



SHARP & TANNAN

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FUSION COSMECEUTICS PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Fusion Cosmeceutics Private Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its loss, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

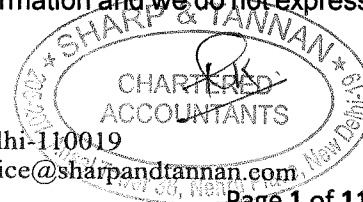
We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

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Shreedhar T. Kunte Rajkumar Khullar
Pavan K. Aggarwal Raghunath P. Acharya
Associate Offices: Bangalore, Chennai, Goa, Mumbai, Pune & Hyderabad

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

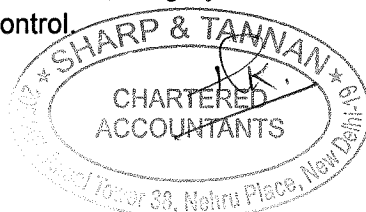
The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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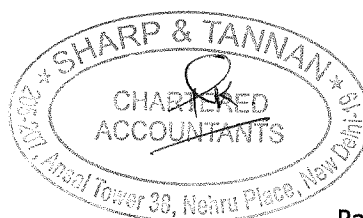
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance 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 financial statements of the current period 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

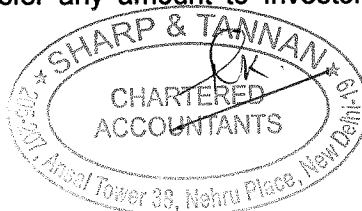
The Financial Statements of the Company for the year ended March 31, 2022, were audited by another auditor whose report dated September 06, 2022 expressed an unmodified opinion on those statements. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the company has not paid remuneration to any directors, hence provisions of section 197 read with Schedule V to the Act is not applicable to the company.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company is not required to transfer any amount to Investor Education and Protection Fund.



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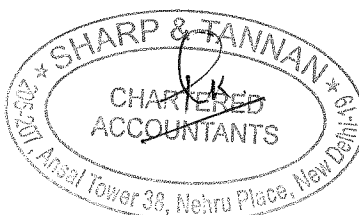
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- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, 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, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. During the year, the Company has not declared or paid any dividend.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

New Delhi, July 21, 2023



SHARP & TANNAN
Chartered Accountants
Firm's Registration No.000452N
by the hand of

Rajkumar

RAJKUMAR KHULLAR
Partner
Membership No.092507

UDIN: 23092507BGXASP8653

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Fusion Cosmeceutics Private Limited** of even date)

Report on the Internal Financial Controls with reference to Financials Statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls with reference to financial statements of **Fusion Cosmeceutics Private Limited** (the "Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

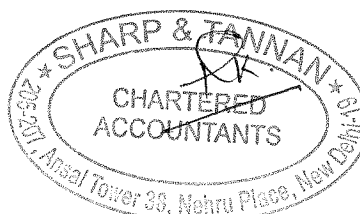
The Company's Management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "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 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 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") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.



Meaning of Internal Financial Controls with reference to financial statements

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

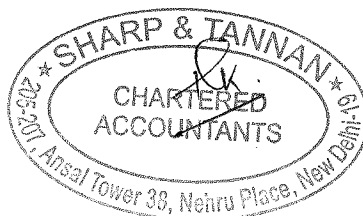
Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements 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 ICAI

New Delhi, July 21, 2023



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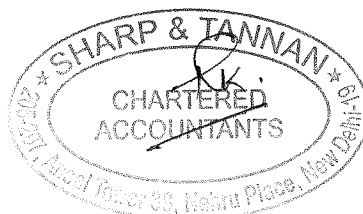
Rajkumar
RAJKUMAR KHULLAR
Partner
Membership No.092507

UDIN: 23092507BGXASP8653

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **FUSION COSMECEUTICS PRIVATE LIMITED** of even date)

- (i) In respect of the Company's property, plant and equipment and intangible assets:
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a program of verification to cover all the items of Property, Plant and Equipment and right-of-use assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed during such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not having any immovable properties.
- (d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventory (excluding stocks with E-commerce Operators) has been physically verified by the management during the year. In respect of inventory lying with E-commerce Operators, these have substantially been confirmed by them. In our opinion, the frequency, coverage and procedure of such verification is reasonable. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
- (b) The Company has not been sanctioned working capital limits in excess of Rs. 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- (iii) According to the information and explanations given to us, during the year, the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Hence, reporting under clause 3(iii)(a) to (f) of the Order is not applicable.



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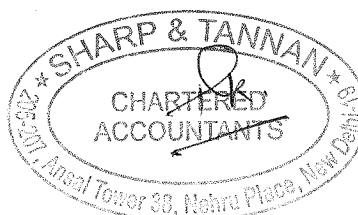
- (iv) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Accordingly, Paragraph 3 (iv) of the Order are not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013. Hence, reporting under clause (vi) of the Order is not applicable to the Company.
- (vii) According to the information and explanations are given to us, in respect of statutory dues:
- (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount
Nil				

- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix) (a) According to the information and explanations given to us and as per the records of the Company examined by us, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to financial institutions, banks and other lender. The Company has, during the year, taken inter-corporate deposits/ loan amounting to Rs. 800 Lakhs (from its Holding Company) which has not been due for payment.



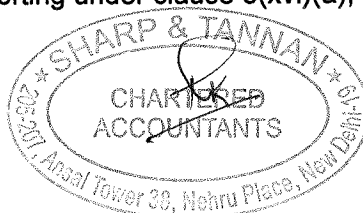
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- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) to (f) of the Order is not applicable.
- (x) (a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us, the Company has made preferential allotment or private placement of shares during the year and the requirement of section 42 of the Companies Act, 2013 have been complied with. The amount raised has been used for the purposes for which the funds were raised.
- (xi) (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) No whistle-blower complaints have been received by the Company during the year (and up to the date of this report).
- (xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, Paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act and the relevant details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) (a) According to the information and explanations given to us, the company has adequate internal audit system commensurate with the size and nature of its business; and
- (b) According to the information and explanations given to us, the company is not required to have an internal audit system under section 138 of the Companies Act 2013. Hence, reporting under clauses (xiv)(b) of the Order is not applicable.
- (xv) According to the information and explanations given to us, the Company had not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, compliance with the provisions of Section 192 of the Act is not applicable to the Company.
- (xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.



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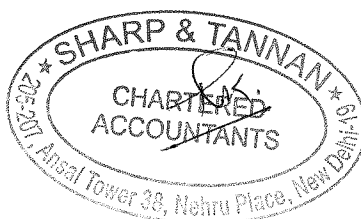
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- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions.
- (xvii) The Company has incurred cash losses amounting to Rs. 1345.14 Lakhs during the financial year covered by our audit and Rs. 582.38 Lakhs during the immediately preceding financial year.
- (xviii) There has been resignation of the statutory auditors during the year and based on the information and explanations given to us by the management and the response to our communication with the outgoing auditors, there have been no issues, objections or concerns raised by the outgoing auditors.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of the 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) The provisions of Section 135 of the Act in respect of Corporate Social Responsibility are not applicable to the company. Hence, reporting under clauses 3(xx)(a) and (b) are not applicable to the company.

