3.29	3.28

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

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

Particulars	As at March 31, 2024	As at March 31, 2023
Contract Price	2,579.61	2,755.58
Revenue recognised in the period from:		
Revenue recognised in the current year from contract liability:		
Advance from Customer	3.28	2.26
Revenue deferred in the current year towards unsatisfied performance obligation:		
Advance from Customer	(3.29)	(3.28)
Revenue from operations	**2,579.60**	**2,754.56**

Refer note 55.

33 OTHER INCOME

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Interest Income on financial assets at amortised costs		
Loan given to subsidiaries	799.91	570.43
Net investment (sublease)	9.64	12.44
Security deposit	0.95	1.11
Bank deposit	106.66	154.66
(b) Other non-operating income		
Interest on Income-tax refund	-	3.81
Liabilities no longer required written back	1.81	0.05
Fair value of put option liability (Refer note 8)	180.22	(52.00)
Foreign exchange gain (net)	3.85	3.16
Brand usage fees	686.04	547.42
Commission on financial guarantees	55.27	45.47
Gain on cancellation of lease	-	0.88
Miscellaneous income	1.68	0.30
Total	**1,846.03**	**1,287.73**

Refer note 55.

34 COST OF MATERIAL CONSUMED

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Stock	-	182.55
Add: Purchase	-	406.56
Closing Stock	-	-
Total	**-**	**589.11**

35 PURCHASE OF TRADED GOODS

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Purchases of traded goods	1,034.69	689.95
Total	**1,034.69**	**689.95**

Refer note 55.

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for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

36 CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Finished goods		
Opening balance	72.53	281.34
Closing balance	36.98	72.53
	35.55	**208.81**
Stock-in-trade		
Opening balance	707.51	355.07
Closing balance	709.00	707.51
	(1.49)	**(352.44)**
Total	**34.06**	**(143.63)**

Refer note 55.

37 EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	500.47	441.67
Contribution to provident fund	16.41	12.45
Gratuity expenses (refer note 43)	8.94	6.49
Compensated expenses	(4.23)	6.08
Share based expenses (refer note 51)	69.00	21.35
Staff welfare expenses	11.86	11.43
Total	**602.45**	**499.47**

Refer note 55.

38 FINANCE COSTS

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expenses on borrowings	49.44	47.74
Interest expenses on lease liabilities	15.93	21.74
Other interest charges	0.33	0.56
Other finance charges	3.25	4.47
Total	**68.95**	**74.51**

Refer note 55.

39 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of property, plant and equipment (refer note 4)	32.46	22.27
Depreciation of right-of-use assets (refer note 6)	36.59	39.56
Amortisation of intangible assets (refer note 5)	8.27	10.77
Total	**77.32**	**72.60**

Refer note 55.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

40 OTHER EXPENSES

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Marketing and advertisement expenses	654.46	642.97
Beauty advisor expenses	180.86	132.27
Legal and professional fees	111.71	113.13
Web and technology expenses	123.19	69.50
Commission	18.98	28.86
Freight expenses	109.08	112.14
Outsource warehouse manpower expense	89.86	55.93
Recruitment expenses	7.96	11.96
Travelling and conveyance expenses	54.30	50.37
Expected credit loss	-	2.49
Communication expenses	9.26	10.80
Rates and taxes	76.24	34.26
Insurance expenses	17.09	10.41
Rent and maintenance expenses	6.21	2.67
Director sitting fees and commission	11.00	11.83
Repairs and maintenance - others	3.79	7.86
Security expenses	13.24	10.78
Selling expenses	153.31	126.39
Electricity charges	6.40	6.42
Bank charges	0.62	1.03
Warehouse operation management expenses	18.39	19.21
Auditors remuneration		
— Audit fees	9.00	8.73
— Other matters	0.80	0.80
— Out of pocket expenses	0.82	-
Brand usage fees	0.75	3.41
Expenditure towards Corporate Social Responsibility (CSR) activities (refer note 56)	15.09	10.31
Miscellaneous expenses	15.93	11.75
Total	**1,708.33**	**1,496.28**

Refer note 55.

41 EARNINGS PER SHARE (EPS)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Nominal value of per equity share	1/-	1/-
Profit after tax (A)	1,170.90	570.82
Profit attributable to equity shareholders	1,170.90	570.82
Total number of shares outstanding during the year	2,855,985,609	2,852,446,720
Weighted average number of equity shares outstanding during the year (B)	2,853,872,558	2,847,489,724
Basic EPS	**0.41**	**0.20**
Dilutive effect on weighted average number of equity shares outstanding during the year (C)	5,889,979	13,774,825
Weighted average number of diluted equity shares (D=B+C)	2,859,762,537	2,861,264,549
Diluted EPS	**0.41**	**0.20**

The number of shares at the beginning of the previous 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.

Refer note 55.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

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 6 for carrying value of right of use assets.

Set out below are the carrying amounts of lease liabilities (included under lease liabilities) and the movements during the year:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	**198.87**	**200.84**
Addition	0.22	70.48
Accretion of interest	15.93	21.74
Deletion due to closure	-	(3.92)
Payments	(90.96)	(90.27)
Closing balance	**124.06**	**198.87**
Non-current	51.04	124.02
Current	73.02	74.85
Total	**124.06**	**198.87**

The maturity analysis of lease liability is disclosed in note 48

The effective interest rate for lease liabilities as at March 31, 2024 ranges between 9.45% to 10.5% (March 31, 2023: 9.45% to 10.5%)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation expenses of right of use assets	36.59	39.56
Interest expenses on lease liabilities	15.93	21.74
Short term lease payments*	6.21	2.67
Total amount recognised in Statement of Profit and Loss	**58.73**	**63.97**

* Includes CAM charges.

The Company earned rental income from sublease of C47.75 Mn (March 31, 2023: C44.88 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 ₹16.41 Mn (March 31, 2023: ₹12.45 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.

The Company has provided for gratuity based on actuarial valuation done as per projected unit credit method.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

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

i. Amount to be recognised in the Balance Sheet

Particulars	As at March 31, 2024	As at March 31, 2023
Amount to be recognised in balance sheet		
Present value of defined benefit obligation	21.69	18.37
Less: Fair value of plan assets	-	-
Funded status — deficit / (surplus)	21.69	18.37
Net liability recognised in balance sheet	**21.69**	**18.37**
Non current	15.23	13.91
Current	6.47	4.46
Net liability recognised in balance sheet	**21.69**	**18.37**

ii. Changes in the present value of defined benefit obligation

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Reconciliation of Defined Benefit Obligation		
Opening defined benefit obligation	18.37	15.34
Current service cost	7.85	5.68
Interest cost	1.09	0.81
Actuarial loss / (gain) in obligation due to changes in financial assumptions	0.27	(0.58)
Actuarial (gain) in obligation due to changes in demographic	(0.87)	(1.31)
Actuarial (gain) / loss in obligation due to changes in experience adjustments	(2.00)	4.83
Benefit paid	(3.02)	(6.40)
Closing defined benefit obligations	**21.69**	**18.37**

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, 2024	For the year ended March 31, 2023
Current service cost	7.85	5.68
Past service cost	-	-
Interest expenses	1.09	0.81
Amounts recognised in the Statement of Profit and Loss under employee benefit expenses	**8.94**	**6.49**
Actuarial loss / (gain) in obligation due to changes in financial assumptions	0.27	(0.58)
Actuarial (gain) in obligation due to changes in demographic	(0.87)	(1.31)
Actuarial (gain) / loss in obligation due to changes in experience adjustments	(2.00)	4.83
Amount recognised in Other Comprehensive Income (OCI)	**(2.60)**	**2.94**

Refer note 55.

B. The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Mortality Table	IALM (2012-14)	IALM (2012-14)
Discount rate:	7.10%	7.20%
Future salary increases	7.00%	8% until year 1, then 6.5%
Withdrawal rates	37% - 38% across all levels	28% - 39% across all levels
IALM — Indian Assured Lives Mortality (Ultimate)	IALM (2012-14)	IALM (2012-14)

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

The discount rate is based on the prevailing market yields of Government of India Bonds as at the Balance Sheet date for the estimated term 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, 2024	As at March 31, 2023
Within the next 12 months (next annual reporting period)	5.80	4.29
Between 2 and 5 years	14.28	12.18
Between 6 and 9 years	3.17	4.59
10 & above following years	0.68	2.87
Total expected payments	**23.93**	**23.92**

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 3.6 years (March 31, 2023: 3.47 years).

D. Sensitivity analysis

The sensitivity analysis of significant actuarial assumption as of end of reporting period is shown below.

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate (-/+ 1%)		
Decrease by 100 basis points	0.64	0.66
Increase by 100 basis points	(0.61)	(0.62)
Future salary increase (-/+ 1%)		
Decrease by 100 basis points	(0.49)	(0.50)
Increase by 100 basis points	0.51	0.52

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period and assuming there are no other changes in the market conditions. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis

These plans typically expose the Company to actuarial risks such as: interest risk, longevity risk and salary risk.

(A) **Interest risk –** A decrease in the discount rate will increase the plan liability.

(B) **Longevity risk –** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(C) **Salary risk –** The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

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
Subsidiaries	FSN Brands Marketing Private Limited
	Nykaa E-Retail Limited (formerly known as Nykaa E-Retail Private Limited)
	Nykaa-KK Beauty Private Limited
	Nykaa Fashion Limited (formerly known as Nykaa Fashion Private Limited)
	FSN International Limited (formerly known as FSN International Private Limited)
	Nykaa International UK Limited (wholly owned subsidiary of FSN International Private Limited)
	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 08, 2022
	Iluminar Media Private Limited w.e.f. September 09, 2022
	Nessa International Holdings Limited w.e.f. March 02, 2023 (wholly owned subsidiary of FSN International Private Limited)
	FSN Distribution Limited (formerly known as FSN Distribution Private Limited)
	Dot & Key Wellness Private Limited
	Nysaa Beauty LLC w.e.f. October 03, 2023
Associate	Earth Rhythm Private Limited w.e.f. May 04, 2022
Directors and Key Management Personnel (KMP)	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
	Mr.Sujeet Jain – Company Secretary w.e.f. February 14, 2023 till February 07, 2024
	Mr. Ganesh Padmanabhan – Chief Financial Officer w.e.f February 03, 2023
	Mr. Arvind Agarwal – Chief Financial Officer till November 25, 2022
	Mr. Neelabja Chakrabarty – Company Secretary w.e.f. February 08, 2024
	Mr. Rajendra Punde – Company Secretary till February 13, 2023
Relative of Key Management Personnel (KMP)	Mrs. Rashmi Mehta – Relative of Managing Director
Company in which key management personnel have significant influence	Sealink View Probuild Private Limited
	Cerebrus Consultants Private Limited

B. Transactions with related parties

Particulars	Nature of transactions	Transactions during FY 2023-24	Balance as at March 31, 2024	Transactions during FY 2022-23	Balance as at March 31, 2023
Directors and Key Management Personnel (KMP)					
Mrs. Falguni Nayar	Remuneration & reimbursements*	6.61	-	15.97	(0.02)
Mr. Arvind Agarwal	Remuneration & reimbursements#	-	-	22.35	-
Mr. Rajendra Punde	Remuneration & reimbursements	-	-	24.03	-
Mr. P Ganesh	Remuneration & reimbursements	37.08	-	5.06	-
Mr. Sujeet Jain	Remuneration & reimbursements	26.53	-	9.80	-
Mr. Neelabja Chakrabarty	Remuneration & reimbursements	2.68			

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for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

Particulars	Nature of transactions	Transactions during FY 2023-24	Balance as at March 31, 2024	Transactions during FY 2022-23	Balance as at March 31, 2023
Ms. Anita Ramachandran	Sitting fees	0.95	-	1.40	-
	Commission	2.00	-	2.00	-
Ms. Alpana Parida	Sitting fees	0.48	-	1.30	-
	Commission	0.50	-	1.00	-
Mr. Pradeep Parameswaran	Sitting fees	0.55	-	0.68	-
	Commission	0.20	-	1.00	-
Mr. Milind Sarwate	Sitting fees	0.83	-	1.33	-
	Commission	3.00	-	3.00	-
Mr. Seshashayee Sridhara	Sitting fees	0.73	-	0.78	-
	Commission	1.00	-	1.00	-
Mr. Milan Khakhar	Sitting fees	0.78	-	1.28	-
Mr. Anchit Nayar	Remuneration & reimbursements*	1.32	-	4.24	-
Ms. Adwaita Nayar	Remuneration & reimbursements*	29.27	-	24.63	-
Relative of Key Management Personnel (KMP)					
Mrs. Rashmi Mehta	Rent expenses	3.14	0.07	2.99	0.07
	Security deposit	-	0.48	-	0.48
	Notional interest income on security deposit	0.05	-	(0.05)	-
	Lease liability	-	(1.56)	-	(4.37)
	Interest cost on lease liability	0.33	-	0.30	-
Subsidiary					
FSN Brands Marketing Private Limited	Loan given (net)	(115.47)	2,419.15	(605.99)	2,268.54
	Interest income	(168.38)	-	(121.86)	-
	Sales	(584.73)	-	(459.86)	34.84
	Sub-lease income	(21.68)	-	(20.38)	-
	Discount expense	155.81	(13.21)	100.30	-
	Marketing expense	222.78	-	204.22	-
	Income – Financial Guarantee	(9.90)	-	(5.37)	-
	Income – Financial Guarantee Notional	-	-	(2.58)	-
	Notional interest income – Loan	(35.14)	-	(48.88)	-
	Notional interest income – sub-lease	(4.41)	-	(5.87)	-
	Recovery / (reimbursement) of expenses	(250.19)	-	(203.01)	-
	Brands usage fees	(55.16)	-	(44.25)	-
	Share based expense reimbursement	0.61	-	(4.67)	-
	Other equity contribution	(0.61)	313.62	4.67	314.23
	Investment in subsidiary	-	1,020.00	-	1,020.00
	Net Investment – sub-lease	-	37.00	-	55.39
Nykaa E-Retail Limited (formerly known as Nykaa E-Retail Private Limited)	Loan given (net)	1,699.36	5.73	216.77	1,705.09
	Interest income	(29.60)	-	(139.03)	-
	Sales	(928.20)	545.71	(1,589.94)	188.99
	Discount expenses	385.33	-	336.14	-
	Banner advertisement expenses	197.24	-	226.85	-
	Recovery / (reimbursement) of expenses	(546.87)	-	(377.25)	-
	Commission – Financial Guarantee	(33.33)	-	(19.15)	-
	Commission – Financial Guarantee Notional	-	-	(12.79)	-
	Share based expense reimbursement	(72.97)	-	(45.91)	-
	Other equity contribution	72.97	515.02	45.90	442.05
	Brand usage fees	(467.69)	-	(394.49)	-

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(Amount in ₹ Million, unless otherwise stated)

Particulars	Nature of transactions	Transactions during FY 2023-24	Balance as at March 31, 2024	Transactions during FY 2022-23	Balance as at March 31, 2023
Nykaa Fashion Limited (formerly known as Nykaa Fashion Private Limited)	Loan given (net)	1,611.13	2,079.48	(2,292.66)	3,651.09
	Interest Income	(321.89)	-	(163.09)	-
	Recovery/(reimbursement) of expenses	(267.93)	60.81	(319.68)	68.49
	Sales	(6.88)	-	(6.48)	-
	Notional interest income – Loan	(39.43)	-	(41.58)	-
	Sublease Income	(19.44)	-	(18.51)	-
	Notional interest income – sub-lease	(3.95)	-	(5.29)	-
	Notional Commission on financial guarantee	-	-	0.70	-
	Income – Financial Guarantee	(8.28)	-	(2.30)	-
	Share based expense reimbursement	(11.11)	-	(18.04)	-
	Other equity contribution	11.11	211.64	18.04	200.53
	Brand usage fees	(55.86)	-	(44.43)	-
	Net Investment – sub-lease	-	33.00	-	48.56
	Consideration paid on account of business acquisition (refer note 55)	(2,260.30)	-	-	-
	Investment in subsidiary	1,500.00	1,750.10	-	250.10
Nykaa-KK Beauty Private Limited	Loan given (net)	1.81	-	69.33	1.81
	Interest Income	(0.08)	-	(1.47)	-
	Sublease Income	(8.84)	-	(7.77)	-
	Recovery / (reimbursement) of expenses	(41.00)	-	(22.02)	-
	Sales	-	-	(6.89)	-
	Notional interest income – sublease	(1.13)	-	(1.28)	-
	Notional interest income – Financial guarantee	-	-	(0.85)	-
	Commission – Financial Guarantee	(1.50)	-	(0.79)	-
	Other equity contribution	-	11.67	-	11.67
	Investment in subsidiary	-	5.10	-	5.10
	Royalty	(70.59)	22.91	(48.45)	17.01
	Net Investment- sub-lease	-	7.62	-	13.12
Nykaa International Limited (wholly owned subsidiary of FSN International Private Limited)	Loan given (net)	0.30	79.67	(63.19)	79.97
	Interest Income	(5.05)	-	(2.66)	-
	Recovery / (reimbursement) of expenses	(10.95)	2.64	(11.41)	-
	Sales	(5.57)	-	(13.81)	1.21
	Commission – Financial Guarantee	-	-	(0.38)	-
	Marketing Expense	1.46	-	2.82	-
	Discount Expense	0.73	-	1.41	-
	Investment in subsidiary	199.78	250.78	-	51.00
	Notional interest income – Loan	-	-	(0.59)	-
	Other equity contribution	-	1.77	-	1.77
FSN Distribution Limited (formerly known as FSN Distribution Private Limited)	Loan given (net)	(1,705.11)	3,192.31	(1,437.45)	1,487.20
	Interest Income	(195.25)	61.52	(49.65)	-
	Brand usage fees	(36.74)	-	(15.80)	-
	Sales	(30.39)	-	(26.67)	-
	Commission – Financial Guarantee	(2.25)	-	(0.94)	-
	Marketing expense	8.41	-	7.23	-
	Discount Expense	4.21	-	3.61	-
	Share based expense reimbursement	(2.77)	-	(0.30)	-
	Recovery / (reimbursement) of expenses	(128.66)	-	(107.69)	208.32
	Investment in subsidiary	-	0.10	-	0.10

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for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

Particulars	Nature of transactions	Transactions during FY 2023-24	Balance as at March 31, 2024	Transactions during FY 2022-23	Balance as at March 31, 2023
Iluminar Media Private Limited	Loan given (net)	(15.00)	75.00	60.00	60.00
	Interest Income	(5.10)	5.69	(1.70)	-
	Share based expense reimbursement	(9.83)	-	-	-
	Investment in subsidiary	-	292.75		292.75
Nykaa Foundation	Investment	-	0.10	0.10	0.10
Company in which key management personnel have significant influence					
Sealink View Probuild Private Limited	Rent, maintenance, electricity & other expenses	38.00	-	50.17	0.32
	Notional interest income on security deposit	1.00	-	(0.60)	-
	Security deposit	-	9.00	-	8.62
	Interest cost on lease liability	8.00	-	10.49	-
	Lease liability	-	(66.00)	-	96.61
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.

* The aggregate managerial remuneration, as approved, amounting to ₹86.69 Mn, ₹42.60 Mn and ₹42.56 Mn for Mrs. Falguni Nayar, Mr. Anchit Nayar and Ms. Adwaita Nayar respectively is paid in the ratio, as determined by the Nomination and Remuneration Committee, between the Holding Company and its subsidiaries. The amount disclosed above is the share of the Company, as determined, in accordance with such ratio.

The total offer expenses were estimated to be ₹2,423.44 Mn (inclusive of taxes) which were 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 out of the IPO proceeds was withheld pending final settlement of IPO proceeds and included amount payable to a related party. In the previous financial year, the same has been settled.

45 COMMITMENTS AND CONTINGENT LIABILITIES

A Commitments

The contract remaining to be executed on capital account and not provided for amounts to ₹262.72 Mn (net of advances) as at March 31, 2024 (March 31, 2023 – Nil).

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for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

B Contingent liabilities (not provided for)

Particulars	As at March 31, 2024	As at March 31, 2023
(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]	8,120.00	6,390.00
Total	**8,146.64**	**6,416.64**

Notes:

i. The Company has received VAT assessments order for financial years 2016-17 with demands amounting to ₹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 ₹8,120.00 Mn (March 31, 2023: ₹6,390.00 Mn).

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(i) 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:

Name of the Company	As at March 31, 2024		As at March 31, 2023	
	Outstanding Balance	Maximum Amount Outstanding during the year	Outstanding Balance	Maximum Amount Outstanding during the year
Subsidiaries				
FSN Brands Marketing Private Limited	2,419.15	2,644.72	2,268.54	2,361.33
Nykaa E-Retail Limited (formerly known as Nykaa E-Retail Private Limited)	5.73	1,705.09	1,705.09	2,769.43
FSN International Limited (formerly known as FSN International Private Limited)	79.67	87.80	79.97	80.60
Nykaa Fashion Limited (formerly known as Nykaa Fashion Private Limited)	2,079.48	5,509.51	3,651.08	3,882.11
Nykaa-KK Beauty Private Limited	-	1.81	1.81	106.31
FSN Distribution Limited (formerly known as FSN Distribution Private Limited)	3,192.31	3,442.31	1,487.20	1,498.18
Iluminar Media Private Limited (LBB)	75.00	75.00	60.00	60.00
Total	**7,851.34**	**13,466.24**	**9,253.69**	**10,757.96**
Non-current	3,861.00		2,184.35	
Current	3,990.34		7,069.34	

(ii) Audit trail

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

The Company also uses third-party operated software for processing payroll. Management has obtained the report of Service Organisation Controls (SOC) auditors engaged by such third party which does not mention whether the audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature being tampered with.

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for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

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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	Level	Carrying value as of	
		March 31, 2024	March 31, 2023
Financial Assets:			
Amortised cost			
Loans		7,851.34	9,253.69
Trade receivables		922.41	714.90
Cash and cash equivalents		14.42	112.62
Bank balance other than cash and cash equivalents		371.92	407.04
Other financial assets		561.03	1,832.87
FVTPL			
Derivative Financial Assets[1]	2	–	0.01
		9,721.12	**12,321.13**
Financial Liabilities:			
Amortised cost			
Borrowings		748.66	354.68
Lease liabilities		124.06	198.87
Trade payables		228.01	156.77
Other financial liabilities		519.74	2,607.83
FVTPL			
Derivative Financial Liabilities[2]	2	114.18	294.40
		1,734.64	**3,612.55**

[1] Included in other current financial asset.

[2] 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.

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for the Financial Statements for the year ended March 31, 2024

(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:

(A) Market risk

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

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2024 and March 31, 2023.

(a) Interest rate risk

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

Particulars	Increase / decrease in basis points	Effect (decrease) / increase on profit before tax
March 31, 2024	+50	(3.74)
	-50	3.74
March 31, 2023	+50	(1.77)
	-50	1.77

(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)

Particulars of transactions	Currency	As at March 31, 2024		As at March 31, 2023	
		Foreign currency	Equivalent ₹	Foreign currency	Equivalent ₹ *
Forward contracts to Purchases EUR – Trade Payable	Euro	0.45	40.58	0.01	0.49
Forward contracts to Purchases SGD – Trade Payable	SGD	0.01	0.43	-	-
Forward contracts to Purchases USD – Trade Payable	USD	2.65	221.13	-	-

* Amount in ₹ represents conversion at hedged rate.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

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

Particulars	Currency	As at March 31, 2024		As at March 31, 2023	
		Foreign currency	Equivalent ₹	Foreign currency	Equivalent ₹ *
Payables:					
Trade payables	USD	0.37	31.30	0.00	0.26
	Euro	0.00	0.31	-	-
	SGD	0.00	0.03	-	-
	GBP	0.00	0.04	-	-
Advances:					
Advance to vendors against purchases / expense	USD	0.43	36.20	0.01	0.76
	Euro	0.01	0.67	0.00	0.04
	GBP	0.03	2.97	-	-
	CNY	-	-	0.00	0.00

* 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.

(B) Credit risk

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

(a) Trade receivables

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

Movement in allowances for expected credit loss:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	3.37	0.88
Provision made/written back during the year	(0.92)	2.49
Closing balance	**2.45**	**3.37**

Trade receivables are non-interest bearing and are generally on terms of 0 to 60 days.

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(b) Security Deposit

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

(c) Financial instruments and cash deposit

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, 2024					
Borrowings	748.66	748.66	-	-	748.66
Trade payables	228.01	228.01	-	-	228.01
Other financial liabilities	633.92	519.74	114.18	-	633.92
Lease liabilities	124.06	81.37	53.72	-	135.09
Total	**1,734.64**	**1,577.77**	**167.90**	**-**	**1,745.67**
As at March 31, 2023					
Borrowings	354.68	354.68	-	-	354.68
Trade payables	156.77	156.77	-	-	156.77
Other financial liabilities	2,902.23	2,607.83	294.40	-	2,902.23
Lease liabilities	198.87	90.86	135.09	-	225.95
Total	**3,612.55**	**3,210.14**	**429.49**	**-**	**3,639.63**

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

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(Amount in ₹ Million, unless otherwise stated)

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, 2024	As at March 31, 2023
Gross debt	748.66	354.68
Less: Cash and cash equivalents	(14.42)	(112.62)
Net debt (A)	**734.24**	**242.06**
Equity	16,274.48	14,555.57
Total Equity (B)	**16,274.48**	**14,555.57**
Net gearing ratio (A)/(B)	0.05	0.02

51 SHARE BASED PAYMENTS

The Company has granted stock options under the employee stock option scheme- ESOS 2012, ESOS 2017, ESOP 2022 and RSU 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, ESOP 2022 and RSU scheme carry no rights to dividends and no voting rights till the date of exercise.The options granted under ESOS 2012, ESOS 2017, ESOP 2022 and RSU scheme carry no rights to dividends and no voting rights till the date of exercise.

The Company has recognised an expense of ₹69.00 Mn (March 31, 2023: ₹21.35 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, 2024 is ₹281.11 Mn (March 31, 2023: ₹169.26 Mn)

As at the end of the given period, details and movements of the outstanding options are as follows:

a. Options granted under ESOS 2012

Particulars	March 31, 2024**	March 31, 2023**
Options outstanding at the beginning of the year	153,000	111,000
Options granted during the year	-	42,000
Options forfeited during the year	(69,000)	-
Options expired/lapsed during the year	-	-
Options exercised during the year	-	-
Options outstanding at the end of the year	**84,000**	**153,000**
For options outstanding at the end of the year:		
Exercise price range	₹133.35 - 187.50	₹133.35 - 187.50
Weighted average remaining contractual life (in years)	4.54	5.45

b. Options granted under ESOS 2017

Particulars	March 31, 2024**	March 31, 2023**
Options outstanding at the beginning of the year	5,302,000	7,275,000
Options granted during the year	1,337,000	2,377,600
Options forfeited during the year	(1,669,990)	(2,719,800)
Options expired/lapsed during the year	(8,710)	-
Options exercised during the year	(538,000)	(1,630,800)
Options outstanding at the end of the year	**4,422,300**	**5,302,000**
For options outstanding at the end of the year:		
Exercise price range	₹21.46 - 226.33	₹12.30 - 226.33
Weighted average remaining contractual life (in years)	4.98	5.40

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

c. Options granted under ESOS 2022

Particulars	March 31, 2024**	March 31, 2023**
Options outstanding at the beginning of the year	690,000	-
Options granted during the year	181,400	690,000
Options forfeited during the year	(20,000)	-
Options expired/lapsed during the year	-	-
Options exercised during the year	-	-
Options outstanding at the end of the year	**851,400**	**690,000**
For options outstanding at the end of the year:		
Exercise price range	₹131.05 - 133.35	₹133.35
Weighted average remaining contractual life (in years)	5.43	6.36

d. Options granted under RSU

Particulars	March 31, 2024**	March 31, 2023**
Options outstanding at the beginning of the year	-	-
Options granted during the year	100,000	-
Options forfeited during the year	-	-
Options expired/lapsed during the year	-	-
Options exercised during the year	-	-
Options outstanding at the end of the year	**100,000**	**-**
For options outstanding at the end of the year:		
Exercise price range	₹1	-
Weighted average remaining contractual life (in years)	5.97	-

e. Fair value of options granted

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

Particulars	ESOS 2017			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	1.94-1.97	2.73-2.74	3.34-3.46	4.34-4.46
Risk free interest rate (%)	6.76% - 6.77%	6.79% - 6.81%	6.81% - 6.83%	6.82% - 6.85%
Volatility (%)	45%			
Share price on date of grant	135.45-149.10			
Fair value of options	40.53-47.89	48.7-56.46	54.22-63.35	62.11-71.68

Particulars	ESOS 2022			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	1.95	2.73	3.35	4.35
Risk free interest rate (%)	6.57%	6.58%	6.59%	6.61%
Volatility (%)	45.00%			
Share price on date of grant	142.05			
Fair value of options	46.73	54.87	60.39	68.28

Particulars	RSU			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	1.97	2.74	3.46	4.46
Risk free interest rate (%)	6.77%	6.81%	6.83%	6.85%
Volatility (%)	45.00%			
Share price on date of grant	149.10			
Fair value of options	148.22	148.27	148.31	148.36

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The volatility is based on annualised standard deviation of the continuously compounded rates of return based on the peer companies and competitive stocks over a period of expected life. The Company has determined the market price on grant date based on the closing price of stock on NSE Index, as on the grant date.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

The weighted average share price at the date of exercise of options exercised during the year was ₹151 (March 31, 2023: ₹188*)

** 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.

e. Expenses arising from share-based payment transactions

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Stock based compensation expense determined under fair value method recognised in statement of profit or loss	69.00	21.35
Stock based compensation expense pertaining to employees of subsidiaries, determined under fair value method recognised as cost of investment	96.07	72.62

52 RATIO ANALYSIS AND ITS ELEMENTS

Sn.	Ratio	Numerator	Denominator	March 31, 2024	March 31, 2023 (Refer note 55)	% change	Reason for variance
1	Current ratio	Current assets	Current liabilities	4.09	3.28	25%	
2	Debt equity ratio*	Total Debt	Shareholder's equity	0.05	0.02	89%	Increase is on account of increase in borrowing during current year
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	8.59	8.48	1%	
4	Return on equity ratio	Net Profits after taxes	Average Shareholder's Equity	8%	4%	4%	
5	Inventory turnover ratio	Cost of goods sold	Average Inventory	1.40	1.51	(7%)	
6	Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	3.15	5.98	(47%)	Decrease is on account of increase in trade receivables during current year
7	Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	5.38	6.79	(21%)	
8	Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets — Current liabilities	0.50	0.36	40%	Increase is on account of decrease in working capital during current year
9	Net profit ratio	Net Profit	Net sales = Total sales - sales return	45%	21%	25%	
10	Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt - Deferred Tax Asset	6%	6%	0%	
11	Return on investment	Interest income on fixed deposit	Average investment in fixed deposit	8%	4%	4%	

* There are no long term loans accepted by the company.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

53 UTILISATION OF IPO FUNDS

During the year ended March 31, 2022, 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 million. 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 of ₹2,161.24 million (inclusive of taxes) were proportionately allocated between the selling shareholders and the Company in the proportion of equity shares sold by the selling shareholders and offered by the Company. The utilization of IPO proceeds of ₹6,045.72 million (net of IPO expenses of ₹254.28 million) is summarized below:

IPO Expense utilisation table:

Particulars	Amount to be utilised as per prospectus	Utilisation upto March 31, 2024	Unutilised as on March 31, 2024
Investment in certain of our Subsidiaries, namely, FSN Brands and / or Nykaa Fashion for funding the set-up of new retail stores	420.00	420.00	-
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	420.00	-
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**	**6,045.72**	**-**

54 OTHER STATUTORY INFORMATION

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

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

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

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

v. Other than the details mentioned below, 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(is), 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.

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

Name of the intemediary	Registered address of the intermediary	Relationship with the intermediary	Date of investment	Amount of investment
FSN International Limited	104, Vasan Udyog Bhavan,Sun Mill Compound Tulsi Pipe Road, Lower Parel (West), Mumbai City, Mumbai, Maharashtra, India, 400013	Subsidiary	November 30, 2023	130.87

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

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

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

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

Name of the ultimate beneficiary	Registered address of the intermediary	Relationship with the intermediary	Date of investment	Amount of investment
Nysaa Beauty LLC	Unit B030, City Center - 1st floor Sheikh Mohammed Bin Zayed Rd - Mirdif – Dubai	Subsidiary	March 05, 2024	130.87

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

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

vii. The Company does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

viii. The Company is not declared wilful defaulter by any Bank, Financial Institution or other lender.

55 DISCLOSURE PURSUANT TO IND AS 103 "BUSINESS COMBINATIONS"

The Board of Directors in their meeting held on February 06, 2024, has approved acquisition of Athleisure and Lingerie business of Nykaa Fashion Limited ('Transferor Company'), a wholly owned subsidiary of the Company, as a going concern on slump sale basis. The transaction has been consummated on March 29, 2024 post compliance of conditions precedent, being the closing date of transfer of business for a consideration of ₹2,260.30 Mn.

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

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

(ii) Difference between the carrying value of net assets acquired and consideration paid has been transferred to capital reserve, refer table 4 below.

(iii) The financial information in the financial statements in respect of prior periods i.e. for the year ended March 31, 2023 and for the period April 01, 2023 to March 29, 2024 (herein after referred as "pre-acquisition period") have been restated as if the business combination had occurred from the beginning of the preceding period in the financial statements irrespective of the actual date of acquisition in accordance with Ind AS 103, as detailed in table 1, 2 and 3 below.

(iv) Profit/(loss) for the pre-acquisition period related to the acquired business on account of restatement of financial statements as explained above did not result into increase/decrease in net assets of equivalent amount as of March 31, 2023 and as of March 29,2024 as not all the items of assets and liabilities were transferred. Accordingly, the difference between profit/(loss) and change in net assets position has been adjusted in retained earnings as Contribution.

(v) Profit/(loss) on the acquired business during the pre-aquisition period is not required to be adjusted from retained earnings. Accordingly, profit/(loss) for the said period net of adjustment as explained in point (iv) above has been reclassified from retained earnings to capital reserve.