New Delhi, July 21, 2023



SHARP & TANNAN
Chartered Accountants
Firm's Registration No.000452N
by the hand of

Rajkumar

RAJKUMAR KHULLAR
Partner
Membership No.092507

UDIN: 23092507BGXASP8653

Fusion Cosmeceutics Private Limited
Balance Sheet as at March 31, 2023
(All amounts in INR Lakhs, except as otherwise stated)

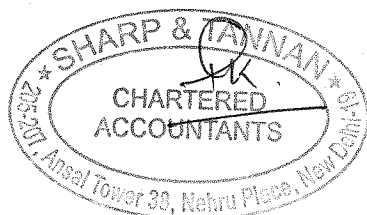
	Notes	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Assets				
Non-current assets				
Property, plant and equipment	3	2.15	1.48	2.46
Intangible assets	4	0.04	0.04	0.04
Deferred tax assets (net)	28	-	183.89	64.57
Other non-current assets	10	-	71.07	26.73
		2.19	256.48	93.79
Current assets				
Inventories	6	695.35	86.99	123.39
Financial assets				
i. Trade receivables	7	345.07	44.19	50.39
ii. Cash and cash equivalents	8	77.33	20.61	63.17
iii. Other bank balances	9	-	-	100.00
iv. Other financial assets	5	4.03	-	0.89
Other current assets	10	265.60	1.24	4.96
		1,387.37	153.02	342.80
Total assets		1,389.58	409.51	436.60
Equity and liabilities				
Equity				
Equity share capital	11	100.00	100.00	100.00
Instruments entirely in the nature of equity	12A	497.18	-	-
Other equity	12B	(1,497.63)	(918.33)	(44.82)
Total equity		(900.44)	(818.33)	55.18
Non-current liabilities				
Financial liabilities				
i. Borrowings	13	800.00	685.33	53.33
Provisions	15	4.69	4.89	-
		804.69	690.22	53.33
Current liabilities				
Financial liabilities				
i. Trade payables	17			
(a) Total outstanding due to micro enterprises and		275.94	59.55	29.71
(b) Total outstanding due to creditors other than				
micro enterprises and small enterprises.		468.53	108.18	53.37
ii. Borrowings	13	-	284.28	142.98
iii. Other financial liabilities	14	0.07	40.10	41.28
Provisions	15	673.21	24.51	49.29
Other current liabilities	16	67.57	21.00	11.45
		1,485.32	537.62	328.09
Total liabilities		2,290.02	1,227.84	381.42
Total equity and liabilities		1,389.58	409.51	436.60

Corporate information and summary of significant accounting policies (refer note 1&2)

As per our report of even date

For Sharp & Tannan
Chartered Accountants
Firm Registration Number: 000452N
By the hand of

Rajkumar
Rajkumar Khullar
Partner
Membership no.: 092507
Place: Delhi
Date: 21-07-2023



For and on Behalf of Board of Directors of
Fusion Cosmeceutics Private Limited
CIN: U74999DL2016PTC306016

Varun Alagh
Varun Alagh
Director
DIN: 07597289
Place: Gurugram
Date: 21-07-2023

Raman Dreet, Sahi
Raman Dreet, Sahi
Director
DIN: 09450611
Place: Gurugram
Date: 21-07-2023

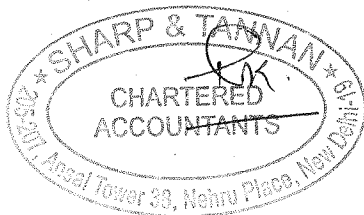
Fusion Cosmeceutics Private Limited
Statement of Profit and Loss for the year ended March 31, 2023
(All amounts in INR Lakhs, except as otherwise stated)

	Notes	2022-23	2021-22
Income			
Revenue from operations	18	2,705.37	644.12
Other income	19	7.29	0.89
Total income		2,712.66	645.01
Expenses			
Cost of raw materials consumed	20	217.09	161.18
Purchases of traded goods	21	1,316.65	84.96
Change in inventories of finished and traded goods	22	(593.52)	(27.89)
Employee benefits expenses	23	133.51	177.44
Depreciation expenses	24	1.53	1.79
Finance costs	25	23.05	14.63
Other expenses	26	2,961.02	1,225.72
Total expenses		4,059.33	1,637.84
Profit/(Loss) before tax		(1,346.67)	(992.83)
Tax expenses			
Current tax		-	-
Deferred tax charge/(credit)		183.89	(119.32)
Total tax expenses		183.89	(119.32)
Profit/(Loss) for the year		(1,530.55)	(873.51)
Other comprehensive income/(loss) (OCI)			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement gains/ (losses) on defined benefit plans		2.44	-
Income tax effect		-	-
Other comprehensive income/(loss) for the year, net of tax		2.44	-
Total comprehensive income/(loss) for the year		(1,528.12)	(873.51)
Earnings per equity share			
Basic			
Equity shares, Nominal value of Rs. 10 each	27	(152.80)	(87.35)
Diluted			
Equity shares, Nominal value of Rs. 10 each		(152.80)	(87.35)

Corporate information and summary of significant accounting policies (refer note 1&2)
#REF!

As per our report of even date
For Sharp & Tannan
Chartered Accountants
Firm Registration Number: 000452N
By the hand of

Rajkumar
Rajkumar Khullar
Partner
Membership no.: 092507
Place: Delhi
Date: 21-07-2023



For and on Behalf of Board of Directors of
Fusion Cosmeceutics Private Limited
CIN: U74999DL2016PTC306016

Varun Alagh
Varun Alagh
Director
DIN: 07597289
Place: Gurugram
Date: 21-07-2023

Ramjan Preet Sohi
Ramjan Preet Sohi
Director
DIN: 09450611
Place: Gurugram
Date: 21-07-2023

Fusion Cosmeceutics Private Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2023
(All amounts in INR Lakhs, except as otherwise stated)
a) Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid

At April 01, 2021

Issued during the year

At March 31, 2022

Issued during the period

At March 31, 2023

No. of Shares	Amount
10,00,045	100.00
-	-
10,00,045	100.00
-	-
10,00,045	100.00

b) Instruments entirely in the nature of equity

As at April 01, 2021

Issued during the year

As at March 31, 2022

Add: Reclassified to equity during the period - Refer note below

Add: Issued during the year

As at March 31, 2023

No. of Shares	Amount
-	-
-	-
-	-
3,73,306	446.00
5,11,797	51.18
8,85,103	497.18

Note:

On adoption of Ind AS, CCPS issued upto date of transition have been reclassified from equity to liability as at transition date. Further, as on April 01, 2022 the preference share has been classified as equity because of the change in terms pertaining to payment/redemption.