(vi) The consequent tax effects amounting to ₹366.96 Mn on the above transaction have been considered in Statement of Profit and Loss for the year ended March 31, 2024. There is no impact on account of the above in the Consolidated Financial Statements.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

Table 1: Restatements — Balance Sheet

Particulars	As at March 31, 2023 Reported	As at March 31, 2023 Restated
Assets		
Non-current assets		
Property, plant and equipment	173.33	173.33
Intangible assets	4.18	36.74
Right of use assets	76.17	76.17
Intangible assets under development	8.86	8.86
Financial assets		
Investments	4,612.77	4,612.77
Loans	2,184.35	2,184.35
Other financial assets	108.08	108.08
Deferred tax assets (net)	39.97	39.97
Non current tax assets (net)	53.94	53.94
Other non current assets	5.07	5.07
Total non-current assets (A)	**7,266.72**	**7,299.28**
Current assets		
Inventories	485.25	780.04
Financial assets		
Trade receivables	586.04	714.90
Cash and cash equivalents	112.62	112.62
Bank balance other than cash and cash equivalents	407.04	407.04
Loans	7,069.34	7,069.34
Other financial assets	1,724.81	1,724.80
Other current assets	211.22	248.42
Total current assets (B)	**10,596.32**	**11,057.16**
Total assets (A+B)	**17,863.04**	**18,356.44**

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

Particulars	As at March 31, 2023 Reported	As at March 31, 2023 Restated
Equity and liabilities		
Equity		
Equity share capital	2,852.45	2,852.45
Other equity	13,640.29	11,703.12
Total equity (A)	**16,492.74**	**14,555.57**
Liabilities		
Non-current liabilities:		
Financial liabilities		
Lease liabilities	124.02	124.02
Other financial liabilities	294.40	294.40
Long-term provisions	12.94	13.91
Total non-current liabilities (B)	**431.36**	**432.33**
Current liabilities:		
Financial liabilities		
Borrowings	354.68	354.68
Lease liabilities	74.85	74.85
Trade payables		
– Total outstanding dues of Micro enterprise and small enterprises	9.98	9.98
– Total outstanding dues of creditors other than Micro enterprises and small enterprises	27.30	146.79
Other financial liabilities	299.45	2,607.83
Short-term provisions	20.59	22.32
Contract liabilities	3.28	3.28
Other current liabilities	148.81	148.81
Total current liabilities (C)	**938.94**	**3,368.54**
Total liabilities (B+C)	**1,370.30**	**3,800.87**
Total equity and liabilities (A+B+C)	**17,863.04**	**18,356.44**

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

Table 2: Restatements – Statement of Profit and Loss

Particulars	For the year ended March 31, 2023 Reported	For the year ended March 31, 2023 Restated
Income		
Revenue from operations	2,177.99	2,754.56
Other income	1,286.86	1,287.73
Total Income	**3,464.85**	**4,042.29**
Expenses		
Cost of material consumed	589.11	589.11
Purchase of traded goods	210.09	689.95
Changes in inventories of finished goods and stock-in-trade	57.65	(143.63)
Employee benefits expense	365.22	499.47
Finance costs	74.51	74.51
Depreciation and amortisation expense	70.63	72.60
Other expenses	1,291.37	1,496.28
Total expenses	**2,658.58**	**3,278.29**
Profit before tax	**806.27**	**764.00**
Tax expense:		
Current tax	157.90	157.90
Deferred tax	35.28	35.28
Total tax expense	**193.18**	**193.18**
Profit after tax	**613.09**	**570.82**
Other Comprehensive Income (OCI)		
Items that will not be reclassified to profit or loss		
Remeasurement gain/(loss) of defined benefit liability	(2.94)	(2.94)
Income tax effect on above	0.74	0.74
Other comprehensive income/(loss) for the year, net of tax	**(2.20)**	**(2.20)**
Total Comprehensive Income for the year	**610.89**	**568.62**
Earnings per share of face value ₹ 1/- each		
Basic	**0.22**	**0.20**
Diluted	**0.21**	**0.20**

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

Table 3: Restatements – Statement of Cashflows

Particulars	For the year ended March 31, 2023 Reported	For the year ended March 31, 2023 Restated
Cashflows used in operating activities	(38.92)	(4.38)
Cashflows used in investing activities	(378.81)	(413.35)
Cashflows from financing activities	212.61	212.61
Net decrease in cash and cash equivalents	(205.12)	(205.12)
Add: Cash and cash equivalents at the beginning of the year	317.74	317.74
Cash and cash equivalents at the end of the year	**112.62**	**112.62**

Table 4: Restatements – Capital reserve on slump sale due to excess of carrying value of assets being transferred over the liabilities as at April 01, 2022:

Particulars		Amount
Asset		
Trade receivable		7.54
Inventories		93.51
Other current assets		43.91
Total assets	A	**144.96**
Trade payable		2.35
Other financial liabilities		25.44
Total liabilities	B	**27.79**
Net value of assets and liabilities acquired as on April 01, 2022	(C=A-B)	**117.17**
Less: Consideration in form of cash	D	**2,260.30**
Capital reserve as on 1 April 2022	(E=C-D)	(2,143.13)
Add: Net assets acquired during FY 22-23	F	205.97
Capital reserve as on 31 March 2023	(G=E+F)	(1,937.16)
Add: Net assets acquired from April 01, 2023 to March 29, 2024	H	279.92
Capital reserve as on March 29, 2024	(I=G+H)	(1,657.24)

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

56 EXPENDITURE TOWARDS CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Sn.	Particulars	As at March 31, 2024	As at March 31, 2023
a	Gross amount required to be spent by the Company during the year	15.09	10.31
b	Amount spent during the year on the following in cash		
	i. Construction / acquisition of any asset	-	-
	ii. On purpose other than (i) above	7.44	3.00
c	The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	7.64	7.31
d	The total of previous years' shortfall amounts;	-	-
e	Related party transactions in relation to corporate social responsibility	-	-
f	Provision movement during the year	7.64	7.31
g	Reason of above shortfall	The Company is executing certain multiyear ongoing projects namely 'Project National Council of Applied Economic Research ('NACER') x Nykaa Study'. 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 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 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.
h	Nature of CSR activities	The amount during the year has been spent towards promotion of sports, education, empowering women, eradicating hunger , ensuring health and well-being, building skills, and uplifting through employment.	The amount during the year has been spent towards promoting research and education, upskilling and health care.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

* Contribution of ₹2.20 Mn (March 31, 2023: ₹3.00 Mn) has been given to Nykaa foundation which is a section 25 company engaged in doing CSR activities. The amount has been contributed to Salam Bombay Foundation (March 31, 2023: Sambhav Foundation) through Nykaa Foundation for CSR activity.

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Previous year figures have been regrouped and reclassed wherever required to conform to those of the current 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

Place: Mumbai
Date: May 22, 2024

For and on behalf of Board of Directors of
FSN E-Commerce Ventures Limited

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

Anchit Nayar
Executive Director
DIN: 08351358

P Ganesh
Chief Financial Officer

Neelabja Chakrabarty
Company Secretary &
Compliance Officer
Membership No.: A16075

Place: Mumbai
Date: May 22, 2024

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, 2024, 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 material 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, 2024, 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, 2024. 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	How our audit addressed the key audit matter
Revenue recognition (as described in note 2C(i) of the consolidated financial statements)	
During the year ended March 31, 2024, the Group recognized a product revenue of ₹54,784.77 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.	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.

Assessment of carrying value of inventory (as mentioned in Note 13 of the consolidated financial statements)	
The Company has inventories of ₹11,920.46 million, as at March 31, 2024. These inventories are held mostly at warehouses and stores of the Group. The Group recognizes inventory obsolescence based on the age of the product (ie 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.	Our audit procedures included the following: • 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, 2024. • Verified the reconciliation of inventory received vis-a-vis the purchase invoices recorded from the vendors for the year ended March 31, 2024. • 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, 2024.
Recognition of Deferred Tax Assets (as described in Note 2C(p) 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. As at March 31, 2024, the total deferred tax asset of ₹2,689.91 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.	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, 2024 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".

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 ('Other Information'), 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 do 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.

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 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 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, 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, 2024 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 eleven subsidiaries whose financial statements include total assets of ₹5,649.44 million as at March 31, 2024, and total revenues of ₹7,623.41 million and net cash inflow of ₹273.80 million for the year ended on that date. These financial statement 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 ₹39.67 million for the year ended March 31, 2024, as considered in the consolidated financial statements, in respect of one associate, whose financial statements, 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.

2. 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 except for the matters stated in the paragraph (i)(vi) below on reporting under Rule 11(g);

(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, 2024 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, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i)(vi) below on reporting under Rule 11(g);

(g) With respect to the adequacy of the internal financial controls 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;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid/provided by the Holding Company and its subsidiaries, to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us 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 47(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;

(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, 2024.

(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, other than as disclosed in the note 56(5) 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 ("Ultimate 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, other than as disclosed in the note 56(6) 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 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) Based on our examination which included test checks and that performed by the respective auditors of the subsidiaries and associate, which are companies incorporated in India, whose financial statements have been audited under the Act, except that, as described in Note 52 to the financial statements, the Holding Company, subsidiaries and associate have used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software.

In case of Holding Company, subsidiaries and associate, audit trail feature is not enabled at the

- database level and for modifications to master data fields in respect of one accounting software and
- in respect of supporting softwares, audit trail feature is not enabled at database level.

With respect to third-party operated software applications, in the absence of Service Organisation Controls report on audit trail, as described in Note 52 to the financial statements, we are unable to comment on whether the audit trail feature with respect to third-party operated software applications was enabled and operated throughout the year for all relevant transactions recorded in these software applications or whether there were any instances of the audit trail feature being tampered with.

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

per **Nilangshu Katriar**
Partner
Membership Number: 058814
UDIN:24058814BKGSOE4424
Place of Signature: Mumbai
Date: May 22, 2024

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)
2	Nykaa E-Retail Limited	U74999MH2017PTC291558	Subsidiary	(i)(a)(A)
3	FSN Brands Marketing Private Limited	U74120MH2015PTC262096	Subsidiary	(i)(a)(A)
4	FSN Distribution Limited	U51909MH2021PTC364942	Subsidiary	(i)(a)(A)
5	Nykaa Fashion Limited	U18102MH2019PTC320627	Subsidiary	(i)(a)(A)
6	Nykaa-KK Beauty Private Limited	U24290MH2018PTC311880	Subsidiary	(i)(a)(A)
7	FSN International 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:24058814BKGSOE4424
Place of Signature: Mumbai
Date: May 22, 2024

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, 2024, 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.

OPINION

In our opinion, the Group and its associate, which are companies incorporated in India, have maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2024, 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 issued by the ICAI.

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 3 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.

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

per **Nilangshu Katriar**
Partner
Membership Number: 058814
UDIN: 24058814BKGSOE4424
Place of Signature: Mumbai
Date: May 22, 2024

Consolidated Balance Sheet

as at March 31, 2024

(Amount in ₹ Million, unless stated otherwise)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
Assets			
Non-current assets			
Property, plant and equipment	4	2,357.72	2,313.46
Capital work-in-progress	5	60.77	20.22
Goodwill	6	610.65	610.65
Other intangible assets	6	1,104.67	944.85
Right of use assets	7	2,608.54	3,119.21
Intangible assets under development	8	236.99	288.56
Investments accounted for using equity method	9	338.23	377.90
Financial assets			
Investments	9	4.88	3.30
Other financial assets	10	492.36	434.50
Deferred tax assets (net)	11	2,689.91	1,877.73
Non current tax assets (net)		456.72	211.82
Other non current assets	12	115.36	241.60
Total non-current assets (A)		**11,076.80**	**10,443.80**
Current assets:			
Inventories	13	11,920.46	10,051.40
Financial assets			
Trade receivables	14	2,416.00	1,635.31
Cash and cash equivalents	15	757.77	413.76
Bank balance other than cash and cash equivalents	16	1,640.81	1,073.64
Other financial assets	17	1,833.22	2,644.86
Other current assets	18	4,361.20	3,237.01
Total current assets (B)		**22,929.46**	**19,055.98**
Total Assets (A+B)		**34,006.26**	**29,499.78**
Equity and liabilities			
Equity			
Equity share capital	19	2,855.99	2,852.45
Other equity	20	9,766.34	10,927.65
Equity attributable to equity holders of the parent		**12,622.33**	**13,780.10**
Non-controlling interest		188.11	141.45
Total equity (A)		**12,810.44**	**13,921.55**
Liabilities			
Non-current liabilities:			
Financial liabilities			
Borrowings	21	-	3.61
Lease Liabilities	22	1,593.03	2,133.68
Other financial liabilities	23	711.85	1,373.20
Long-term provisions	24	102.21	92.65
Total non-current liabilities (B)		**2,407.09**	**3,603.14**
Current liabilities:			
Financial liabilities			
Borrowings	25	6,803.95	4,600.01
Lease liabilities	26	1,297.89	1,247.63
Trade payables	27		
– Total outstanding dues of micro enterprises and small enterprises		370.16	418.93
– Total outstanding dues of creditors other than micro enterprises and small enterprises		3,496.76	2,234.96
Other financial liabilities	28	6,084.58	2,703.61
Short-term provisions	29	86.90	113.86
Contract liabilities	30	273.42	234.78
Other current liabilities	31	375.07	421.31
Total current liabilities (C)		**18,788.73**	**11,975.09**
Total liabilities (B+C)		**21,195.82**	**15,578.23**
Total equity and liabilities (A+B+C)		**34,006.26**	**29,499.78**

The accompanying notes form 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

For and on behalf of Board of Directors of
FSN E-Commerce Ventures Limited

per Nilangshu Katriar
Partner
Membership No: 058814

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

Anchit Nayar
Executive Director
DIN: 08351358

P Ganesh
Chief Financial Officer

Neelabja Chakrabarty
Company Secretary & Compliance Officer
Membership No.: A16075

Place: Mumbai
Date: May 22, 2024

Place: Mumbai
Date: May 22, 2024

Consolidated Statement of Profit and Loss

for the year ended March 31, 2024

(Amount in ₹ Million, except per share data and unless stated otherwise)

Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Income			
Revenue from operations	32	63,856.26	51,438.00
Other income	33	299.42	302.13
Total Income		**64,155.68**	**51,740.13**
Expenses			
Cost of material consumed	34	651.13	1,594.33
Purchase of traded goods	35	37,816.75	28,479.91
Changes in inventories of finished goods and stock-in-trade	36	(2,004.02)	(1,417.43)
Employee benefits expense	37	5,649.01	4,917.17
Finance costs	38	828.32	746.05
Depreciation and amortisation expense	39	2,242.33	1,732.56
Other expenses	40	18,281.89	15,303.59
Total Expenses		**63,465.41**	**51,356.18**
Profit before share of loss of an associate and tax		690.27	383.95
Tax expense:			
Current tax	11	1,067.35	861.11
Deferred tax	11	(814.24)	(725.37)
Total tax expense		**253.11**	**135.74**
Profit after tax		**437.16**	**248.21**
Share in loss of associate		(39.67)	(38.60)
Profit for the year		**397.49**	**209.61**
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability		8.12	0.77
Income tax effect on above		(2.02)	0.15
		6.10	**0.92**
(ii) Items that will be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations, net		(1.67)	0.65
		(1.67)	**0.65**
Other comprehensive income/(loss) for the year, net of tax		**4.43**	**1.57**
Total Comprehensive Income for the year		**401.92**	**211.18**
Profit attributable to:			
Equity holders of the parent		322.65	192.62
Non-controlling interest		74.84	16.99
		397.49	**209.61**
Other comprehensive income/(loss) attributable to:			
Equity holders of the parent		5.12	1.53
Non-controlling interest		(0.69)	0.04
		4.43	**1.57**
Total comprehensive income attributable to:			
Equity holders of the parent		327.77	194.15
Non-controlling interest		74.15	17.03
		401.92	**211.18**
Earnings per share of face value D 1/- each			
Basic earnings per equity share (in ₹)	41	0.11	0.07
Dilutes earnings per equity share (in ₹)	41	0.11	0.07

The accompanying notes form 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

Place: Mumbai
Date: May 22, 2024

For and on behalf of Board of Directors of
FSN E-Commerce Ventures Limited

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

Anchit Nayar
Executive Director
DIN: 08351358

P Ganesh
Chief Financial Officer

Neelabja Chakrabarty
Company Secretary & Compliance Officer
Membership No.: A16075

Place: Mumbai
Date: May 22, 2024

Consolidated Statement of Cash flows

for the year ended March 31, 2024

(Amount in ₹ Million, unless stated otherwise)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flows from operating activities		
Profit before tax as per statement of profit and loss	**690.27**	**383.95**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment and right of use assets	1,998.62	1,559.73
Amortisation of intangible assets	243.71	172.81
Interest expense and other finance costs	828.32	746.05
Unrealised foreign exchange (gain)/loss (net)	6.41	(3.11)
Share based expense	163.64	93.96
Provision for gratuity expense	45.78	41.65
Provision for compensated expense	(19.04)	30.04
Allowance for expected credit loss	113.14	44.80
Interest income	(197.32)	(218.59)
Liabilities no longer required written back	(18.33)	(2.19)
Gain on termination of lease	(27.46)	(10.10)
Operating profit before working capital changes	**3,827.74**	**2,839.00**
Working capital Adjustments:		
(Increase) in trade receivables	(893.83)	(718.84)
(Increase) in inventories	(1,869.06)	(1,295.19)
(Increase) in current financial asset	(591.51)	(91.44)
(Increase) in non-current financial assets	(106.99)	(223.02)
(Increase) in other current assets	(1,124.19)	(1,213.21)
Decrease / (Increase) in other non current assets	31.92	(67.70)
Increase/ (decrease) in trade payables	1,220.80	(987.06)
(Decrease) / Increase in provisions	(26.96)	16.89
Increase in current financial liabilities	861.16	1,094.88
(Decrease) / Increase in other current liabilities	(5.26)	250.56
(Decrease) in long-term provisions	(9.06)	(56.24)
Cash flows from / (used in) operating activities	**1,314.76**	**(451.37)**
Payment of taxes (net)	(1,312.25)	(951.05)
Net cash flows from / (used in) operating activities (A)	**2.51**	**(1,402.42)**
Cash flows from investing activities		
Purchase of property, plant and equipment and other intangible assets (net of capital advances)	(1,107.28)	(2,081.61)
Investment in associate	-	(416.50)
Investment in subsidiary (net off cash and cash equivalent from subsidiary)	-	(285.92)
Proceeds from bank deposits	1,581.36	-
(Investment) in bank deposits	(232.38)	-
(Investment) / Proceeds from bank deposits (net)	(561.09)	3,998.86
Interest received	218.28	180.94
Net cash flows used in / from investing activities (B)	**(101.11)**	**1,395.77**

Consolidated Statement of Cash flows

for the year ended March 31, 2024

(Amount in ₹ Million, unless stated otherwise)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flow from financing activities		
Proceeds from issue of equity shares/ shares pending allotment including security premium (net off expenses)	172.30	288.36
Investment by non-controlling interest in Subsidiary	107.08	-
Repayment of non-current borrowings (net)	(3.61)	(5.61)
Proceeds from current borrowings (net)	2,203.94	1,268.80
Interest paid on borrowings	(557.72)	(334.21)
Principal payment of lease liabilities	(1,166.52)	(820.07)
Interest paid on lease liabilities	(312.86)	(348.58)
Net cash flows from financing activities (C)	**442.61**	**48.69**
Net increase in cash and cash equivalents (A+B+C)	**344.01**	**42.04**
Cash and cash equivalents at the beginning of the year	413.76	371.72
Cash and cash equivalents at the year end (refer note 15)	**757.77**	**413.76**

Notes:

1. Non cash transactions relating to investing and financing activities (refer note 17, 28 and 42)
2. 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 form 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

Place: Mumbai
Date: May 22, 2024

For and on behalf of Board of Directors of
FSN E-Commerce Ventures Limited

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

Anchit Nayar
Executive Director
DIN: 08351358

P Ganesh
Chief Financial Officer

Neelabja Chakrabarty
Company Secretary & Compliance Officer
Membership No.: A16075

Place: Mumbai
Date: May 22, 2024

Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

(Amount in ₹ Million, unless stated otherwise)

A. EQUITY SHARE CAPITAL

Equity shares issued, subscribed and fully paid (refer note 19)

	No. of shares	Amount
As at April 01, 2022	474,104,876	474.11
Issue of equity shares of face value of ₹1 each	4,778,769	4.78
Issue of bonus shares(1)	2,373,563,075	2,373.56
As at March 31, 2023	**2,852,446,720**	**2,852.45**
Issue of equity shares of face value of ₹1 each	3,538,889	3.54
As at March 31, 2024	**2,855,985,609**	**2,855.99**

[1] 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.

B. OTHER EQUITY

Particulars	Equity attributable to equity holders of the parent										
	Share application money pending allotment	Reserves and surplus					Foreign Currency Translation Reserve	Other Comprehensive Income (OCI)	Total other equity	Non-controlling interest	Total
		Retained Earnings	Securities premium	Capital reserve	Employee shares option scheme reserve	Other reserves					
Balance as at April 01, 2022	0.65	(581.50)	14,150.68	0.36	155.95	(788.25)	0.53	(13.53)	12,924.89	56.15	12,981.04
Net profit for the year	-	192.62	-	-	-	-	-	-	192.62	16.99	209.61
Other comprehensive income	-	-	-	-	-	-	0.65	0.88	1.53	0.04	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	-	-	(2,373.56)	-	-	-	-	-	(2,373.56)	-	(2,373.56)
Securities premium on issue of bonus shares	-	-	291.86	-	-	-	-	-	291.86	-	291.86
Addition during the year	296.45	-	-	-	93.92	-	-	-	390.37	-	390.37
Shares allotted during the year on account of ESOP	(296.64)	-	80.67	-	(80.67)	-	-	-	(296.64)	-	(296.64)
Financial liability for acquisition through put option	-	-	-	-	-	(150.94)	-	-	(150.94)	-	(150.94)
Adjustment for NCI's carrying value for put option	-	-	-	-	-	(44.39)	-	-	(44.39)	44.39	-
Share issue expense	-	-	(8.09)	-	-	-	-	-	(8.09)	-	(8.09)
Acquisition during the year	-	-	-	-	-	-	-	-	-	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**
Net profit for the year	-	322.65	-	-	-	-	-	-	322.65	74.84	397.49
Other comprehensive income	-	-	-	-	-	-	(1.67)	6.79	5.12	(0.69)	4.43
Total comprehensive income	-	**322.65**	-	-	-	-	**(1.67)**	**6.79**	**327.77**	**74.15**	**401.92**
Securities premium on issue of shares on account of ESOP	-	-	164.22	-	-	-	-	-	164.22	-	164.22
Addition during the year	172.30	-	-	-	165.07	-	-	-	337.37	107.08	444.45
Shares allotted during the year on account of ESOP	(167.76)	4.75	48.46	-	(53.21)	-	-	-	(167.76)	-	(167.76)
Financial liability for acquisition through put option	-	-	-	-	-	(1,957.48)	-	-	(1,957.48)	-	(1,957.48)
Adjustment for NCI's carrying value for put option	-	-	-	-	-	134.57	-	-	134.57	(134.57)	-
As at March 31, 2024	**5.00**	**(61.48)**	**12,354.24**	**0.36**	**281.06**	**(2,806.49)**	**(0.49)**	**(5.86)**	**9,766.34**	**188.11**	**9,954.44**

Refer note 20 for the nature and purpose of each reserve.

The accompanying notes form 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

Place: Mumbai
Date: May 22, 2024

For and on behalf of Board of Directors of
FSN E-Commerce Ventures Limited

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

P Ganesh
Chief Financial Officer

Place: Mumbai
Date: May 22, 2024

Anchit Nayar
Executive Director
DIN: 08351358

Neelabja Chakrabarty
Company Secretary & Compliance Officer
Membership No.: A16075

Notes

for the Financial Statements for the year ended March 31, 2024

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 (collectively, the 'Group') for the year ended March 31, 2024 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 Group is engaged in the business of manufacturing, selling and 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 and also in providing marketing support services.

The Board of Directors have approved the Consolidated Financial Statements for the year ended March 31, 2024 and approved for the issue on May 22, 2024.

2. MATERIAL 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
- defined benefit plans
- share-based payments.

(iii) New and amended standards adopted by the Group

The Ministry of Corporate Affairs had vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amended certain accounting standards (see below), and are effective April 01, 2023:

(a) Disclosure of accounting policies – amendments to Ind AS 1

(b) Definition of accounting estimates amendments to Ind AS 8

(c) Deferred tax related to assets and liabilities arising from a single transaction – amendments to Ind AS 12

The other amendments to Ind AS notified by these rules are primarily in the nature of classifications.

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.

(iv) New and amended standards issued but not effective

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

2B. Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries and associate as at March 31, 2024. 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.

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 off 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.

Notes

for the Financial Statements for the year ended March 31, 2024

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, 2024. 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.

(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 long-term 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 non-controlling 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

Notes

for the Financial Statements for the year ended March 31, 2024

- 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 off the related assets or liabilities.

2C. Summary of material 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 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 OCI and accumulated in equity as capital reserve.

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 off, 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
- 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 non-current 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.

Notes

for the Financial Statements for the year ended March 31, 2024

(c) Property plant and equipment

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

Subsequent expenditure related to an item of property, plant and 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 Work-in-Progress and is stated at cost, net of accumulated impairment loss, if any. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of property, plant and 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 and equipment:

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

Estimated useful lives of the assets are as follows:

Property, plant and 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 estimate.

(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 amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised 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
Computer Software	3
Brands	15

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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 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.

(e) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date. If there is any indication of impairment based on internal / external factors, an impairment loss is recognised, i.e. wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net fair value and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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

Net realisable 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.

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Group as a lessee:

The Group applies a single recognition and measurement approach for all leases, except for short-term 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.

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 straight-line basis over the lease term.

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.

(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.

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Financial Liabilities

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

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

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

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

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

(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 instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Statement of Profit and Loss when the right of payment has been established, except when the 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 non-listed equity investments under this category.

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Financial assets at fair value through profit or loss (FVTPL)

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

ii. Financial liabilities

Financial liabilities at fair value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

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 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.

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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 recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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

(i) Revenue recognition:

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold, and services rendered is net of variable consideration on account of discounts offered by the Group 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.

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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 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 recognises revenue in the amount of the commission to which it expects to be entitled in exchange for arranging for the provision of goods and services.

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

Rendering of services:

Market place income :

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

Marketing support revenue

- The Group recognises 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 recognise advertising revenue on 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. 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

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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.

(j) Interest income:

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

(k) Provisions

A provision is 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 settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(l) Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of 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 (INR), 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.

Translation of financial statements of foreign entities

Translation of financial statements of foreign entities. On consolidation, the assets and liabilities of foreign operations are translated into (Indian Rupees) at the exchange rate prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Consolidated Statement of OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to Consolidated Statement of Profit and Loss.

Net investments in foreign operation

Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss.

(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 recognised, 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 recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has

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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 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.

(n) Employee benefits

Short term employee benefits

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

Post-employment benefits

i. Defined Contribution Plans:

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the period/year when the contribution to the funds is due. There are no other obligations other than the contribution payable to the fund. The 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 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 recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through 'Other comprehensive income' in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

The 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 utilisation / 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.

(o) Fair value measurement

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

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

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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.

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 recognised 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.

(p) Income taxes

Tax expense comprises current and deferred tax.

Current income tax

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no

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longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Current tax and deferred tax are measured using the tax rates and tax laws enacted or substantively enacted, at the reporting date. Current income tax and deferred tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in OCI or in equity). The 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.

(q) Cash and cash equivalents

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

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

(r) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group 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 Group does not recognise a contingent liability but discloses its existence in the financial statements.

(s) Earnings per share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, except where the result would be anti-dilutive.

(t) 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.

(u) 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 estimations that have been made by the management in the process of applying theGroup's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation

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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 Group as lessee

The Group 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 Group has several lease contracts that include extension and termination options. The Group 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 Group 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 Group 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 Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial period/year end. The lives are based on historical experience with similar assets.

b. Fair Value measurement of financial instruments

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

c. Estimation of defined benefit obligation and compensated absences

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

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

d. Income taxes

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

e. Deferred Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. In assessing the probability the Group 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

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for the Financial Statements for the year ended March 31, 2024

planning strategies. The Group 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 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 Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group'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 Group uses a simplified approach to determine impairment loss allowance on the portfolio of trade receivables. This is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group'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 Group 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 Group 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 Group '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 Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's credit rating).

k. Other estimates:

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

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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
Gross carrying amount							
As at April 01, 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 (refer note 53B)	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**
Additions	41.65	400.80	101.96	1.13	3.35	206.59	755.48
Disposals	(0.02)	(2.60)	(0.72)	-	-	-	(3.34)
As at March 31, 2024	**654.42**	**1,944.74**	**721.44**	**11.33**	**17.51**	**889.01**	**4,238.45**
Accumulated depreciation							
As at April 01, 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**
Additions	155.42	203.61	126.41	1.13	1.40	220.16	708.13
Disposals	-	(0.17)	(0.08)	-	-	-	(0.25)
As at March 31, 2024	**490.97**	**566.15**	**311.88**	**6.28**	**4.40**	**501.05**	**1,880.73**
Net carrying amount							
As at March 31, 2024	**163.45**	**1,378.59**	**409.56**	**5.05**	**13.11**	**387.96**	**2,357.72**
As at March 31, 2023	**277.24**	**1,183.83**	**434.65**	**5.05**	**11.16**	**401.53**	**2,313.46**

Notes:

(1) Movable assets have been pledged to secure borrowings of the Company (refer note 21 and note 25).

(2) Refer note 47 for capital commitments.

NOTE 5 CAPITAL WORK-IN-PROGRESS

Particulars	Amount
As at April 01, 2022	97.64
Addition	1,062.32
Capitalisation	(1,139.74)
As at March 31, 2023	**20.22**
Addition	228.61
Capitalisation	(188.06)
As at March 31, 2024	**60.77**

Capital work-in-progress ageing schedule

Particulars	Amount lying in capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2024	60.77	-	-	-	60.77
As at March 31, 2023	20.22	-	-	-	20.22

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.

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(Amount in ₹ Million, unless otherwise stated)

6 INTANGIBLE ASSETS

Particulars	Business application development cost	Computer Softwares	Trademark	Total Intangible Assets	Goodwill
Gross carrying amount					
As at April 01, 2022	432.76	54.94	538.44	1,026.14	475.15
Additions	244.10	16.07	35.74	295.91	-
Addition on account of acquisition (refer note 53A and 53B)	-	-	196.78	196.78	135.87
Disposals	(15.08)	-	-	(15.08)	-
As at March 31, 2023	**661.78**	**71.01**	**770.96**	**1,503.75**	**611.02**
Additions	354.36	49.06	0.11	403.53	-
Disposals	-	-	-	-	
As at March 31, 2024	**1,016.14**	**120.07**	**771.07**	**1,907.28**	**611.02**
Accumulated amortisation					
As at April 01, 2022	325.69	33.69	26.71	386.09	0.37
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**	**558.90**	**0.37**
Amortisation charge for the year	150.84	16.07	76.80	243.71	-
Disposals	-	-	-	-	-
As at March 31, 2024	**566.93**	**69.33**	**166.35**	**802.61**	**0.37**
Net carrying amount					
As at March 31, 2024	**449.21**	**50.74**	**604.72**	**1,104.67**	**610.65**
As at March 31, 2023	**245.69**	**17.75**	**681.41**	**944.85**	**610.65**

Notes:

(1) Refer note 47 for capital commitments.

(2) Refer note 53 for goodwill impairment assessment.

7 RIGHT OF USE ASSETS

Particulars	Total
Gross carrying amount	
As at April 01, 2022	**3,986.05**
Additions	1,799.53
Addition on account of acquisition of subsidiary	5.95
Disposals	(458.06)
As at March 31, 2023	**5,333.47**
Additions	1,048.71
Disposals	(715.17)
As at March 31, 2024	**5,667.01**
Accumulated depreciation	
As at April 01, 2022	**1,512.79**
Depreciation charge for the year	1,070.68
Disposals	(369.21)
As at March 31, 2023	**2,214.26**
Additions	1,290.49
Disposals	(446.28)
As at March 31, 2024	**3,058.47**
Net carrying amount	
As at March 31, 2024	**2,608.54**
As at March 31, 2023	**3,119.21**

Notes:

(1) Disposals include derecognition of ROU asset on cancellation of lease contract.

(2) Refer note 53 for acquisition of assets on account of business purchase.

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(Amount in ₹ Million, unless otherwise stated)

8 INTANGIBLE ASSETS UNDER DEVELOPMENT ('IAUD')

Particulars	Amount
As at April 01, 2022	147.31
Addition	390.10
Reversal	(4.75)
Capitalisation	(244.10)
As at March 31, 2023	**288.56**
Addition	331.86
Reversal	-
Capitalisation	(383.43)
As at March 31, 2024	**236.99**

Particulars	Amount of the Intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2024	**235.92**	**1.07**	**-**	**-**	**236.99**
As at March 31, 2023	288.56	-	-	-	288.56

Notes:

(1) Intangible assets under development include cost for development of business application and cost for implementation of accounting and finance software.

(2) There are no overdue or cost overrun projects compared to its original plan and no periods which are temporarily suspended, on the above-mentioned reporting dates.

9 NON-CURRENT INVESTMENTS (UNQUOTED)

Particulars	As at March 31, 2024	As at March 31, 2023
Investment in preference shares (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 (refer note 1 below)	-	-
Investments in associates accounted for using equity method (unquoted, fully paid up)		
Earth Rhythm Private Limited [8,230 fully paid equity shares of ₹10 each (March 31, 2023: 8,230 fully paid equity shares of ₹10 each)] (1) (refer note 2 below)	338.23	377.90
Total investments in associates	**338.23**	**377.90**
Other non-tradeable investments	**4.88**	**3.30**
Total non-current investments	**343.11**	**381.20**
Aggregate amount of unquoted investments	**343.11**	**381.20**
Aggregate amount of impairment in value of investments (refer note 3 below)	**38.03**	**38.03**

[1] Refer note 54

Notes:

(1) 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.

(2) In accordance with the requirement of Ind AS 1- Presentation of Financial Statements, the investment in associates as at March 31, 2024, accounted using equity method has been presented as a separate line item in the balance sheet under the head 'non-current assets' including the comparative information.

(3) In earlier years the Group has recognised the impact of decline in fair value of investment of ₹38.03 million through other comprehensive income.