Other equity

	Attributable to equity holders of the Company		
	Retained earnings	Securities premium	Total
As at April 01, 2021	(328.22)	283.40	(44.82)
Profit for the year	(873.51)	-	(873.51)
Other comprehensive income	-	-	-
Total comprehensive income/(loss)	(1,201.73)	283.40	(918.33)
Add: Increase during the year	-	-	-
As at March 31, 2022	(1,201.73)	283.40	(918.33)
Profit for the year	(1,530.55)	-	(1,530.55)
Other comprehensive income	2.44	-	2.44
Total comprehensive income	(1,528.12)	-	(1,528.12)
Add: Increase during the year	-	948.82	948.82
As at March 31, 2023	(2,729.85)	1,232.22	(1,497.63)

Corporate information and summary of significant accounting policies (refer note 1&2)

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For Sharp & Tannan

Chartered Accountants

Firm Registration Number: 000452N

By the hand of

Rajkumar

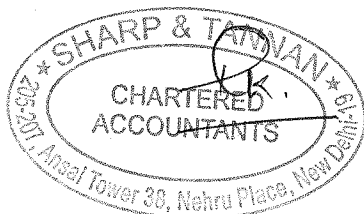
Rajkumar Khullar

Partner

Membership no.: 092507

Place: Delhi

Date: 21-07-2023



For and on Behalf of Board of Directors of

Fusion Cosmeceutics Private Limited

CIN: U74999DL2016PTC306016

Varun Alagh

Varun Alagh

Director

DIN: 07597289

Place: Gurugram

Date: 21-07-2023

Raman Preet Sohi

Raman Preet Sohi

Director

DIN: 09450611

Place: Gurugram

Date: 21-07-2023

Fusion Cosmeceutics Private Limited
Statement of Profit and Loss for the year ended March 31, 2023
(All amounts in INR Lakhs, except as otherwise stated)

Operating activities

Profit/(Loss) before tax

Adjustments to reconcile profit/(loss) before tax to net cash flows:

Change in Fair valuation of Preference Share
 Depreciation of property, plant and equipment
 Amortisation of intangible assets
 Provision for slow moving inventory
 Interest income
 Finance costs

Operating cash flow before working capital changes

Movement in working capital:

Increase in trade receivables
 Increase in other financial assets
 Increase in trade payables
 Increase in financial liabilities
 Increase in provisions
 Increase in other non-current assets
 Increase in Inventory
 Increase in other current liabilities
 Increase in other current assets

Net cash flow from/(used in) operating activities (A)

Investing activities

Purchase of property, plant and equipment
 Investment in fixed deposits
 Interest received

Net cash flow from/(used in) investing activities (B)

Financing activities

Proceeds from borrowings
 Proceeds from Issue of Preference Share
 Repayment of Short term borrowings
 Finance cost

Net cash flows from/(used in) financing activities (C)

Net increase in cash and cash equivalents (A+B+C)

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

Components of cash and cash equivalents

Balance with banks
 - on current accounts
 - Cash on hand

Less - Bank overdraft (note 13)

Total cash and cash equivalents

Notes	2022-23	2021-22
	(1,346.67)	(992.83)
	-	-
	1.53	1.79
	-	-
	-	-
	(0.50)	(0.72)
	23.05	6.99
	(1,322.59)	(984.77)
	(300.89)	6.20
	(4.03)	0.89
	576.75	84.64
	(40.03)	(1.18)
	650.94	(19.89)
	71.07	(44.35)
	(608.36)	36.40
	46.57	9.55
	(264.36)	3.72
	(1,194.92)	(908.78)
	(2.20)	(0.81)
	-	100.00
	0.50	0.72
	(1.70)	99.91
	800.00	489.80
	1,000.00	-
	(224.10)	-
	(23.05)	(6.99)
	1,552.85	482.81
	356.23	(326.07)
	(278.90)	47.17
	77.33	(278.90)
	77.18	20.61
	0.14	-
	-	(299.51)
	77.33	(278.90)

	Opening balance	Cash flows	Non- cash movement	Closing balance
March 31, 2023				
Borrowings- CCPS	446.00		(446.00)	-
Total liabilities from financing activities	446.00	-	(446.00)	-
March 31, 2022				
Borrowings- CCPS	37.33	-	408.67	446.00
Total liabilities from financing activities	37.33	-	408.67	446.00

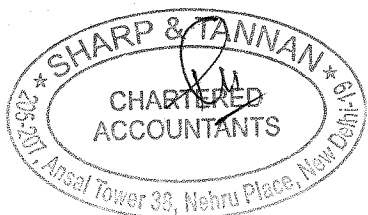
Corporate information and summary of significant accounting policies (refer note 1&2)
 The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

Chartered Accountants
 Firm Registration Number: 000452N
 By the hand of

Rajkumar

Rajkumar Khullar
 Partner
 Membership no.: 092507
 Place: Delhi
 Date: 21-07-2023



For and on Behalf of Board of Directors of
 Fusion Cosmeceutics Private Limited
 CIN: U74999DL2016PTC306016

Varun

Varun Alagh
 Director
 DIN: 07597289
 Place: Gurugram
 Date: 21-07-2023

Raman

Raman Preet Sohi
 Director
 DIN: 09450611
 Place: Gurugram
 Date: 21-07-2023

Fusion Cosmeceutics Private Limited

Notes to the Financial Statements for the year ended March 31, 2023

(All amounts in INR Lakhs, except as otherwise stated)

1 Corporate Information

The financial statements comprise financial statements of Fusion Cosmeceutics Private Limited (the 'Company') for the year ended March 31, 2023. The Company is a private company domiciled in India and is incorporated under the provisions of the Companies Act, 1956 ('the Act') on June 30, 2003 in Mumbai.

The Company is principally engaged in formulation and trading of skin care products.

2 Significant accounting policies

2.1 Basis of preparation

The Company has adopted Ind-AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and section 133 of the Companies Act, 2013 (the Act) with effect from April 1 2020. The Ind-AS Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind-AS compliant Schedule III), as applicable.

These Ind-AS Financial Statements have been prepared on a going concern basis.

The Ind-AS Financial Statements have been prepared on an accrual basis under the historical cost convention except for certain assets and liabilities that are measured at fair value as mentioned below.

- defined benefit plans – plan assets measured at fair value
- share-based payments – measured at fair value
- certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The Ind-AS Financial Statements are presented in Indian Rupee (₹). All the values are rounded off to the nearest Lakhs, except when otherwise indicated.

2.2 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 realized within twelve months after the reporting period; or
- cash or cash equivalent 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.

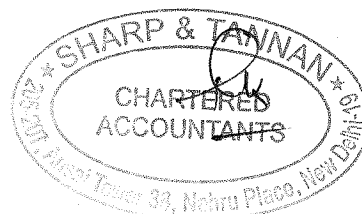
A liability is current when:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period; or
- 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 liabilities are classified as non-current liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.



Fusion Cosmeceutics Private Limited

Notes to the Financial Statements for the year ended March 31, 2023

(All amounts in INR Lakhs, except as otherwise stated)

2.3 Foreign currency translation

(i) Functional and presentation currency:

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Indian rupee (Rs), which is functional and presentation currency of all the entities in the Company.

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit and loss.

iii) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.4 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 in the principal market or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised 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

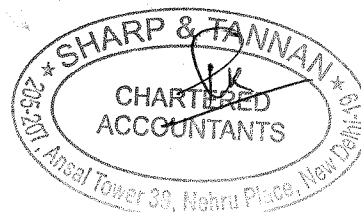
For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 Property, plant and equipment

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet on the basis of historical cost. For the transition to Ind AS, the Company has elected to continue with the carrying value for all of its property, plant and equipment recognised as of April 01, 2021 (date of transition to Ind AS) measured as per the previous GAAP and use that carrying value as its deemed cost as at the date of transition.

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital work-in-progress is stated at cost. Such cost comprises of the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the property, plant and equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.



Fusion Cosmeceutics Private Limited**Notes to the Financial Statements for the year ended March 31, 2023***(All amounts in INR Lakhs, except as otherwise stated)*

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

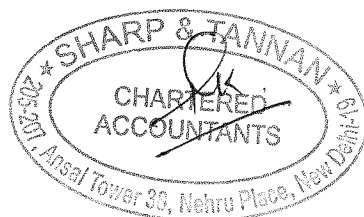
The exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset are charged to the statement of profit and loss.

Depreciation on property, plant and equipment is calculated on a written down value over the useful lives of assets estimated by the management, as below:

Asset category	Useful lives estimated by the management (years)	Useful lives as per schedule II of the Act (years)
Office equipment		5
Plant and Machinery		15
Furniture and fixtures		10
Computer & peripherals		3 to 6

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. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

The useful lives have been determined based on managements' judgement which in certain instances are different from those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The assets residual values, method of depreciation and useful life are reviewed, and adjusted if appropriate, prospectively at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.



Fusion Cosmeceutics Private Limited**Notes to the Financial Statements for the year ended March 31, 2023***(All amounts in INR Lakhs, except as otherwise stated)***2.6 Intangible assets**

Under the previous GAAP (Indian GAAP), intangible assets were carried in the balance sheet on the basis of historical cost. For the transition to Ind AS, the Company has elected to continue with the carrying value for all intangible assets recognised as of April 01, 2021 (date of transition to Ind AS) measured as per the previous GAAP and use that carrying value as its deemed cost as at the date of transition.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

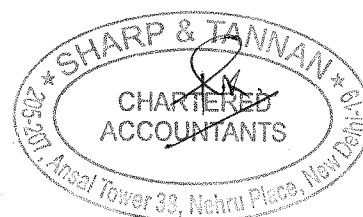
Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

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

A summary of the policies applied to the Company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Patent & Trademarks	Indefinite	No Amortisation	Acquired



Fusion Cosmeceutics Private Limited**Notes to the Financial Statements for the year ended March 31, 2023**

(All amounts in INR Lakhs, except as otherwise stated)

2.7 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The 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 Companies of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.80 Inventories

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

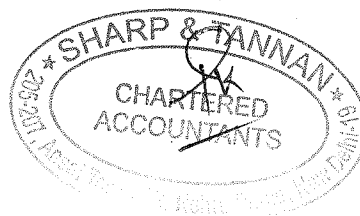
2.90 Revenue recognition

Revenues are recognised when, or as, control of a promised goods or services transfers to customers, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those goods or services. To recognise revenues the following five step approach is applied: (i) identify the contract with a customer, (ii) identify the performance obligation in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognise revenues when a performance obligations is satisfied.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Sale of products

Revenue from the sale of products is recognised at a point in time when control of the products is transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and incentives.



Fusion Cosmeceutics Private Limited

Notes to the Financial Statements for the year ended March 31, 2023

(All amounts in INR Lakhs, except as otherwise stated)

Variable consideration

If the consideration in a contract includes a variable amount (discounts and incentives), the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods/services to the customer and such discounts and incentives are estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The rights of return and volume rebates give rise to variable consideration.

Rights of return

The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from a customer.

Volume rebates

The Company applies the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Company then applies the requirements on constraining estimates in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability for the expected future rebates (i.e., the amount not included in the transaction price).

Customer wallet points

The Company has a wallet points programme, which allows customers to accumulate points that can be redeemed for subsequent

Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods 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. Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section 2.15 Financial instruments – initial recognition and subsequent measurement.

Trade receivables

A trade receivable is recognised if an amount of consideration is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from the customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.10 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.

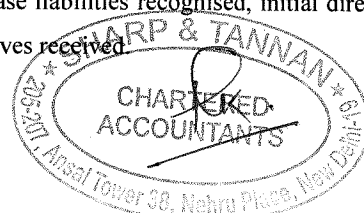
The Company as a lessee

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.

Right-of-use assets

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 shorter of the lease term.



Fusion Cosmeceutics Private Limited

Notes to the Financial Statements for the year ended March 31, 2023

All amounts in INR Lakhs, except as otherwise stated)

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policy on impairment of non-financial assets.

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 exercising of the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses 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 internal rate of return for the assets which were earlier classified under finance lease and incremental borrowing rate for Right of use assets at the lease commencement date. 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.

The Company has adopted Ind AS 116 as per modified retrospective approach wherein the present value of lease liability as on the date of transition is recognised as the lease liability.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (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 that are 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.

2.11 Employee Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current financial liabilities in the balance sheet.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company presents the accumulated leave liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

Post-employment obligations

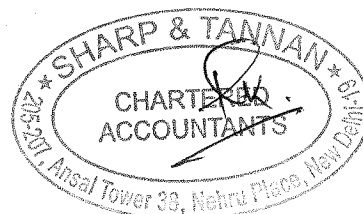
The Company operates the following post-employment schemes:

- (a) defined benefit plans - gratuity, and
- (b) defined contribution plans such as provident fund.

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

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 term approximating the term of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.



Fusion Cosmeceutics Private Limited**Notes to the Financial Statements for the year ended March 31, 2023**

(All amounts in INR Lakhs, except as otherwise stated)

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Such accumulated re-measurement balances are never reclassified into the statement of profit and loss subsequently.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Defined contribution plan

Retirement benefit in the form of provident fund scheme is the defined contribution plans. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to these schemes as an expenditure, when an employee renders the related service.

2.12 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.

Financial assets*Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

- Debt instruments at amortised cost
- Debt instruments at Fair Value Through Other Comprehensive income (FVTOCI)
- Debt instruments and equity instruments at Fair Value Through Profit and Loss (FVTPL)
- Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)
- Equity instruments and equity instruments at Fair Value Through Profit and Loss (FVTPL)

A 'debt instrument' is measured at the amortised cost, if both of the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- (ii) 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.

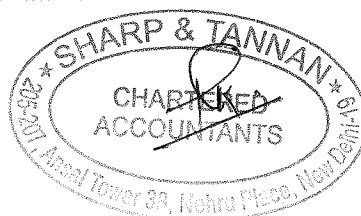
After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

A 'debt instrument' is classified as FVTOCI, if both of the following criteria are met:

- (i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- (ii) 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. Fair value movements are recognized in OCI. However, the Company recognizes interest income, impairment losses and foreign exchange gain or loss in the statement of profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.



Fusion Cosmeceutics Private Limited**Notes to the Financial Statements for the year ended March 31, 2023**

(All amounts in INR Lakhs, except as otherwise stated)

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) 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 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.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure. The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The twelve-month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities**Initial recognition and measurement**

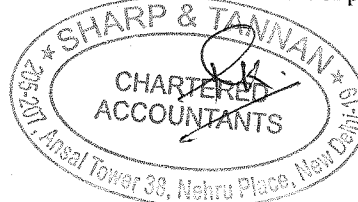
All financial liabilities are recognised initially at fair value. The Company's financial liabilities include trade and other payables, and Lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and 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 the statement of profit and loss. 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.

After initial recognition, gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

Fusion Cosmeceutics Private Limited**Notes to the Financial Statements for the year ended March 31, 2023**

(All amounts in INR Lakhs, except as otherwise stated)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 de-recognition 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 and loss.

Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no re-classification is made for financial assets which are equity instruments and financial liabilities.

For financial assets which are debt instruments, a re-classification is made only if there is a change in the business model for managing those assets. 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 re-classification prospectively from the re-classification 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.

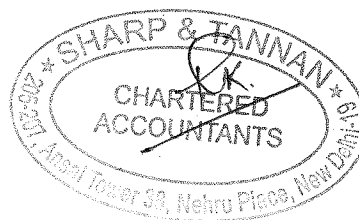
Offsetting of financial instruments

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.

2.13 Income taxes**Income tax**

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in OCI or in equity in correlation to the underlying transaction). Management periodically evaluates whether it is probable that the relevant taxation authority would accept an uncertain tax treatment that the Company has used or plan to use in its income tax filings, including with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate. 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.