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for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

10 OTHER FINANCIAL ASSETS (NON-CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
Measured at amortised cost		
Security deposits (unsecured, considered good)	445.53	414.80
Deposits with banks with remaining maturity of more than twelve months	46.83	19.70
Total	**492.36**	**434.50**

11 INCOME TAX

(a) The major components of income tax expense / (credit) are:

(1) Income tax expense reported in the statement of profit and loss

Particulars	As at March 31, 2024	As at March 31, 2023
Current tax:		
In respect of current year	1,067.35	861.11
In respect of earlier year	-	-
	1,067.35	**861.11**
Deferred tax:		
In respect of current year	(814.24)	(725.37)
	(814.24)	**(725.37)**
Income tax expense reported in the statement of profit and loss	**253.11**	**135.74**

(2) OCI Section — Deferred tax related to items recognised in OCI during the year:

Particulars	As at March 31, 2024	As at March 31, 2023
Tax (income)/expense on remeasurements of defined benefit plans and fair valuation of investments	(2.02)	0.15
Income tax expense (credited) / charged to OCI	**(2.02)**	**0.15**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2024 and March 31, 2023:

Particulars	As at March 31, 2024	As at March 31, 2023
Profit before tax	690.27	383.95
Applicable tax rate	25.17%	25.17%
Tax using the Company's domestic tax rate	173.74	96.64
Tax effect of:		
Amortisation on acquired trademark	15.78	12.54
Others (including permanent differences, brought forward losses and deferred tax asset not created on losses of subsidiaries)	63.59	26.56
	253.11	**135.74**
Current tax expense	1,067.35	861.11
Deferred tax expense/(credit)	(814.24)	(725.37)
Tax expense recognised in the statement of profit and loss	**253.11**	**135.74**
Effective tax rate	36.67%	35.35%

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for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

(c) Reconciliation of average effective tax rate and applicable tax rate for March 31, 2024 and March 31, 2023:

Particulars	As at March 31, 2024	As at March 31, 2023
Profit before tax	690.27	383.95
Applicable tax rate	25.17%	25.17%
Tax effect of:		
Amortisation on acquired trademark	2.29%	3.27%
Others (including permanent differences and brought forward losses)	9.21%	6.92%
Effective tax rate	**36.67%**	**35.35%**

Deferred tax:

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax assets arising on account of		
Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	311.23	251.65
Brought forward losses	1,513.55	1,266.68
Allowance for expected credit losses	43.02	17.02
Timing difference between book depreciation and depreciation as per the Income-tax Act, 1961	542.87	100.04
Stock elimination	152.34	176.57
Lease liabilities	817.14	848.86
Deferred tax assets (A)	**3,380.15**	**2,660.82**
Deferred tax liabilities arising on account of		
Timing difference between book depreciation and depreciation as per the Income-tax Act, 1961		
Depreciation on Right of use assets	690.24	783.09
Deferred tax liabilities (B)	**690.24**	**783.09**
Deferred tax assets (net) (C=A-B)	**2,689.91**	**1,877.73**

The Group as at March 31, 2024 has recognised deferred tax assets in the books of FSN Brands Marketing Private Limited of ₹307.25 million (March 31, 2023: ₹348.13 million), Nykaa Fashion Limited of ₹771.84 million (March 31, 2023: ₹771.84 million), FSN Distribution Private Limited of ₹665.43 million (March 31, 2023: ₹274.38 million) 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 that sufficient taxable profit will be available against which the carry forward losses and unabsorbed depreciation can be utilised.

Reconciliation of deferred tax assets (net):

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	1,877.73	1,152.18
Tax income/(expense) recognised in statement of profit and loss for the year	814.24	725.39
Tax (expense)/ income recognised in OCI for the year	(2.02)	0.16
Closing balance	**2,689.91**	**1,877.73**

12 OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Advance for capital goods	44.58	138.90
Balance with statutory / government authorities	70.78	102.70
Total	**115.36**	**241.60**

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(Amount in ₹ Million, unless otherwise stated)

13 INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

Particulars	As at March 31, 2024	As at March 31, 2023
Stock-in-trade	11,337.19	8,698.18
Finished goods	407.59	1,042.57
Raw Materials	43.56	117.87
Packing material	132.12	192.78
Total	**11,920.46**	**10,051.40**
Provision for inventories taking into account various factors, including obsolescence of material, unserviceable items and ageing of material	884.28	468.90

* The inventory includes good-in-transit as follows:

Stock-in-trade – As at March 31, 2024 ₹714.47 million (March 31, 2023: ₹762.67 million).

Finished goods – As at March 31, 2024 ₹28.34 million (March 31, 2023: ₹44.81 million).

14 TRADE RECEIVABLES

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables – Unsecured, considered good	2,416.00	1,635.31
Trade receivables – Credit Impaired	171.99	84.09
Less: Allowances for expected credit loss (Refer note 46)	(171.99)	(84.09)
Total	**2,416.00**	**1,635.31**

Trade receivables ageing schedule

As at March 31, 2024

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – Unsecured, considered good	959.45	1,456.55	-	-	-	-	2,416.00
Undisputed trade receivables – Credit impaired	1.92	4.47	120.50	7.83	3.79	33.48	171.99
Total	**961.37**	**1,461.02**	**120.50**	**7.83**	**3.79**	**33.48**	**2,587.99**

As at March 31, 2023

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – 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**

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.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

15 CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	1.02	0.02
Balances with banks in current accounts	674.63	342.28
Deposits with original maturity of less than three months[1]		
– With Banks	82.12	71.46
Total	**757.77**	**413.76**

[1] Deposits earns interest at floating rates based on daily bank deposit rates on deposits. Short Term deposits are made for varying periods of between 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, 2024	As at March 31, 2023
Balances with bank in nodal account[1]	338.34	302.79
Margin money deposits with bank (held as lien by bank against guarantees)	-	73.81
Deposits with original maturity for more than three months but less than twelve months[2]		
– With Banks	1,302.47	697.04
Total	**1,640.81**	**1,073.64**

[1] Balance with bank in nodal account is in accordance with regulation for market-place business of the Group.

[2] Includes lien amounting to ₹0.35 million.

17 OTHER FINANCIAL ASSETS (CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
Measured at amortised cost		
Security deposit (unsecured)		
Considered good	179.76	68.09
Credit impaired	10.81	7.39
Less: Allowances for expected credit loss (refer note 46)	(10.81)	(7.39)
Unbilled receivable	709.43	516.75
Deposits with banks with maturity period more than twelve months[1]	199.17	1,581.36
Receivable from payment gateway / cash collection vendors	715.54	370.55
Interest accrued on deposit but not due	29.23	108.11
Mark to market derivative instrument	0.09	-
Total	**1,833.22**	**2,644.86**

[1] Includes lien amounting to ₹5.72 million.

Interest accrued on deposit but not due

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	108.11	111.44
Interest accrued during the year	139.40	177.61
Receipt of interest during the year	(218.28)	(180.94)
Closing balance	**29.23**	**108.11**

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for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

18 OTHER CURRENT ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Advances other than capital advances		
Advance to suppliers (unsecured, considered good)	513.24	523.35
Prepaid expenses	194.55	127.81
Balance with statutory / government authorities	3,653.41	2,585.85
Total	**4,361.20**	**3,237.01**

19 SHARE CAPITAL

Authorised share capital

Particulars	Equity Shares		Preference Shares	
	Numbers	Amount	Numbers	Amount
As at April 01, 2022 (face value D 1 each)	2,750,000,000	2,750.00	500,000,000	500.00
Reclass of preference shares to equity shares during the year[1]	500,000,000	500.00	(500,000,000)	(500.00)
As at March 31, 2023 (face value ₹ 1 each)	**3,250,000,000**	**3,250.00**	-	-
Increase during the year	-	-	-	-
As at March 31, 2024 (face value ₹ 1 each)	**3,250,000,000**	**3,250.00**	-	-

[1] The Board of Directors approved reclassification of Authorised Share Capital of the Company from ₹3,250 million comprising of 2,75,00,00,000 (Two thousand, seven hundred and fifty million) equity shares of ₹1 each and 50,00,00,000 (Five-hundred million) preference shares of ₹1 each, to ₹3,250 million comprising of 3,25,00,00,000 (Three thousand, two hundred and fifty million) equity shares of ₹1/- (rupee one) and the same was approved by Members of the Company on November 02, 2022 through Postal Ballot.

Issued, subscribed and fully paid-up share capital

Particulars	Equity Shares	
	Numbers	Amount
As at April 01, 2022	**474,104,876**	**474.11**
Issue of equity shares of face value of ₹1 each	4,778,769	4.78
Issue of bonus shares of face value of ₹1 each	2,373,563,075	2,373.56
As at March 31, 2023	**2,852,446,720**	**2,852.45**
Issue of equity shares of face value of ₹1 each	3,538,889	3.54
As at March 31, 2024	**2,855,985,609**	**2,855.99**

Notes:

(a) 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.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

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

Name of the shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of shares	% holding	No. of shares	% holding
Sanjay Nayar (through family trust)	634,113,520	22.20%	634,913,520	22.26%
Falguni Nayar (through family trust)	625,834,620	21.91%	625,834,620	21.94%
Indra Singh Banga / Harindarpal Singh Banga	182,878,740	6.40%	182,878,740	6.41%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(c) Shares reserved for issue under option

The Company has reserved issuance of 210,000,000 (March 31, 2023: 210,000,000) 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, 2024 the Company has granted 16,18,400 options (March 31, 2023: 3,109,600). Cumulative number of equity shares granted under Employee Stock Option Scheme (ESOS) is 6,10,66,800 equity shares as at March 31, 2024. (March 31, 2023: 59,448,400).

(d) Shares issued for consideration other than cash

(1) 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.

(2) The Company had issued 311,357,900 bonus shares of face value of ₹1 each during the year 2021-22 vide shareholders' approval dated July 16, 2021 in the ratio of 2 bonus shares for every 1 share held.

(e) Details of promoter shareholding

As at March 31, 2024:

Promoter Name	Description	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
Sanjay Nayar (through family trust)	Equity shares of ₹1 each fully paid	634,913,520	22.26%	634,113,520	22.20%	(0.06%)
Falguni Nayar (through family trust)	Equity shares of ₹1 each fully paid	625,834,620	21.94%	625,834,620	21.91%	(0.03%)
	Total	**1,260,748,140.00**	**44.20%**	**1,259,948,140.00**	**44.12%**	**(0.08%)**

As at March 31, 2023:

Promoter Name	Description	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
Sanjay Nayar (through family trust)	Equity shares of ₹1 each fully paid	634,913,520	22.32%	634,913,520	22.26%	(0.06%)
Falguni Nayar (through family trust)	Equity shares of ₹1 each fully paid	625,834,620	22.00%	625,834,620	21.94%	(0.06%)
	Total	**1,260,748,140.00**	**44.32%**	**1,260,748,140.00**	**44.20%**	**(0.12%)**

* 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 shareholder's approval dated November 02, 2022.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

20 OTHER EQUITY

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Securities premium		
Opening balance	12,141.56	14,150.68
Add: Additions during the year	164.22	291.86
Add: Transfer from employee share options scheme reserve	48.46	80.67
Less: Utilised on issue of bonus shares	-	(2,373.56)
Less: Share issue expenses	-	(8.09)
Closing balance (A)	**12,354.24**	**12,141.56**
(ii) Retained earnings		
Opening balance	(388.89)	(581.50)
Add: Profit during the year	322.65	192.61
Add: Shares allotted/lapsed during the year	4.75	-
Less: Options lapse/forfeited during the year	-	-
Closing balance (B)	**(61.49)**	**(388.89)**
(iii) Other comprehensive income		
Opening balance	(12.65)	(13.53)
Add: Other comprehensive income for the year	6.79	0.88
Closing balance (C)	**(5.86)**	**(12.65)**
(iv) Share application money pending allotment		
Opening balance	0.46	0.65
Add: Additions during the year	172.30	296.45
Less: Shares allotted during the year	(167.76)	(296.64)
Closing balance (D)	**5.00**	**0.46**
(v) Employee share options scheme reserve		
Opening balance	169.20	155.95
Add: Additions during the year	165.07	93.92
Less: Shares exercised during the year	(53.21)	(80.67)
Closing balance (E)	**281.06**	**169.20**
(vi) Capital reserve		
Opening balance	0.36	0.36
Add: Additions during the year	-	-
Closing balance (F)	**0.36**	**0.36**
(vii) Other reserve		
Opening balance	(983.58)	(788.25)
Add: NCI / put option liability on acquisition of subsidiary	(1,957.48)	(150.94)
Less: NCI share of fair value of put option	134.57	(44.39)
Closing balance (G)	**(2,806.49)**	**(983.58)**
(viii) Foreign currency translation reserve		
Opening balance	1.18	0.53
Add : Addition during the year	(1.67)	0.65
Closing balance (H)	**(0.49)**	**1.18**
Total (A+B+C+D+E+F+G+H)	**9,766.34**	**10,927.65**

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

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/incurred 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.

(vii) **Other Reserve:** This represents fair value of put option liability towards acquisition of subsidiary.

(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 is disposed-off.

21 BORROWINGS (NON-CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
Term loan from Bank	-	3.61
Total	**-**	**3.61**

Note:

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. Tenure is 48 months (including 12 month moratorium period) and rate of interest of 8% per annum.

22 LEASE LIABILITIES (NON-CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
Payable for lease liabilities (Refer note 42)	1,593.03	2,133.68
Total	**1,593.03**	**2,133.68**

23 OTHER FINANCIAL LIABILITIES (NON-CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
Financial liabilities measured at FVTPL		
Put option liability [refer note 53 (D)]	711.85	1,373.20
Total	**711.85**	**1,373.20**

24 LONG-TERM PROVISIONS

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for gratuity (refer note 43)	97.56	92.65
Provision for litigation (refer movement below)	4.65	-
Total	**102.21**	**92.65**

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

Movement in provision for litigation:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	-	-
Add: Provision made during the year	4.65	-
Closing Balance	**4.65**	**-**

25 BORROWINGS (CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
Secured		
Working capital loan from banks (Refer note i to v)	5,997.65	3,853.95
Current maturities of term loan from bank	3.61	5.61
Unsecured		
Working capital loan from banks (Refer note iii to v)	802.69	740.45
Total	**6,803.95**	**4,600.01**

(A) Terms

(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/TBill adjusted with the risk spread mutually agreed between the parties.

(iii) Bank loan contain certain financial covenants and the respective Companies in group has satisfied all covenants as per the terms of bank loan.

(iv) As at March 31, 2024, the Group had available ₹1,888.68 million (March 31, 2023: ₹2,360.88 million) of undrawn committed borrowing facilities.

(v) Quarterly statements of current assets filed by the Company and its subsidiaries with banks are in agreement with the audited/ unaudited books of accounts.

26 LEASE LIABILITIES (CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
Payable for lease liabilities (Refer note 42)	1,297.89	1,247.63
Total	**1,297.89**	**1,247.63**

27 TRADE PAYABLES

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro enterprises and small enterprises	370.16	418.93
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,496.76	2,234.96
Total	**3,866.92**	**2,653.89**

(i) Refer note 44 related party disclosures for trade payables to related parties.

(ii) Trade payables are generally non interest bearing.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

Trade Payables Aging Schedule

March 31, 2024

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	285.44	84.72	-	-	-	370.16
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,751.03	1,626.82	80.09	19.14	19.68	3,496.76
Total	**2,036.47**	**1,711.54**	**80.09**	**19.14**	**19.68**	**3,866.92**

March 31, 2023

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and 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**

28 OTHER FINANCIAL LIABILITIES (CURRENT)

Particulars	As at March 31, 2024	As at March 31, 2023
Financial liabilities at amortised cost		
Employee related liabilities	523.47	493.53
Accrued expenses	2,749.18	1,889.84
Creditors for capital goods	51.23	107.97
Market-place vendors	124.11	151.23
Interest accrued but not due	17.77	60.03
Financial liabilities at FVTPL		
Put option liability {refer note 53 (D)}	2,618.82	-
Mark to market derivative instrument	-	1.01
Total	**6,084.58**	**2,703.61**

Note:

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, 2024	As at March 31, 2023
Opening balance	60.03	6.98
Interest and finance charge accrued during the year	515.46	387.26
Payment of interest and finance charge during the year	(557.72)	(334.21)
Closing balance	**17.77**	**60.03**

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

29 SHORT-TERM PROVISIONS

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for gratuity (Refer note 43)	37.34	23.54
Provision for compensated absences	49.56	90.32
Total	**86.90**	**113.86**

30 CONTRACT LIABILITIES

Particulars	As at March 31, 2024	As at March 31, 2023
Advance from customers	141.51	146.41
Deferred revenue (provision for reward points)	131.91	88.37
Total	**273.42**	**234.78**

Movement in provision for reward points:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	88.37	76.90
Provision made during the year	596.19	410.22
Provision utilised during the year	(552.65)	(398.75)
Closing balance	**131.91**	**88.37**

31 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues	375.07	421.31
Total	**375.07**	**421.31**

32 REVENUE FROM OPERATIONS

Particulars		For the year ended March 31, 2024	For the year ended March 31, 2023
A.	**Sale of products**	54,784.77	43,860.13
B.	**Sale of services**		
	Marketing support revenue	5,995.25	5,092.44
	Income from marketplace services	2,620.13	2,208.76
C.	**Other operating revenue**		
	Logistics services income (shipping and delivery charges)	440.16	263.15
	Income from terms of incentive	15.45	12.09
	Income from pickup mile	0.50	1.43
Total		**63,856.26**	**51,438.00**

Revenue from geographical market	For the year ended March 31, 2024	For the year ended March 31, 2023
Within India	63,782.33	51,399.28
Outside India	73.93	38.72
Total	**63,856.26**	**51,438.00**

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

(A) Disaggregation of revenue from contracts with customers

The Company and its subsidiaries derives its major revenue from 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) Reconciliation between the contract price and revenue from contracts with customers

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Contract price	63,894.90	51,512.37
Revenue recognised in the period from:		
Revenue recognised in the current year from contract liability:		
Advance from customer	146.41	83.51
Reward Point	88.37	76.90
Revenue deferred in the current year towards unsatisfied performance obligation:		
Advance from customer	(141.51)	(146.41)
Reward point	(131.91)	(88.37)
Revenue from operations	**63,856.26**	**51,438.00**

(C) Contract balances

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables (Refer note 14)	2,416.00	1,635.31
Contract liabilities (Refer note 30)	273.42	234.78

33 OTHER INCOME

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Interest Income		
Security deposit measured at amortised cost	57.92	40.98
Bank deposit measured at amortised costs	136.51	177.61
Others	2.89	0.38
(b) Other non-operating income		
Interest on Income tax refund	0.28	10.10
Miscellaneous income	20.78	29.88
Gain on cancellation of lease	27.46	10.10
Liabilities no longer required written back	18.33	2.19
Foreign exchange gain (net)	35.25	30.89
Total	**299.42**	**302.13**