Fusion Cosmeceutics Private Limited**Notes to the Financial Statements for the year ended March 31, 2023**

(All amounts in INR Lakhs, except as otherwise stated)

Deferred tax

Deferred tax is provided 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 and assets are recognized for all taxable temporary differences and deductible temporary differences, except:

- when the deferred tax liability or asset arises from the initial recognition of goodwill or an asset or liability in a transaction that is not business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences and deductible temporary differences associated with investments in subsidiary an associate, 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 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 utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in OCI or in equity in correlation to the underlying transaction).

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 taxes relate to the same taxable entity and the same taxation authority.

2.14 Segment reporting**Identification of segments**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company), whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Operating segments of the Company are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company's operating businesses are organized and managed on a single segment considering the entire beauty and personal care products as one single operating segment. The analysis of geographical segments is based on the location in which the customers are situated.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

The Board of directors is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

2.15 Earnings per share

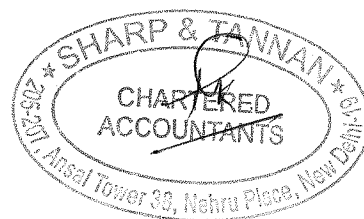
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, 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.

2.16 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, 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. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss, net of any reimbursement.

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.

These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.



Fusion Cosmeceutics Private Limited

Notes to the Financial Statements for the year ended March 31, 2023

(All amounts in INR Lakhs, except as otherwise stated)

2.17 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 recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

2.18 Cash and cash equivalents

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

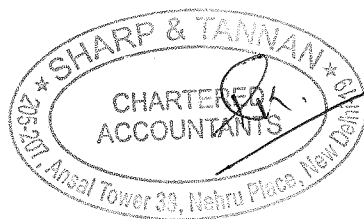
2.19 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. 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.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management Note
- Financial risk management objectives and policies Note
- Sensitivity analyses disclosures Notes and .

The Company bases its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions, if any, about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The judgements, estimates and assumptions management has made which have the most significant effect on the amounts recognized in the financial statements are as below.



Fusion Cosmeceutics Private Limited

Notes to the Financial Statements for the year ended March 31, 2023

(All amounts in INR Lakhs, except as otherwise stated)

Revenue from contracts with customers

Sale of goods includes expected discounts and incentives that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Company uses the most likely amount methodology to determine the variable consideration.

The Company determines and updates its assessment of expected discounts and incentives periodically and the accruals are adjusted accordingly. Estimates of expected discount and incentives are sensitive to changes in circumstances and the Company's past experience regarding these amounts may not be representative of actual amounts in the future.

Leases

The Company determines the lease term as 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 applies judgement and considers all relevant factors that create an economic incentive in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate. In calculating the present value of lease payments, the Company uses internal rate of return for the assets which were earlier classified under finance lease and incremental borrowing rate (IBR) for Right of use assets at the lease commencement date.

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 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 makes entity-specific estimates, wherever required.

Property, plant and equipment

The depreciation of property, plant and equipment is derived on 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 the Company's assets are determined by the management at the time of acquisition of asset and is reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.

Provision for expected credit loss on trade receivables

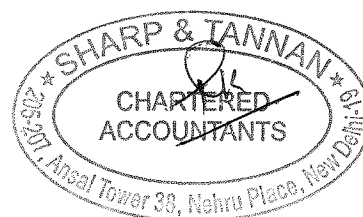
The measurement of expected credit loss reflects a probability-weighted outcome, the time value of money and the best available forward-looking information. The correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and forecasted economic conditions. The Company's historical credit loss experience and forecast of economic conditions may not be representative of the actual default in the future.

Impairment of financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for future years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Tax contingencies and provisions

Significant management judgement is required to determine the amounts of tax contingencies and provisions, including amount expected to be paid/recovered for uncertain tax positions and 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.



Fusion Cosmeceutics Private Limited

Notes to the Financial Statements for the year ended March 31, 2023

(All amounts in INR Lakhs, except as otherwise stated)

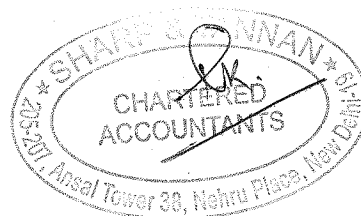
Defined benefit plans

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, expected return, 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.

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 where remaining maturity of such bond correspond to expected term of defined benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on expected future inflation rates.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the financial statement cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. 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.



Fusion Cosmeceutics Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in INR Lakhs, except as otherwise stated)

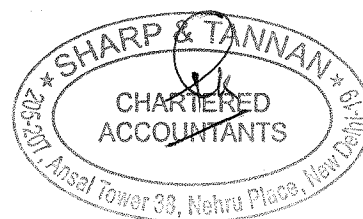
3. Property, plant and equipment

	Computer & peripherals	Office equipments	Plant and machinery	Total
Deemed Cost				
At April 01, 2021	1.83	0.16	0.47	2.46
Additions	0.74	0.07	-	0.81
At March 31, 2022	2.57	0.23	0.47	3.27
Additions	2.20	-	-	2.20
At March 31, 2023	4.77	0.23	0.47	5.47
Accumulated Depreciation				
At April 01, 2021	-	-	-	-
Charge for the year	1.63	0.08	0.09	1.79
At March 31, 2022	1.63	0.08	0.09	1.79
Charge for the year	1.40	0.07	0.07	1.53
At March 31, 2023	3.02	0.14	0.16	3.32
Net book value				
At April 01, 2021	1.83	0.16	0.47	2.46
At March 31, 2022	0.95	0.15	0.39	1.48
At March 31, 2023	1.75	0.09	0.32	2.15

Note:

a) For property, plant and equipment existing as on the date of transition to Ind-AS, i.e., April 01, 2021, the Company has used previous GAAP carrying value as deemed cost. Information regarding gross block of assets, accumulated depreciation has been disclosed by the Company separately as follows:

	Computer & peripherals	Office equipments	Plant and machinery	Total
Cost	7.14	0.64	1.53	9.31
Accumulated depreciation	(5.31)	(0.48)	(1.06)	(6.85)
Deemed cost	1.83	0.16	0.47	2.46



Fusion Cosmeceutics Private Limited

Notes to the Financial Statements for the year ended March 31, 2023

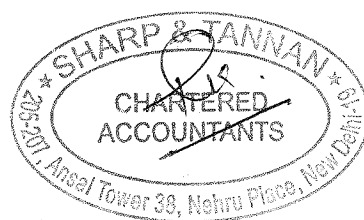
(All amounts in INR Lakhs, except as otherwise stated)

4 Intangible assets

	Patent & Trademarks	Total intangible assets
Deemed Cost		
At April 01, 2021	0.04	0.04
Additions	-	-
Disposals	-	-
At March 31, 2022	0.04	0.04
Additions	-	-
Disposals	-	-
At March 31, 2023	0.04	0.04
Amortisation		
At April 01, 2021		
Amortisation	-	-
Disposals	-	-
At March 31, 2022	-	-
Amortisation	-	-
Disposals	-	-
At March 31, 2023	-	-
Net book value		
At April 01, 2021	0.04	0.04
At March 31, 2022	0.04	0.04
At March 31, 2023	0.04	0.04

a) For intangible assets existing as on the date of transition to Ind-AS, i.e., April 01, 2021, the Company has used previous GAAP carrying value as deemed cost. Information regarding gross block of assets, accumulated amortisation has been disclosed by the Company separately as follows:

	Trademarks	Total
Cost	0.97	0.97
Accumulated amortisation	0.93	0.93
Net book value as per previous GAAP/Deemed cost	0.04	0.04



5 Other financial assets

Current

Interest Accrued on Fixed Deposits

Security Deposits

March 31, 2023	March 31, 2022	April 01, 2021
-	-	0.89
4.03	-	-
4.03	-	0.89

6 Inventories

(valued at lower of cost and net realizable value)

Finished goods
Packing materials
Raw materials
Stock in trade
Provision for Inventory

March 31, 2023	March 31, 2022	April 01, 2021
695.35	82.72	69.33
-	23.18	27.75
-	18.17	21.70
-	19.12	4.62
-	(56.20)	-
695.35	86.99	123.39

7 Trade receivables

Carried at amortised cost

Trade receivables

Less: Allowances for doubtful trade receivables

March 31, 2023	March 31, 2022	April 01, 2021
345.07	53.31	50.39
-	(9.12)	-
345.07	44.19	50.39

Break-up for security details

Trade receivables

Unsecured, considered good

-	53.31	50.39
-	53.31	50.39

Total Trade receivables

As at March 31, 2023

	0-6 months	6 months – 1 year	1-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	345.07	-	-	-	345.07
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-
Total	345.07	-	-	-	345.07

As at March 31, 2022

	0-6 months	6 months – 1 year	1-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	44.19	-	-	-	44.19
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	9.12	-	-	9.12
Disputed Trade receivables – considered good	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-
Total	44.19	9.12	-	-	53.31

As at April 01, 2021

	0-6 months	6 months – 1 year	1-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	50.39	-	-	-	50.39
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-
Total	50.39	-	-	-	50.39

- There are no non-current trade receivables as on March 31, 2023 (March 31, 2022 : Nil, April 1, 2021: Nil).

- No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

- Trade receivables are non-interest bearing and are generally on terms of 45-60 days.

8 Cash and cash equivalents

Cash and cash equivalents

Cash in hand

Balance with banks

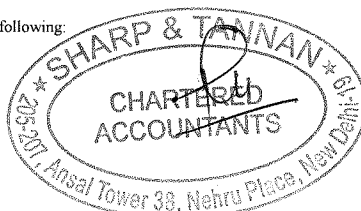
- on current accounts

March 31, 2023	March 31, 2022	April 01, 2021
0.14	-	0.92
77.18	20.61	62.25
77.33	20.61	63.17

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Cash in hand

0.14 - 0.92



Fusion Cosmeceutics Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in INR Lakhs, except as otherwise stated)

Balance with banks
- on current accounts
Less - Bank overdraft (note 13)

77.18	20.61	62.25
-	(299.51)	(16.00)
77.33	(278.90)	47.17

9 Other bank balances

Deposits with remaining maturity of more than three month but less than or equal to twelve months

March 31, 2023	March 31, 2022	April 01, 2021
-	-	100.00
-	-	100.00

10 Other Assets

Non-current

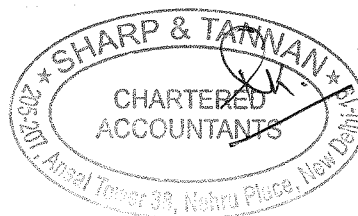
Balance with government authorities
Other advances

March 31, 2023	March 31, 2022	April 01, 2021
-	71.04	26.72
-	0.03	0.01
-	71.07	26.73

Current

Advance to employees
Prepaid expenses
Advance to suppliers
Other receivables
Balance with government authorities
Other advances
Branch Transfer

0.00	0.11	0.86
1.50	0.44	0.43
57.45	0.69	1.92
-	-	1.75
206.64	-	-
-	-	-
0.00	-	-
265.60	1.24	4.96



11 Equity Share Capital

i) Authorised share capital

Equity share capital of INR 10 each

As at April 01, 2021
Increase during the year
As at March 31, 2022
Increase during the year
As at March 31, 2023

Equity Shares	
Numbers	Amount
11,65,000	116.50
-	-
11,65,000	116.50
-	-
11,65,000	116.50

Preference share capital of INR 10 each

As at April 01, 2021
Increase during the year
As at March 31, 2022
Increase during the year

4,76,000	47.60
4,10,000	-
8,86,000	88.60
-	-
8,86,000	88.60

ii) Issued, subscribed and fully paid up Equity share capital

Equity share capital of INR 10 each, fully paid up

As at April 01, 2021
Issued during the year
As at March 31, 2022
Issued during the period
As at March 31, 2023

Equity Shares	
Numbers	Amount
10,00,045	100.00
-	-
10,00,045	100.00
-	-
10,00,045	100.00

Preference share capital of INR 10 each, fully paid up

As at April 01, 2021 - Refer note below
Issued during the year
As at March 31, 2022 - Refer note below
Issued during the period
As at March 31, 2023

3,73,306	-
-	-
3,73,306	-
5,11,797	-
8,85,103	-

Note:

On adoption of Ind AS, CCPS issued upto date of transition have been reclassified from equity to liability as at transition date. Also, Refer note 13 on borrowings and 35 on first time adoption.

(iii) Terms/rights attached to shares

Terms of Equity shares - The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

Terms of Preference shares - The compulsory convertible preference shares (CCPS) are raised as per the original subscription cum shareholders agreement dated 18th April, 2019, supplemental agreement dated 06th June, 2019 and amendment agreement thereof. Further, the CCPS shall bear cumulative dividend equal to 0.001% per annum of the face value or as per terms and conditions in the aforesaid agreements and amendment thereof. The preference shares are subject to compulsory conversion into equity.

(iv) Details of shareholding more than 5% shares in the Company:

	March 31, 2023		March 31, 2022		April 01, 2021	
Dr. Ashit Sheth			2,00,000	20%	2,00,000	20%
Aneesh Sheth			7,92,725	80%	8,00,000	80%
Honasa Consumer Private Limited	10,00,045	100%				
	10,00,045	100%	9,92,725	100%	10,00,000	100%
Preference shares of Rs 100/- each fully paid						
Kanav Chandresh Thakker			18,623	5%	18,623	5%
Mukund Vallabhdas Thakker			18,623	5%	18,623	5%
Jay Mukund Vallabhdas Thakker			19,787	5%	19,787	5%
Tanay Chandresh Thakker (Minor)			19,787	5%	19,787	5%
Dinesh Vallabhdas Thakker			39,574	11%	39,574	11%
ACG Associated Capsules Pvt. Ltd.			23,279	6%	23,279	6%
Darshan Kashi Deora			-	0%	-	0%
Honasa Consumer Limited	8,85,103	100%	-	0%	-	0%
	8,85,103	100%	1,39,673	37.42%	1,39,673	37.42%

(v) Details of shares held by promoters:

Equity shares of Rs 10 each, fully paid
As at March 31, 2023

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Dr. Ashit Sheth	2,00,000	(2,00,000)	-	0%	20%
Aneesh Sheth	7,92,725	(7,92,725)	-	0%	80%

As at March 31, 2022

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Dr. Ashit Sheth	2,00,000	-	2,00,000	20%	-
Aneesh Sheth	7,92,725	-	7,92,725	80%	-

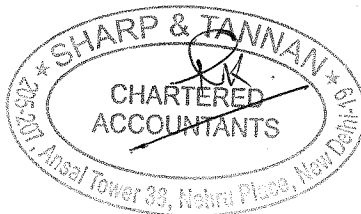
As at April 01, 2021

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Dr. Ashit Sheth	2,00,000	-	2,00,000	20%	-
Aneesh Sheth	8,00,000	(7,275)	7,92,725	80%	-1%