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

34 COST OF MATERIAL CONSUMED

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening stock	164.65	432.88
Add: Purchase	532.53	1,326.10
Less: Closing stock	46.05	164.65
Total	**651.13**	**1,594.33**

35 PURCHASE OF TRADED GOODS

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Purchases of traded goods	37,816.75	28,479.91
Total	**37,816.75**	**28,479.91**

36 CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Finished goods		
Opening stock	1,042.57	713.89
Closing stock	407.59	1,042.57
Changes in inventories of finished goods	**634.98**	**(328.68)**
Stock in trade		
Opening stock	8,698.19	7,609.44
Closing stock	11,337.19	8,698.19
Changes in inventories of stock-in-trade	**(2,639.00)**	**(1,088.75)**
Total	**(2,004.02)**	**(1,417.43)**

37 EMPLOYEE BENEFIT EXPENSE

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	5,288.09	4,601.08
Contribution to provident fund	97.63	82.96
Gratuity expenses (Refer note 43)	45.78	41.65
Compensated expenses	(19.04)	30.04
Share based expenses (Refer note 50)	163.64	93.92
Staff welfare expenses	72.91	67.52
Total	**5,649.01**	**4,917.17**

38 FINANCE COSTS

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expenses on borrowings	491.32	361.42
Interest expenses on lease liabilities	312.86	348.58
Other interest charges	4.17	10.21
Other finance charges	19.97	25.84
Total	**828.32**	**746.05**

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

39 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of property, plant and equipment (Refer note 4)	708.13	489.05
Depreciation of right-of-use assets (Refer note 7)	1,290.49	1,070.70
Amortisation of intangible assets (Refer note 6)	243.71	172.81
Total	**2,242.33**	**1,732.56**

40 OTHER EXPENSES

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Marketing and advertisement expenses	7,391.57	5,905.67
Freight expenses	3,885.27	3,317.85
Outsource warehouse manpower expense	1,081.78	1,003.05
Consumption of packing materials	745.86	960.08
Web and technology expenses	1,230.89	983.83
Payment gateway charges	271.50	269.95
Legal and professional fees	370.73	330.53
Rent and maintenance expenses	324.60	212.86
Rates and taxes	126.69	116.52
Expected credit loss (refer note 46)	113.14	44.80
Selling expenses	686.11	499.42
Beauty advisor expenses	822.11	540.81
Electricity charges	206.82	149.87
Insurance expenses	62.41	54.21
Travelling and conveyance expenses	192.97	234.73
Security expenses	184.62	169.49
Recruitment expenses	64.06	103.98
Warehouse operation management expenses	61.31	54.90
Printing and stationery expenses	61.01	64.20
Repairs and maintenance	59.86	29.55
Communication expenses	84.45	74.12
Brand usage fees	71.34	51.86
Bank charges	7.26	10.12
Director sitting fees and commission	13.62	15.35
Expenditure towards Corporate Social Responsibility ('CSR') activities	48.63	40.67
Auditors remuneration	-	-
– Audit fees	19.00	18.30
– Taxation matters	-	2.40
– Other matters	2.19	-
Miscellaneous expenses	92.09	44.47
Total	**18,281.89**	**15,303.59**

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(Amount in ₹ Million, unless otherwise stated)

41 EARNINGS PER SHARE (EPS)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Nominal value of per equity share	1.00	1.00
Profit after tax (A)	322.65	192.62
Profit attributable to equity shareholders	322.65	192.62
Total number of shares outstanding during the year	2,855,985,609	2,852,446,720
Weighted average number of equity shares outstanding during the year (B)	2,853,872,558	2,847,489,724
Basic EPS (A/B)	0.11	0.07
Dilutive effect on weighted average number of equity shares outstanding during the year (C)	5,889,979	13,774,825
Weighted average number of diluted equity shares (D=B+C)	2,859,762,537	2,861,264,549
Diluted EPS (A/D)	**0.11**	**0.07**

The number of shares at the beginning of the previous 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

Leases

The Company as lessee

The Company and its subsidiaries have lease contracts for premises obtained for offices, warehouse etc. Leases of premises generally have lease terms between 1.5 to 9 years.

The Company and its subsidiaries obligations under its leases are secured by the lessor's title to the leased assets.

The Company and its subsidiaries have 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 7 for carrying value of right of use assets.

Set out below are the carrying amounts of lease liabilities (included under lease liabilities) and the movements during the year:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	3,381.31	2,595.89
Addition	991.46	1,700.40
Addition on account of acquisition of subsidiary (Refer note 53)	-	5.95
Accretion of interest	312.86	348.58
Deletion due to closure	(315.33)	(100.86)
Payments	(1,479.38)	(1,168.65)
Closing balance	**2,890.92**	**3,381.31**
Current	1,297.89	1,247.63
Non-current	1,593.03	2,133.68

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

The effective interest rate for lease liabilities as at March 31, 2024 ranges between 9.40%-11.50% (March 31, 2023: 9.45%-10.50%)

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

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Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation expenses of right of use assets	1,290.49	1,070.70
Interest expenses on lease liabilities	312.86	348.58
Expenses relating to short term leases*	324.60	212.86
Total amount recognised in Statement of Profit and Loss	**1,927.95**	**1,632.14**

* Includes common area maintenance charges.

43 DEFINED BENEFIT PLAN AND OTHER LONG TERM EMPLOYEE BENEFIT PLAN:

(I) Defined contribution plan

During the year, the Group has made contribution/provision to provident fund stated under defined contribution plan amounting to ₹97.63 million (March 31, 2023: ₹82.96 million) 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 Group's financial statements as at March 31, 2024 and March 31, 2023:

Particulars	As at March 31, 2024	As at March 31, 2023
Amount to be recognised in balance sheet		
Present value of defined benefit obligation	134.90	116.19
Less: Fair value of plan assets	-	-
Funded status – deficit / (surplus)	134.90	116.19
Net liability recognised in balance sheet	**134.90**	**116.19**
Current	37.34	23.54
Non-current	**97.56**	**92.65**

i. Changes in the present value of defined benefit obligation

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Reconciliation of defined benefit obligation		
Opening defined benefit obligation	116.19	90.62
Addition on acquisition of subsidiary	-	7.30
Current service cost	40.45	36.34
Past service cost	(2.16)	-
Interest cost	7.49	5.31
Actuarial loss in obligation for year ended due to changes in financial assumptions	0.24	-
Actuarial (gain)/loss in obligation for year ended due to changes in demographic/financial assumptions	(2.50)	14.14
Actuarial (gain) in obligation for year ended due to changes in experience adjustments	(5.86)	(14.91)
Benefit paid	(18.95)	(22.59)
Closing defined benefit obligations	**134.90**	**116.19**

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for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

ii. Amount for the year ended March 31, 2024 and March 31, 2023 recognised in the Statement of Profit and Loss under employee benefit expenses and other comprehensive income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current service cost	40.45	36.34
Past service cost	(2.16)	-
Interest expenses	7.49	5.31
Amount recognised in Statement of Profit and Loss	**45.78**	**41.65**
Actuarial (gain)/loss in obligation for year ended due to changes in demographic/financial assumptions	(2.26)	14.14
Actuarial (gain) in obligation for year ended due to changes in experience adjustments	(5.86)	(14.91)
Amount recognised in Other Comprehensive Income (OCI)	**(8.12)**	**(0.77)**

B. The principal assumptions used in determining gratuity obligations for the Group's plans are shown below:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Mortality table	IALM (2012-14)	IALM (2012-14)
Discount rate:	7.10%	7.2%-7.35%
Future salary increases*	7.00%	8.00% until year 1 inclusive, then 6.50%
Withdrawal rates	37% - 38% across all levels	15%-39% 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, 2024	As at March 31, 2023
Within the next 12 months (next annual reporting period)	36.92	23.54
Between 2 and 5 years	96.13	81.95
Between 6 and 9 years	31.89	41.36
10 & Above following years	5.77	13.03
Total expected payments	**170.71**	**159.88**

The average duration of defined benefit plan obligation at the end of the reporting period is 3.6 years (March 31, 2023: 3.6 years).

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for the Financial Statements for the year ended March 31, 2024

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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, 2024	As at March 31, 2023
Discount rate (-/+ 1%)		
Decrease by 100 basis points	12.89	2.33
Increase by 100 basis points	(11.75)	(1.59)
Future salary increase (-/+ 1%)		
Decrease by 100 basis points	(11.69)	(12.29)
Increase by 100 basis points	12.46	13.59

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 Group 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

Relationship	Name of entity
Directors and Key Management Personnel (KMP)	Mrs. Falguni Nayar – Executive Chairperson, CEO and Managing Director
	Ms. Adwaita Nayar – Executive Director
	Mr. Anchit 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
	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 till February 7, 2024
	Mr. Rajendra Punde – Company Secretary till February 13, 2023
	Mr. Neelabja Chakrabarty – Company Secretary w.e.f. February 8, 2024
Associate	Earth Rhythm Private Limited w.e.f. May 4,2022
Relative of Key Management Personnel (KMP)*	Mrs. Rashmi Mehta – Relative of Managing Director
Company in which key management personnel have significant influence*	Sealink View Probuild Private Limited
	Golfland Developers Private Limited
	Cerebus Consultants Private Limited

* Name of the related party where the transactions have occurred.

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for the Financial Statements for the year ended March 31, 2024

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B. Transactions with related parties

Particulars	Nature of transactions	Transactions during FY 2023-24	Balance as at March 31, 2024	Transactions during FY 2022-23	Balance as at March 31, 2023
Directors and Key Management Personnel (KMP)					
Ms. Falguni Nayar	Remuneration & reimbursements	86.69	-	68.12	(0.02)
Ms. Adwaita Nayar	Remuneration & reimbursements	42.56	-	24.63	-
Mr. Anchit Nayar	Remuneration & reimbursements	42.60	-	25.77	-
Mr. Arvind Agarwal	Remuneration & reimbursements[1]	-	-	22.35	-
Mr. Rajendra Punde	Remuneration & reimbursements	-	-	24.03	-
Ms.Anita Ramachandran	Sitting Fees	0.95	-	1.40	-
	Commission	2.00	-	2.00	-
Ms. Alpana Parida Shah	Sitting Fees	0.63	-	1.55	-
	Commission	0.50	-	1.00	-
Mr. Pradeep Parameshwaran	Sitting Fees	0.58	-	0.83	-
	Commission	0.20	-	1.00	-
Mr. Milind Sarwate	Sitting Fees	0.83	-	1.33	-
	Commission	3.00	-	3.00	-
Mr. P Ganesh	Remuneration & reimbursements	37.08	-	5.06	-
Mr. Sujeet Jain	Remuneration & reimbursements	26.53	-	9.80	-
Mr. Milan Khakhar	Sitting Fees	0.80	-	1.28	-
Mr. Seshashayee Sridhara	Sitting Fees	0.88	-	0.90	-
	Commission	1.00	-	1.00	-
Mr. Neelabja Chakrabarty	Remuneration & reimbursements	2.68	-	-	-
Relative of Key Management Personnel (KMP)					
Mrs. Rashmi Mehta	Rent and maintenance expenses	3.14	0.07	2.99	0.07
	Security deposit	-	0.48	-	0.48
	Notional interest income on security deposit	(0.05)	-	(0.05)	-
	Lease liability	-	(1.56)	-	(4.37)
	Interest cost on lease liability	0.33	-	0.30	-
Company in which key management personnel have significant influence					
Sealink View Probuild Private Limited	Rent, maintenance, electricity & other expenses	38.00	-	50.17	0.32
	Notional interest income on security deposit	(1.00)	-	(0.60)	-
	Security deposit	-	9.00	-	8.62
	Interest cost on lease liability	8.00	-	10.49	-
	Lease liability	-	(66.00)	-	96.61
Golf Land Developers Private Limited	Rent & maintenance expenses	25.61	-	27.72	-
	Security Deposit – given	-	10.62	-	10.62
	Notional Interest income – Security Deposit	(0.87)	-	(0.93)	
	Lease Liability	-	(56.53)	-	(8.44)
	Notional Interest Expense – Lease	4.37	-	2.01	-
Cerebus Consultants Private Limited	Human resource Service Cost	0.39	-	0.54	-

[1] Remuneration includes amount of perquisite value towards ESOP based on exercise of options.

Figures in brackets indicates payables and income

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Terms and conditions of transactions with related parties

(1) 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.

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

(3) Amount paid to KMP do not include the provisions made for gratuity as it is determined on an actuarial basis for the Group 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 Group as a whole.

(4) The total offer expenses were estimated to be ₹2,423.44 million (inclusive of taxes) which were 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 million payable to selling shareholders out of the IPO proceeds was withheld pending final settlement of IPO proceeds and included amount payable to a related party. In the previous financial year, the same has been settled.

45 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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	Level	Carrying value as of	
		March 31, 2024	March 31, 2023
Financial assets:			
Amortised cost			
Trade receivables		2,416.00	1,635.31
Cash and cash equivalents		757.77	413.76
Bank balance other than cash and cash equivalents		1,640.81	1,073.64
Other financial assets		2,325.49	3,079.36
FVTPL			
Derivative Financial Assets[1]		0.09	-
		7,140.16	**6,202.07**
Financial liabilities:			
Amortised cost			
Borrowings		6,803.95	4,603.62
Lease liabilities		2,890.92	3,381.31
Other financial liabilities		3,465.76	2,702.60
Trade payables		3,866.92	2,653.89
FVTPL			
Derivative Financial Liabilities[1]	2	3,330.67	1,374.21
		20,358.22	**14,715.63**

[1] Included in other current / non-current financial assets and 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.

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for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

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 Group 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.

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES:

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

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

(A) Market risk

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

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2024 and March 31, 2023.

(a) Interest rate risk

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

Particulars	Increase / decrease in basis points	Effect on profit before tax
March 31, 2024	+50	(34.02)
	-50	34.02
March 31, 2023	+50	(23.02)
	-50	23.02

(b) Foreign currency risk

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

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for the Financial Statements for the year ended March 31, 2024

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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):

Particulars of transactions	Currency	As at March 31, 2024		As at March 31, 2023	
		Foreign currency	₹*	Foreign currency	₹*
Forward contracts to Purchases EUR – Trade Payable	Euro	0.87	78.42	0.30	26.08
Forward contracts to Purchases GBP – Trade Payable	GBP	0.06	5.86	0.02	1.71
Forward contracts to Purchases SGD – Trade Payable	SGD	0.02	0.86	-	-
Forward contracts to Purchases USD – Trade Payable	USD	5.30	441.80	3.30	272.91

* Amount in ₹ represents conversion at hedged rate.

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

Particulars	Currency	As at March 31, 2024		As at March 31, 2023	
		Foreign currency	₹	Foreign currency	₹
Payables:					
Trade payables	USD	1.16	97.11	0.62	50.81
	Euro	0.01	0.99	0.02	1.72
	SGD	0.00	0.06	-	-
	GBP	0.00	0.08	0.01	1.32
Advances:					
Advance to vendors against purchases / expense	USD	1.14	95.50	0.79	65.26
	Euro	0.02	1.71	0.02	1.93
	GBP	0.03	3.03	-	-
	CNY	0.60	6.93	0.06	0.68

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

(B) Credit risk

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

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(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. 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(h) 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 losses:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	91.48	46.68
Provision made during the year	93.83	44.80
Provision reversed during the year	(2.51)	-
Closing balance	**182.80**	**91.48**

(b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the 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.

(C) Liquidity risk

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

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

Particulars	Carrying value	Less than 1 year	1 to 5 years	> 5 years	Total
As at March 31, 2024					
Borrowings	6,803.95	6,803.95	-	-	6,803.95
Trade payables	3,866.92	3,866.92	-	-	3,866.92
Other financial liabilities	6,796.43	6,141.45	792.65	-	6,934.10
Lease liabilities	2,890.92	1,407.33	1,790.57	166.70	3,364.60
Total	**20,358.22**	**18,219.65**	**2,583.22**	**166.70**	**20,969.57**
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**

Notes

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47 COMMITMENTS AND CONTINGENT LIABILITIES

A Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) – ₹314.94 million as at March 31, 2024 (March 31, 2023 – ₹88.25 million).

B Contingent liabilities (not provided for)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Claims against the Group, not acknowledged as debts		
Disputed Indirect tax matters (including interest up to the date of demand, if any) [refer note (i) and (ii) below]	26.64	27.53
Disputed Direct tax matters (including interest up to the date of demand, if any) [refer note (iii) below]	74.37	74.37
(ii) Corporate guarantees given to banks [refer note (iv) below]	8,120.00	6,390.00
(iii) Litigations pertaining to consumer cases	1.00	-
Total	**8,222.01**	**6,491.90**

Notes:

(i) The Group had received VAT assessments order for financial years 2016-17 with demands amounting to ₹32.02 million on account of certain input disallowances/adjustment made by VAT department. Out of the total demand amount, the Group has paid ₹5.38 million to tax authorities during the financial year 2021-2022 and for the balance ₹26.64 million, 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) The Group has also received VAT assessments order for FY 2016-17 with demands amounting to ₹5.02 million on account of certain input disallowances/adjustment made by VAT department. The Group has deposited ₹4.13 million in FY 2021-22 and ₹0.23 million in FY 2023-24. The Group has closed the litigation under amnesty scheme and received the settlement order dated December 8, 2023.

(iii) The Group had received an income tax assessment order for the FY 2017-18 pertaining to Nykaa E-Retail Private Limited in respect of a demand of ₹74.37 million on account of certain disallowances made by the tax authorities. The Group had filed an appeal before the CIT(A) contesting the said disallowances and has obttained a stay order w.r.t the outstanding demand. The Management believes that the position taken by it on the above matter is tenable and hence, no adjustment has been made to the financial statements.