A Instrument entirely in the nature of equity

Compulsorily Convertible Preference Shares(CCPS) as at March 31, 2022
Adjustment for Fair Valuation on the date of conversion into Equity
Issued During the year 2022-23

Number	Amount
3,73,306	37.33
-	408.67
5,11,797	51.18



Fusion Cosmeceutics Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in INR Lakhs, except as otherwise stated)

As at March 31, 2023

12B Other equity

Securities premium
Retained earnings

a) Securities premium

Opening Balance
Add: Additions during the period
Closing balance

b) Retained earnings

Opening Balance
Add: Profit/(loss) for the period
Add: Other comprehensive income
Closing balance

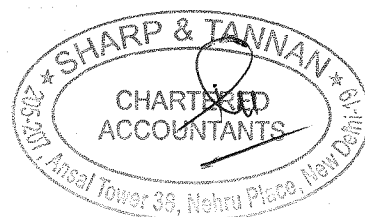
	8,85,103	497.18	
	March 31, 2023	March 31, 2022	April 01, 2021
Securities premium	1,232.22	283.40	283.40
Retained earnings	(2,729.85)	(1,201.73)	(328.22)
	(1,497.63)	(918.33)	(44.82)
a) Securities premium			
Opening Balance	283.40	283.40	283.40
Add: Additions during the period	948.82	-	-
Closing balance	1,232.22	283.40	283.40
b) Retained earnings			
Opening Balance	(1,201.73)	(328.22)	(328.22)
Add: Profit/(loss) for the period	(1,530.55)	(873.51)	-
Add: Other comprehensive income	2.44	-	-
Closing balance	(2,729.85)	(1,201.73) -	328.22

a) Securities premium:

Securities premium account has been created consequent to issue of shares at premium. The reserve can be utilised in accordance with the provisions of the Companies Act 2013.

b) Retained earnings :

Retained earnings comprises of prior and current year's undistributed earnings/accumulated losses after tax.



Fusion Cosmeceutics Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in INR Lakhs, except as otherwise stated)

13 Borrowings

Non Current

Carried at fair value

Compulsorily Convertible Preference Shares(CCPS) - (Refer note below)

Carried at amortised cost

Secured

Bank overdraft

Unsecured

Loan from Honasa Consumer Ltd (ICD)

TERMS OF ICD

Rate of Interest - 8.6% p.a. simple interest

Current

Carried at amortised cost

Secured

Bank overdraft

Term loan from financial institutions (secured)

Unsecured

Loan from Directors (Interest free) - payable on demand

Dr. Sheths Skin And Hair Clinic

Dr. Ashit Sheth

Aneesh Seth

March 31, 2023	March 31, 2022	April 01, 2021
-	446.00	37.33
-	239.33	16.00
800.00	-	-
800.00	685.33	53.33
-	60.18	-
-	8.75	1.73
-	57.41	-
-	156.70	140.01
-	1.24	1.24
-	284.28	142.98

Note:

As per the shareholders agreement with CCPS holders, the CCPS holders of the company had exit rights including requiring the company to buy back shares held by them. Considering the buy-back obligation of the Company, the preference shares, at inception, were recorded as liability at fair value through profit and loss. As at April 01, 2021 and March 31, 2022, the fair value of liability amounted to Rs.37.33 Lakhs and Rs.37.33 lakhs respectively. Further, as on 01-04-2022 these preference shares were acquired by Honasa Consumers Ltd and terms relating to buy back has been changed. Consequent to that these CCPS has been classified as equity.

14 Other Financial liabilities

Current

Employee Benefits payable

Other payables

March 31, 2023	March 31, 2022	April 01, 2021
0.07	11.14	8.83
-	28.96	32.45
0.07	40.10	41.28

15 Provisions

Non-current

Provision for Gratuity

Current

Provision for Gratuity

Provision for Leave benefits

Other provisions

March 31, 2023	March 31, 2022	April 01, 2021
4.69	4.89	-
4.69	4.89	-
0.19	0.05	-
4.73	2.03	-
668.28	22.42	49.29
673.21	24.51	49.29

16 Other liabilities

Current

Statutory dues payable

Advance from customers

Other payables

24.64	17.50	4.97
2.93	3.50	5.23
40.00	-	1.25
67.57	21.00	11.45

17 Trade payables

Carried at amortised cost

Total outstanding dues of micro enterprises and small enterprises

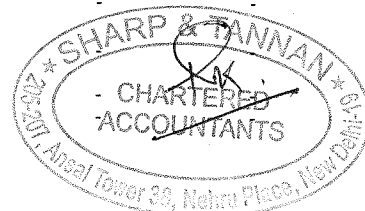
Total outstanding dues of creditors other than micro enterprises and small enterprises

275.94	59.55	29.71
468.53	108.18	53.37
744.47	167.73	83.09

There are no non-current trade payables as on March 31, 2023 (March 31, 2022: Nil, April 01, 2021: Nil).

The Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2023, March 31, 2022 and April 01, 2021. The details in respect of such dues are as follows:

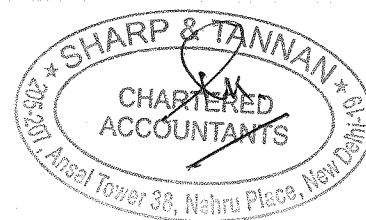
Particular	March 31, 2023	March 31, 2022	April 01, 2021
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each period:			
Principal amount due to micro and small enterprises	275.94	59.55	29.71
Interest due on the above	-	-	-
Total	275.94	275.94	275.94
(ii) 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	-	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
(v) 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 Income Tax Act, 1961	-	-	-
The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors/ suppliers.	-	-	-
(a) Trade payables are non-interest bearing and are generally settled up to 60 days	-	-	-
(b) For explanations on the Company's credit risk management processes, refer to Note 40.	-	-	-



Fusion Cosmeceutics Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in INR Lakhs, except as otherwise stated)

(c) Trade payables (outstanding for following periods from the date of transaction) ageing schedule:

	Up to 6 months	6 months to 1 Year	1-3 years	More than 3 years	Total
March 31, 2023					
(i) MSME	275.92	0.02	-	-	275.94
(ii) Others	460.50	8.03	0.00	-	468.53
(iii) Disputed dues - MSME & Others					-
Total	736.42	8.05	0.00	-	744.47
March 31, 2022					
(i) MSME	59.55	-	-	-	59.55
(ii) Others	108.18	-	-	-	108.18
(iii) Disputed dues - MSME & Others					-
Total	167.73	-	-	-	167.73
April 01, 2021					
(i) MSME	29.71	-	-	-	29.71
(ii) Others	53.37	-	-	-	53.37
(iii) Disputed dues - MSME & Others					-
Total	83.09	-	-	-	83.09



Fusion Cosmeceutics Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in INR Lakhs, except as otherwise stated)
18 Revenue from operations

Sale of products

Revenue from contract with customers
Sale of products (net of Goods and Service Tax)

Traded goods

18.1 Details of disaggregation of revenue

The Company derives its major revenue from trading of skin care products.

18.2 Contract balances
a) Contract Assets

Trade receivables

b) Contract Liabilities

Advance from customers

18.3 Timing of revenue recognition

Goods transferred at a point in time

Revenue from contract with customers
18.4 Reconciling the amount of revenue recognised in the

Revenue as per contracted price

Adjustments

Claims and Rebates

Provision for Sales Return

Revenue from contract with customers
18.5 Performance obligations and remaining performance obligations:

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or lesser.