(iv) Corporate guarantees given to banks with respect to the borrowings taken by the subsidiary companies to a maximum amount of ₹8,120 million (March 31, 2023: ₹6,390 million).

48 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, 2024	For the year ended March 31, 2023
Within India	63,782.33	51,399.28
Outside India	73.93	38.72
Total	**63,856.26**	**51,438.00**

(b) Non-current operating assets

₹45.51 million (March 31, 2023: ₹2.37 million) 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 % or more of the total revenue.

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(Amount in ₹ Million, unless otherwise stated)

49 CAPITAL MANAGEMENT

The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. For the purpose of the Group'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 Group. The primary objective of the Group's capital management is to maximise the shareholder value. The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Group 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

Particulars	As at March 31, 2024	As at March 31, 2023
Gross debt	6,803.95	4,603.62
Less: cash and cash equivalents	(757.77)	(413.76)
Net debt (A)	**6,046.18**	**4,189.86**
Equity	12,622.33	13,780.10
Total equity (B)	**12,622.33**	**13,780.10**
Net gearing ratio* (A)/(B)	**0.48**	**0.30**

* No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2024 and March 31, 2023.

50 SHARE BASED PAYMENTS

Disclosure under Ind AS 102:

(A) Employee stock options-equity settled

The Company has granted stock options under the employee stock option scheme- ESOS 2012, ESOS 2017, ESOP 2022 and RSU 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 instalments 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, ESOP 2022 and RSU 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 Group has recognised an expense of ₹163.64 million (March 31, 2023: ₹93.92 million) 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, 2024 is ₹281.06 million (March 31, 2023: ₹169.20 million).

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(Amount in ₹ Million, unless otherwise stated)

As at the end of the given period, details and movements of the outstanding options are as follows:

Options granted under ESOS 2012

Particulars	March 31, 2024	March 31, 2023**
Options outstanding at the beginning of the year	970,500	1,044,000
Options granted during the year	–	42,000
Options forfeited during the year	(96,000)	(40,500)
Options expired/lapsed during the year	–	–
Options exercised during the year	(165,000)	(75,000)
Options outstanding at the end of the year	**709,500**	**970,500**
For options outstanding at the end of the year:		
Exercise price range	₹99 - 187.50	₹99 - 187.50
Weighted average remaining contractual life (in years)	4.44	5.14

Options granted under ESOS 2017

Particulars	March 31, 2024	March 31, 2023**
Options outstanding at the beginning of the year	15,956,436	26,511,900
Options granted during the year	6,018,000	3,147,100
Options forfeited during the year	(4,381,880)	(5,960,100)
Options expired/lapsed during the year	(131,330)	–
Options exercised during the year	(3,310,313)	(7,742,464)
Options outstanding at the end of the year	**14,150,913**	**15,956,436**
For options outstanding at the end of the year:		
Exercise price range	₹12.30 - 226.3	₹3.61 - 226.33
Weighted average remaining contractual life (in years)	4.79	4.70

Options granted under ESOS 2022

Particulars	March 31, 2024	March 31, 2023**
Options outstanding at the beginning of the year	760,000	–
Options granted during the year	380,400	760,000
Options forfeited during the year	(20,000)	–
Options expired/lapsed during the year	–	–
Options exercised during the year	–	–
Options outstanding at the end of the year	**1,120,400**	**760,000**
For options outstanding at the end of the year:		
Exercise price range	₹131.05 - 133.35	₹133.35
Weighted average remaining contractual life (in years)	5.47	6.36

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for the Financial Statements for the year ended March 31, 2024

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Options granted under RSU

Particulars	March 31, 2024	March 31, 2023**
Options outstanding at the beginning of the year	-	-
Options granted during the year	600,000	-
Options forfeited during the year	-	-
Options expired/lapsed during the year	-	-
Options exercised during the year	-	-
Options outstanding at the end of the year	**600,000**	**-**
For options outstanding at the end of the year:		
Exercise price range	₹1	-
Weighted average remaining contractual life (in years)	5.41	-

(B) Fair value of options granted

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

Particulars	ESOS 2017			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	1.94-1.97	2.73-2.74	3.34-3.46	4.12-4.46
Risk free interest rate (%)	6.67% to 6.92%	6.69% to 6.99%	6.70% to 7.02%	6.71% to 7.05%
Volatility (%)	40% - 45%	45%	45%	45%
Market price on date of grant	135.45 - 161.40			
Fair Value	38.5 - 47.89	46.98 - 56.46	53.84 - 63.4	62.15 - 71.68

Particulars	ESOS 2022			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	1.95	2.73	3.35	4.35
Risk free interest rate (%)	6.57%	6.58%	6.59%	6.61%
Volatility (%)	45.00%			
Market price on date of grant	142.05			
Fair Value	46.73	54.87	60.39	68.28

Particulars	RSU			
	Tranche I	Tranche II	Tranche III	Tranche IV
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected life (years)	1.97	2.74	3.46	4.46
Risk free interest rate (%)	6.77% to 6.92%	6.81% to 6.99%	6.83% to 7.02%	6.85% to 7.05%
Volatility (%)	45.00%			
Market price on date of grant	139.05 - 149.10			
Fair Value	138.18 - 148.22	138.22 - 148.27	138.27 - 148.31	138.32 - 148.36

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 ₹151 (March, 2023: ₹187**)

** 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.

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for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

(D) Expenses arising from share-based payment transactions

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Stock based compensation expense determined under fair value method recognised in statement of profit or loss	163.64	93.92

51 UTILISATION OF IPO FUNDS

During the year ended March 31, 2022, 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 million and offer for sale of 41,972,660 equity shares by selling shareholders aggregating to ₹47,197 million. 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 of ₹2,161.24 million (inclusive of taxes) were proportionately allocated between the selling shareholders and the Company in the proportion of equity shares sold by the selling shareholders and offered by the Company. The utilization of IPO proceeds of ₹6,045.72 million (net of IPO expenses of ₹254.28 million) is summarized below:

Particulars	Amount to be utilised as per prospectus	Utilisation upto March 31, 2024	Unutilised as on March 31, 2024
Investment in certain of our Subsidiaries, namely, FSN Brands and / or Nykaa Fashion for funding the set-up of new retail stores	420.00	420.00	-
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	420.00	-
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**	**6,045.72**	**-**

52 AUDIT TRAIL

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

Further, the Group uses certain other applications that support the recording of Revenue, Inventory and Purchase (hereinafter referred to as 'supporting softwares'), wherein, the audit trail feature is fully enabled through the year at application level for all transactions except that audit trail feature is not enabled at the database level as it relates to these application.

The Group uses a third-party operated software for processing payroll. Management has obtained the report of Service Organisation Controls (SOC) auditors engaged by such third party which does not mention whether the audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature being tampered with.

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(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'.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Particulars	Amount
Purchase consideration	36.00

The fair values of the identifiable assets and liabilities of Nudge as at the acquisition date were:

Particulars	Amount
(A) Assets Acquired	
(a) Intellectual Property Rights	20.31
(b) Cash and cash equivalents	36.00
(c) 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 Nudge included in the Consolidated Financial Statements for the year ended March 31, 2023 comprises of Revenue of ₹0.51 million and Net loss of ₹3.01 million.

Purchase consideration — Cash flow	Amount
Outflow of cash to acquire Nudge	36.00
Net outflow of cash — investing activities	**36.00**

Notes

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(Amount in ₹ Million, unless otherwise stated)

(B) Acquisition of Iluminar Media Private Limited

On September 9, 2022, the Company 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'.

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 final as the valuation has been completed during the year.

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.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

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 million and Net loss of ₹14.59 million.

Purchase consideration – Cash flow	Amount
Outflow of cash to acquire LBB	292.75
Net outflow of cash – Investing activities	**292.75**

(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 million. The same has been accounted under intangible assets and amortised over the useful life of 15 year.

(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'), 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 (as amended), the Group had written put option on the balance 49% of the equity share capital. The put option liability, the value of which was linked to Dot & Key's future performance was recognised on acquisition and the same will be settled on acquisition of the balance stake. During the year, the fair value of the put option liability has increased from ₹1,373.20 million to ₹3,330.67 million.

Impairment testing of Goodwill:

For impairment testing, goodwill acquired through business combinations pertains to the subsidiaries i.e. Dot & Key Wellness Private Limited ('Dot & Key') and Iluminar Media Private Limited ('Iluminar').

Carrying amount of goodwill allocated to each of the CGUs:

Particulars	Dot & Key		Iluminar	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Goodwill	469.72	469.72	135.17	135.17
	469.72	**469.72**	**135.17**	**135.17**

Dot & Key CGU:

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, 2024, the estimated cash flows for a period of 5 years were developed using internal forecasts, and a pre-tax discount rate of 17.10% (March 31, 2023: 22.00%). The cash flows beyond 5 years have been extrapolated assuming 5% (March 31, 2023: 5.00%) 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.

Iluminar CGU:

The recoverable amount of the Iluminar 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, 2024, the estimated cash flows for a period of 5 years were developed using internal forecasts, and a pre-tax discount rate of 12.80%. 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.

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for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

(E) Acquisition by Subsidiary

On October 6, 2022 FSN International Limited (formerly known as FSN 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.

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, 2024	As at March 31, 2023
Current assets	292.94	451.06
Non current assets	173.93	144.35
Current liabilities	(69.35)	(81.25)
Non current liabilities	(80.35)	(41.68)
Equity	**317.17**	**472.48**
Group's share in Equity (18.51%)	58.71	87.46
Group's carrying amount of the investment	**338.23**	**416.50**

Particulars	For the period ending March 31, 2024	For the period ending March 31, 2023*
Revenue from operations	307.08	230.20
Other income	17.50	14.77
Cost of material consumed	(85.06)	(53.77)
Direct expenses	(33.41)	(43.75)
Depreciation and amortisation expense	(21.11)	(15.44)
Finance costs	(12.90)	(6.90)
Employee benefit expense	(55.05)	(54.82)
Other expense	(303.92)	(258.33)
Loss before tax	**(186.87)**	**(188.04)**
Income tax benefit	(30.65)	(33.22)
Profit/(Loss) after tax	**(156.22)**	**(154.82)**
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year, net of tax	**(156.22)**	**(154.82)**
Group's share of profit for the year	(28.92)	(28.66)
Add: Amortisation of brand for the year	(10.75)	(9.94)
Total	**(39.67)**	**(38.60)**

* The above financial information is from the date of acquisition till March 31, 2023.

The associate had no contingent liabilities or capital commitments as at March 31, 2024.

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 million and Goodwill of ₹165.54 million, 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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55 ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III OF THE COMPANIES ACT 2013

Name of Entity	March 31, 2024									
	% of shareholding as at March 31, 2024	Principal place of operation / country of incorporation	Net Assets ('N A'), i.e. total assets minus total liabilities		Share in profit and loss ('P&L')		Share in other comprehensive income ('OCI')		Share in total comprehensive income ('TCI')	
			Amount	As % of consolidated net assets	Amount	As % of consolidated profit or (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income
Parent:										
FSN E-commerce Ventures Limited	100%	India	16,274.48	127.04%	1,170.90	294.57%	1.96	44.27%	1,172.86	291.81%
Subsidiary:							-			
Nykaa E-retail Limited (formerly known as Nykaa E-retail Private Limited)	100%	India	6,440.60	50.28%	2,268.26	570.65%	1.57	35.49%	2,269.83	564.75%
FSN Brands Marketing Private Limited	100%	India	183.65	1.43%	78.41	19.73%	1.02	22.98%	79.43	19.76%
Nykaa Fashion Limited (formerly known as Nykaa Fashion Private Limited)	100%	India	(546.71)	(4.27%)	(1,899.65)	(477.91%)	0.07	1.58%	(1,899.58)	(472.63%)
Nykaa KK Beauty Private Limited	51%	India	249.62	1.95%	113.09	28.45%	(0.01)	(0.29%)	113.09	28.14%
FSN International Limited (formerly known as FSN International Private Limited)	100%	India	201.17	1.57%	(24.23)	(6.10%)	-	0.00%	(24.23)	(6.03%)
FSN Distribution Limited (formerly known as FSN Distribution Private Limited)	100%	India	(1,954.78)	(15.26%)	(1,142.31)	(287.38%)	1.06	23.94%	(1,141.26)	(283.95%)
Dot & Key Wellness Private Limited	51%	India	584.21	4.56%	154.77	38.94%	0.45	10.17%	155.22	38.62%
Nykaa Foundation	99.93%	India	0.10	0.00%	-	0.00%	-	0.00%	-	0.00%
Nudge Wellness Private Limited	60%	India	37.91	0.30%	(15.88)	(3.99%)	-	0.00%	(15.88)	(3.95%)
Iluminar Media Private Limited	100%	India	31.21	0.24%	51.83	13.04%	(0.18)	(4.07%)	51.65	12.85%
Associate:							-			
Earth Rhythm Private Limited	18.51%	India	317.17	2.48%	39.67	9.98%	-	0.00%	39.67	9.87%
Step down subsidiary:							-			
Nykaa International UK Limited	100%	United Kingdom	(46.61)	(0.36%)	(26.97)	(6.78%)	0.75	16.91%	(26.22)	(6.52%)
FSN Global FZE	100%	UAE	(27.96)	(0.22%)	(8.03)	(2.02%)	0.48	10.90%	(7.55)	(1.88%)
Nessa International Holdings Limited	55%	UAE	34.63	0.27%	1.10	0.28%	(1.85)	(41.79%)	(0.75)	(0.19%)
Nyssa Beauty LLC	55%	UAE	91.08	0.71%	(112.33)	(28.26%)	-	0.00%	(112.33)	(27.95%)
Minority interest in the subsidiaries			575.83	4.50%	74.84	18.83%	(0.69)	(15.63%)	74.15	18.45%
Adjustment on consolidation			(9,635.16)	(75.21%)	(325.98)	(82.01%)	(0.20)	(4.46%)	(326.18)	(81.15%)
Total			**12,810.44**		**397.49**		**4.43**		**401.92**	

Notes

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(Amount in ₹ Million, unless otherwise stated)

Name of Entity	% of shareholding as at March 31, 2023	Principal place of operation / country of incorporation	March 31, 2023							
			Net Assets ('N A'), i.e. total assets minus total liabilities		Share in profit and loss ('P&L')		Share in other comprehensive income ('OCI')		Share in total comprehensive income ('TCI')	
			Amount	As % of consolidated net assets	Amount	As % of consolidated profit or (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income
Parent										
FSN E-Commerce Ventures Limited	100%	India	16,492.70	118.47%	613.05	292.47%	(2.20)	(140.04%)	610.85	289.26%
Subsidiary										
Nykaa E-Retail Private Limited	100%	India	4,097.80	29.43%	1,912.23	912.29%	(0.91)	(57.99%)	1,911.32	905.08%
FSN Brands Marketing Private Limited	100%	India	104.80	0.75%	(105.78)	(50.47%)	2.15	137.11%	(103.63)	(49.07%)
Nykaa Fashion Private Limited	100%	India	(1,886.74)	(13.55%)	(1,296.46)	(618.52%)	0.33	21.04%	(1,296.13)	(613.77%)
Nykaa KK Beauty Private Limited	51%	India	136.54	0.98%	68.42	32.64%	0.01	0.70%	68.43	32.40%
FSN International Private Limited	100%	India	25.62	0.18%	(18.87)	(9.00%)	(0.00)	-	(18.87)	(8.94%)
FSN Distribution Private Limited	100%	India	(816.29)	(5.86%)	(768.53)	(366.65%)	0.11	6.70%	(768.42)	(363.88%)
Dot & Key Wellness Private Limited	51%	India	428.59	3.08%	(29.32)	(13.99%)	0.07	4.22%	(29.25)	(13.85%)
Nykaa Foundation	99.93%	India	0.10	0.00%	-	-	-	-	-	-
Nudge Wellness Private Limited	60%	India	53.72	0.39%	(6.28)	(3.00%)	-	-	(6.28)	(2.97%)
Iluminar Media Private Limited	100%	India	(28.84)	(0.21%)	(14.59)	(6.96%)	1.37	87.27%	(13.22)	(6.26%)
Associate										
Earth Rhythm Private Limited	18.51%	India	87.46	0.63%	(28.66)	(13.67%)	-	-	(28.66)	(13.57%)
Step down subsidiary										
Nykaa International UK Limited	100%	United Kingdom	(18.76)	(0.13%)	(20.94)	(9.99%)	(0.47)	(30.10%)	(21.41)	(10.14%)
FSN Global FZE	100%	UAE	(19.19)	(0.14%)	(21.75)	(10.38%)	0.02	1.49%	(21.73)	(10.29%)
Nessa International Holdings Limited	55%	UAE	0.82	0.01%	(0.01)	(0.00%)	-	-	(0.01)	(0.00%)
Minority interest in subsidiaries			386.23	2.77%	16.99	8.11%	0.04	2.55%	17.03	8.06%
Adjustments on consolidation			(5,123.01)	(36.80%)	(89.89)	(42.89%)	1.05	67.06%	(88.84)	(42.07%)
Total			**13,921.55**		**209.61**		**1.57**		**211.18**	

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

56 OTHER STATUTORY INFORMATION

1. The Holding Company, its subsidiary companies and associate companies does not have any transactions with companies struck off.

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

3. The Holding Company, its subsidiaries and associate companies has not traded or invested in Crypto currency or Virtual Currency during the financial year.

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

5. 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 Ultimate Beneficiaries.

6. No funds have been received by the respective Holding Company or any of such subsidiaries and associate from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries 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.

7. Neither the Holding Company nor any of its subsidiary companies or associate companies are holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Further, no proceedings have been initiated or pending against the Group for holding any benami property under the act and rules mentioned above.

8. The Company, its subsidiaries or associates have not been declared wilful defaulter by any bank or financial institution or any other lender.

Notes

for the Financial Statements for the year ended March 31, 2024

(Amount in ₹ Million, unless otherwise stated)

57 Previous year figures have been regrouped and reclassed wherever required to conform to those of the current year.

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

For and on behalf of Board of Directors of
FSN E-Commerce Ventures Limited

per Nilangshu Katriar
Partner
Membership No: 058814

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

Anchit Nayar
Executive Director
DIN: 08351358

P Ganesh
Chief Financial Officer

Neelabja Chakrabarty
Company Secretary &
Compliance Officer
Membership No.: A16075

Place: Mumbai
Date: May 22, 2024

Place: Mumbai
Date: May 22, 2024

Notice

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.:** +9122 6838 9616

Dear Member,

NOTICE is hereby given that the **12th (Twelfth) Annual General Meeting** of the Members of FSN E-Commerce Ventures Limited will be held on **Wednesday, September 18, 2024 at 03:30 P.M. (IST)** through Video Conferencing / Other Audio-Visual Means organised by the Company, to transact the following business:

ORDINARY BUSINESS:

(1) To consider and adopt the:

(A) Standalone Audited Financial Statements of the Company for the financial year ended March 31, 2024 together with the Reports of the Board of Directors and Auditors thereon and, in this regard, to consider and if thought fit, to pass following resolution as an Ordinary Resolution:

"**RESOLVED THAT** the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2024 and the reports of the Board of Directors and Auditors 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, 2024 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, 2024 and the report of Auditors thereon as circulated to the Members be and are hereby considered and adopted."

(2) To appoint a Director in place of Mr. Anchit Nayar (DIN: 08351358) 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 and the Articles of Association of the Company, Mr. Anchit Nayar (DIN: 08351358), who retires by rotation at this meeting, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

(3) To appoint a Director in place of Mr. Sanjay Nayar (DIN: 00002615) 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 and the Articles of Association of the Company, Mr. Sanjay Nayar (DIN: 00002615), who retires by rotation at this meeting, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

By order of the Board of Directors of
FSN E-Commerce Ventures Limited

Neelabja Chakrabarty
Company Secretary and Compliance Officer
Mumbai, May 22, 2024 Mem. No.: A16075

NOTES:

(1) The Ministry of Corporate Affairs **("MCA")** has vide its General Circular No. 09/2023 dated September 25, 2023 read with General Circular No 10/2022 dated December 28, 2022, 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, upto September 30, 2024. Further, SEBI vide Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 has also permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing (VC)/Other Audio Visual Means (OAVM). 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")**, SEBI Circulars 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 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 shall be deemed to be conducted at the Registered Office of the Company 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.com with a copy marked to evoting@nsdl.co.in.

(5) Re-appointment of Directors, retiring by rotation:

Information required pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with the applicable provisions of Secretarial Standard-2, in respect of the Directors seeking re-appointment, is provided at the end of this Notice as **Annexure – A**.

(6) Electronic dispatch of Annual Report and process for registration of email ID for obtaining copy of Annual Report:

(a) In compliance with the MCA General Circulars 09/2023 dated September 25, 2023 and Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 issued by SEBI ("SEBI Circular") (collectively referred to as "Circulars"), notice of the AGM along with the Annual Report for the financial year 2023-24 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 Member is desirous of obtaining physical copy of the Annual Report for the financial year 2023-24 and Notice of the 12th 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 2023-24 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 (www.nseindia.com) 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., Friday August 16, 2024 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 2023-24 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 rnt.helpdesk@.linkintime.co.in.

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, 2024. Members seeking to inspect such documents can send an email to nykaacompanysecretary@nykaa.com.

(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) **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 cut-off date i.e., Wednesday September 11, 2024, 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., Wednesday September 11, 2024. 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.

(d) National Securities Depository Limited ("NSDL") will be providing facility for voting through remote e-voting. The remote e-voting period commences on **Saturday, September 14, 2024, from 09:00 a.m. IST** and ends on **Tuesday, September 17, 2024, 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 cast 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.

(e) Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes Member of the Company after the Notice is send through e-mail and holding shares as of the cut-off date i.e., Wednesday September 11, 2024, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or the RTA at rnt.helpdesk@linkintime.co.in. 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 www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30. 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., Wednesday September 11, 2024, may follow steps mentioned below in Note 9 and Note 10 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 12th 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: https://eservices.nsdl.com/ 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 re-directed 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 https://eservices.nsdl.com. Select 'Register Online for IDeAS' Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp.

(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: https://www.evoting.nsdl.com/ 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 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

Download on the App Store

GET IT ON Google Play

(ii) Individual Shareholders holding securities in demat mode with Central Depository Services (India) Limited ["CDSL"]

(a) Users who have opted for Easi/Easiest:

(1) Shareholders can login through their User ID and Password. Option will be made available to reach e-voting website without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.

(2) After successful login of Easi/Easiest the user will be also able to see the e-voting Menu.

(b) Users who have not opted for Easi/Easiest:

Option to register for Easi/Easiest is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration.

(c) Visit the e-voting website of NSDL:

(1) account number and PAN at https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered mobile number and e-mail id as recorded in their demat account.

(2) After successful authentication, user will be provided links for the respective ESP where the e-voting is in progress.

(iii) Securities held in demat mode login through DPs

(1) 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 to 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 evoting@nsdl.co.in or	Securities held with CDSL Please contact CDSL helpdesk by sending a request at helpdesk. evoting@cdslindia.com or
Call at toll free nos.: 1800-1020-990 and 1800-224-430.	Call at toll free nos.: 022- 23058738 or 022-23058542-43.

(B) Login method for e-voting and joining virtual meeting for shareholders other than individual sshareholders 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: https://www.evoting.nsdl.com/ 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 https://eservices.nsdl.com/ 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:

Manner of holding shares i.e. Demat (NSDL/CDSL) or Physical		Your User ID is:
(a)	For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example: if your DP ID is IN300*** and Client ID is 12****** then your User ID is IN300***12******.
(b)	For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example: if your Beneficiary ID is 12************** then your User 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 129657 then your User ID is 129657001***

(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 evoting@nsdl.com. 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 www.evoting.nsdl.com.

(b) 'Physical User Reset Password?' (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

(c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co. 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, the homepage 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 evoting@nsdl.co.in.

(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), AADHAR (self-attested scanned copy of Aadhar Card) to evoting@nsdl.co.in. 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 9th December, 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 cast 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 www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Amit Vishal, Assistant Vice-President, NSDL at evoting@nsdl.co.in.

(10) Procedure for joining the 12th AGM through VC/OAVM:

(a) The Company has engaged the services of NSDL e-voting system as the authorized 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 General Meeting" menu against the Company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN (129657) 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 www.evoting.nsdl.com or can:

- Send a request at evoting@nsdl.co.in or use toll free no.: 1800 1020 990 or 1800 224 430; or
- Contact Mr. Amit Vishal, Assistant Vice-President, NSDL at the designated e-mail ID: evoting@nsdl.co.in; or
- Contact Ms. Pallavi Mhatre, Senior Manager, NSDL at the designated e-mail ID: evoting@nsdl.co.in.

(11) Procedure to raise questions/seek clarifications with respect to Annual Report at the ensuing 12th 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 nykaacompanysecretary@nykaa.com. Questions/ queries received by the Company till 05:00 p.m. (IST) on September 13, 2024, 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. 10 "Step 1: Access to NSDL e-Voting system" till 05:00 p.m. (IST) on September 17, 2024. After successful login, members will be able to register themselves as a Speaker Shareholder by clicking on the link available against the EVEN (129657) 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.

(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 has appointed Mr. Sachin Sharma (Membership No. 46900/CP. No. 20423) 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 Scrutinizer to scrutinize 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.

(b) The Scrutinizer will submit the results to Executive Chairperson, Managing Director and CEO of the Company or any person authorized by her after completion of the scrutiny of the-Voting, and the results will be announced within two working days of the conclusion of the AGM. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM.

(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: https://www.evoting.nsdl.com/.

Others:

(14) As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized 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 dematerialized 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 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 Norms for Processing Investor's Service Requests and on the website of Link Intime at https://linkintime.co.in/. Members are requested to note that any service request would only be processed after the folio is KYC Compliant.

(16) In accordance with the provisions of Section 72 of the Act and SEBI circulars, the facility for nomination is available for the Members of the Company in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting the Form No. SH-13. If a member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form No. ISR-3 or Form No. SH-14, as the case may be. The said forms are available on the Company's website at Norms for Processing Investor's Service Requests.

Members are requested to submit the said details to their respective DP, in case the shares are held by them in dematerialised form and to the Company/Link Intime, in case the shares are held by them in physical form.

By order of the Board of Directors of
FSN E-Commerce Ventures Limited

Neelabja Chakrabarty
Company Secretary and Compliance Officer
Mem. No.: A16075

Mumbai, May 22, 2024

ANNEXURE – A

DETAILS OF DIRECTORS RETIRING BY ROTATION / SEEKING APPOINTMENT / RE-APPOINTMENT AT THE MEETING

Name of the Director	Mr. Anchit Nayar	Mr. Sanjay Nayar
DIN	08351358	00002615
Designation/ Category of the Director	Executive Director	Non-Executive (Non-Independent) Director
Date of Birth (Age in years)	August 16, 1990 (34 years)	October 13, 1960 (64 years)
Nationality	Indian	Indian
Qualifications	Bachelor's degree from Columbia University	Bachelor's degree in science in mechanical engineering from the University of Delhi and Post-graduate diploma in management from the Indian Institute of Management, Ahmedabad
Experience (including expertise in specific functional area) / Brief Resume	Mr. Anchit Nayar is an Executive Director of the Company, since July 1, 2021. He also serves as the Managing Director & Chief Executive Officer for Nykaa E-Retail Limited, which handles the Beauty E-Commerce business of the Nykaa group. Mr. Anchit Nayar has more than 10 years of experience in e-commerce, marketing, retail, and banking. Mr. Anchit Nayar has previously served as the vice president of the Investment Banking Division at Morgan Stanley, New York. He is currently responsible for the beauty business and also serves as a Member of the investor relations team. He joined FSN Brands in 2018 as the Chief Executive Officer and has overseen the expansion of retail Nykaa stores. He was also the Chief Marketing Officer of the Company for the period from May 31, 2020 to January 12, 2021. Since 2022, as the CEO of Beauty Omnichannel, Anchit has been leading the beauty omnichannel business, scaling up the business by building the right business models, pioneering industry-first initiatives and curating best-in-class experiences tailored to the needs of both customers and brand partners. He was part of the illustrious Fortune India's 40 under 40 list of achievers in 2022. He was recognised by Forbes India as the 'Tycoon of Tomorrow' in 2021 and more recently as one of the top retail minds at the Asia Retail Congress held in 2023.	Mr. Sanjay Nayar is a Non-Executive (Non-Independent) Director of the Company. Mr. Sanjay Nayar is a senior finance professional in the Indian private investing landscape and has over three decades of experience in the Global financial markets. Presently, he is the Founder and Chairman of Sorin Investment Fund, an early-stage technology fund founded in December 2022. He is currently also serving as President of ASSOCHAM. Mr. Sanjay Nayar has over 39 years of experience in the banking, and private equity. He was associated with Citibank N.A. for over 23 years, where he also served as chief executive officer of the bank in India over six years. He was chief executive officer of KKR India Advisors Private Limited from 2009 to 2020 and has also been on the boards of various KKR portfolio companies and served as Chairman of Avendus Capital. Marquee affiliations: Recently appointed as a non-official member for the Board of Trade, Government of India, representing the private sector; (A key advisory body to the commerce and industry ministry). Member of the Board of US-India Strategic Partnership Forum (USISPF), Governing Board of Indian School of Business (ISB), member of Advisory Board of Habitat for Humanity, Chairman of Grameen Impact Investments India (GIII); and Founder — Board Member of Centre for Social and Economic Progress (CSEP).
Terms and Conditions of Re-appointment	Reappointment as Director of the Company, liable to retire by rotation, as per resolution in item number 2 of the Notice	Reappointment as Director of the Company, liable to retire by rotation, as per resolution in item number 3 of the Notice
Remuneration last drawn (FY2023-24)	As disclosed in the Corporate Governance Report	As disclosed in the Corporate Governance Report
Remuneration proposed	He shall be paid remuneration from the Company as earlier approved by the Shareholders at the time of his appointment as Executive Director of the Company. He is also entitled to receive remuneration from Nykaa E-Retail Limited, where he is appointed as MD & CEO, within the statutory limits of law.	He is entitled for sitting fee and reimbursement of expenses for attending the meetings and commission from the Company. Currently, he has waived the sitting fees, commission and other expenses.
Date of first appointment on the Board	August 13, 2019	April 09, 2021
Shareholding in the Company including shareholding as a beneficial owner as on March 31, 2024	9,60,480 equity shares 8,66,20,000 equity shares held through Anchit Nayar Family Trust and 2,85,00,000 held through Anchit Nayar - Sanjay Nayar Family Trust	63,41,13,520 equity shares held through Sanjay Nayar Family Trust

Name of the Director	Mr. Anchit Nayar	Mr. Sanjay Nayar
Relationship with other Directors / Key Managerial Personnel	Son of Ms. Falguni Nayar and Mr. Sanjay Nayar Brother of Ms. Adwaita Nayar	Husband of Ms. Falguni Nayar and Father of Ms. Adwaita Nayar and Mr. Anchit Nayar
Number of meetings of the Board attended during the financial year 2023-24	5	5
Directorships of other Boards as on March 31, 2024	Nykaa E-Retail Limited FSN Brand Marketing Private Limited	FSN Distribution Limited FSN International Limited Heritage View Developers Private Limited Sealink View Probuild Private Limited Sea View Probuild Private Limited Epimoney Private Limited Grameen Impact Investments India Private Limited CSEP Research Foundation Indian School of Business Pratham Education Foundation Pratham Institute for Literacy Education and Vocational Training Sanjay & Falguni Nayar Foundation Nykaa Foundation Nykaa International UK Limited Nessa International Holdings Limited Nysaa Beauty LLC The Associated Chambers of Commerce and Industry of India
Membership / Chairmanship of Committees of other Companies (other than the Company) as on March 31, 2024	Nykaa E-Retail Limited: • Corporate Social Responsibility Committee — Member	Epimoney Private Limited: • Audit Committee — Member • Asset-Liability Management Committee - Member • Risk & Credit Management Committee - Member
Entities from which the Director has resigned in the past three years	Nykaa Fashion Limited Dot & Key Wellness Private Limited	J B Chemicals and Pharmaceuticals Limited Max Healthcare Institute Limited Indigrid Investment Managers Limited Valleyview Probuild Private Limited Avendus Capital Private Limited Radiant Life Care Private Limited Seynse Technologies Private Limited Incred Holdings Limited Incred Financial Services Limited

Name of the Director	Mr. Anchit Nayar	Mr. Sanjay 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.	Anchit Nayar is Chief Executive Officer and Managing Director of Nykaa E-Retail Limited, a wholly owned material subsidiary of FSN E-Commerce Ventures Limited and is also responsible for beauty business of Nykaa group. With regard to the above and in opinion of the Board, he will be able to devote full time to the business of the Company and its group entities.	N.A.
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.
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	Nil	Nil
Number of Promoter family members on the Board of the Company	4 (including Mr. Anchit Nayar)	4 (including Mr. Sanjay Nayar)
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

Note

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Corporate Information

NAME OF THE COMPANY:

FSN E-Commerce Ventures Limited
(CIN: L52600MH2012PLC230136)

BOARD OF DIRECTORS

(A) EXECUTIVE DIRECTORS:

Ms. Falguni Nayar
Executive Chairperson, Managing Director and CEO

Mr. Anchit Nayar
Ms. Adwaita Nayar

(B) NON-EXECUTIVE (NON-INDEPENDENT) DIRECTORS:

Mr. Sanjay Nayar
Mr. Milan Khakhar

(C) INDEPENDENT DIRECTORS:

Ms. Anita Ramachandran
Mr. Milind Sarwate
Mr. Pradeep Parameswaran
Mr. Seshashayee Sridhara
Ms. Alpana Parida (till July 14, 2024)
Mr. Santosh Desai (w.e.f. July 15, 2024)

CHIEF FINANCIAL OFFICER

Mr. P. Ganesh

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Sujeet Jain (till February 07, 2024)*

Mr. Neelabja Chakrabarty (w.e.f. February 08, 2024)

*Note: Mr. Sujeet Jain continues to be Chief Legal and Regulatory Officer

STATUTORY AUDITORS

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

Chartered Accountants

SECRETARIAL AUDITORS

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

BANKERS

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

REGISTERED OFFICE

104, Vasan Udyog Bhavan,
Sun Mill Compound, Tulsi Pipe Road,
Lower Parel, Mumbai – 400 013.
Tel No.: 022-6838 9616

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: https://linkintime.co.in/

12TH ANNUAL GENERAL MEETING

Wednesday, September 18, 2024 at 03.30 P.M. through Video Conference/ Other Audio-Visual Means

WEBSITE

https://www.nykaa.com/

FSN E-Commerce Ventures Limited

Registered Office: 104 Vasan Udyog Bhavan | Sun Mill Compound | S. B. Marg | Tulsi Pipe Road | Lower Parel (W) | Mumbai – 400013

Website: www.nykaa.com | Phone: +91 22 6838 9616 | Email – companysecretary@nykaa.com

CIN: L52600MH2012PLC230136

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