19 Other income

Interest on Fixed deposit

Interest on Income tax refund

Interest on Staff loan

Loan written off

Discount Received

Foreign exchange fluctuation gain (net)

Others

20 Cost of raw materials consumed

Opening stock

Add: Purchases

Add: Direct expenses

Less: Closing stock

21 Purchases of traded goods

Purchases (traded goods)

2022-23	2021-22
2,705.37	644.12
2,705.37	644.12

2,705.37	644.12
2,705.37	644.12

2022-23	2021-22
345.07	44.19
2.93	3.50

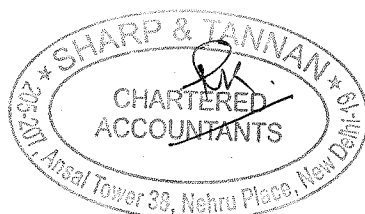
2022-23	2021-22
2,705.37	644.12
2,705.37	644.12

2022-23	2021-22
2,782.70	732.39
(52.33)	(88.27)
(25.00)	-
2,705.37	644.12

2022-23	2021-22
0.50	0.72
0.11	0.14
0.03	0.02
6.24	-
0.01	-
(0.01)	0.01
0.40	-
7.29	0.89

2022-23	2021-22
41.36	49.45
103.37	121.68
72.36	31.41
-	41.36
217.09	161.18

2022-23	2021-22
1,316.65	84.96
1,316.65	84.96



Fusion Cosmeceutics Private Limited**Notes to the Financial Statements for the year ended March 31, 2023***(All amounts in INR Lakhs, except as otherwise stated)***22 Changes in inventories of finished and traded goods**

Inventories at the beginning of the year

Finished goods

Traded goods

Inventories at the end of the year

Finished goods

Traded goods

Decrease/(increase) in inventories

2022-23	2021-22
82.72	69.33
19.12	4.62
101.83	73.94
695.35	82.72
-	19.12
695.35	101.83
(593.52)	(27.89)

23 Employee benefits expenses

Salaries, wages and bonus

Contribution to Provident & Other Funds

Staff welfare expenses

Provision for Gratuity (Refer note - 30)

Provision for leave encashment

2022-23	2021-22
121.12	164.28
4.43	5.24
1.85	0.09
3.42	5.80
2.70	2.03
133.51	177.44

24 Depreciation expenses

Depreciation of property, plant and equipment

2022-23	2021-22
1.53	1.79
1.53	1.79

25 Finance costs

Interest on

bank overdraft

loan

Others

Bank charges

2022-23	2021-22
0.94	6.49
20.19	0.30
1.69	7.64
0.23	0.20
23.05	14.63

26 Other expenses

Advertisement expense

Change in Fair valuation of Preference Share

Professional & Legal fees

Web development expenses

Courier, Clearing & forwarding charges

Travelling and conveyance expenses

Commission charges

Warehousing expenses

Communication costs

Auditor's Remuneration (Refer note (i) below)

Repairs & Maintenance

Rent

Rates & Taxes

Provision for Bad and Doubtful Debts

Provision for Slow/Non moving inventory

Product Destruction charges

Telephone & Internet Expenses

Insurance expenses

Miscellaneous expenses

Equalisation Levy expenses

2022-23	2021-22
2,475.08	548.57
-	408.67
139.84	83.90
11.38	10.18
196.62	51.55
6.88	5.15
5.47	10.36
96.00	23.19
-	0.82
5.40	1.25
2.83	12.49
15.75	-
1.36	0.45
-	9.12
-	56.20
0.17	0.48
0.31	0.02
0.38	0.70
2.51	2.62
0.59	-
2,961.02	1,225.72

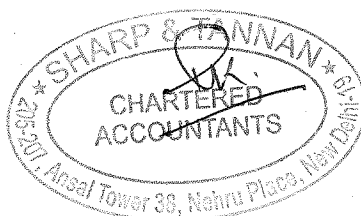
(i) Auditor's Remuneration

Statutory audit fee

Tax Audit

4.40	1.25
1.00	-
5.40	1.25

*Excluding taxes



Fusion Cosmeceutics Private Limited**Notes to the Financial Statements for the year ended March 31, 2023***(All amounts in INR Lakhs, except as otherwise stated)***27 Earnings per share**

The following reflects the profit and share data used in the basic and diluted EPS computations:

Net profit for calculation of basic EPS

Net profit for calculation of diluted EPS

Weighted average number of equity shares in calculating basic EPS

Adjustments for effect of dilution:

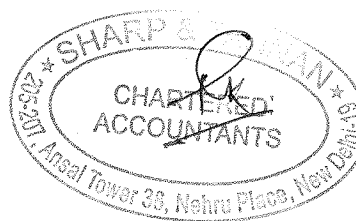
Weighted average number of equity shares in calculating diluted EPS

Earning per Share

Basic

Diluted

2022-23	2021-22
(1,528.12)	(873.51)
(1,528.12)	(873.51)
10,00,045	10,00,045
10,00,045	-
10,00,045	10,00,045
(152.80)	(87.35)
(152.80)	(87.35)



Fusion Cosmeceutics Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in INR Lakhs, except as otherwise stated)

28 Tax expense (net)

The major components of income tax expense for the period ended March 31, 2023 and March 31, 2022 are:

a) Statement of Profit and Loss

Profit or loss section

	2022-23	2021-22
Current income tax:		
Current tax	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	-	(119.32)
Reversal of Deferred tax created earlier	183.89	-
Total tax expense	183.89	(119.32)

b) Other comprehensive income/(loss)

Deferred tax related to items recognised in OCI during the period:

	2022-23	2021-22
Net loss / (gain) on remeasurements of defined benefit plans	-	-
Tax (income) / expense charged to OCI	-	-

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2023 and March 31, 2022:

	2022-23	2021-22
Accounting profit/ (loss) before income tax	(1,346.67)	(992.83)
Applicable tax rate in India	25.17%	25.17%
Computed tax charge on accounting profit	(338.96)	(249.90)
Expenses allowed on actual payment basis	-	1.75
Expenses not deductible under income tax	-	17.04
Tax effect on difference between book depreciation and income tax depreciation	-	0.07
Deferred Tax not recognised	338.96	-
Other tax effects	(183.89)	8.85
Income tax expense reported in the statement of profit and loss	(183.89)	(222.18)

d) Deferred tax relates to the following:

The Company has a net deferred tax assets with respect to certain timing differences. These have not been recognised as the recognition criteria have not been met in accordance with the accounting policy followed by the Company.

	March 31, 2023	March 31, 2022	April 01, 2021
Deferred Tax Asset			
Movement on account of WDV	0.29	0.34	0.27
Difference due to allowance of expenses on payment	2.42	2.30	2.83
Brought forward losses and unabsorbed depreciation	335.98	181.25	61.46
	338.69	183.89	64.57
<i>Less: Deferred Tax not recognised</i>	-338.69		
Net Deferred tax	0.00	(183.89)	(64.57)

Notes:

(i) The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

e) Reconciliation of deferred tax assets (net):

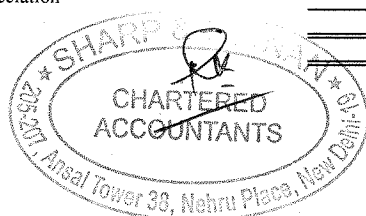
	March 31, 2023	March 31, 2022
Opening balance as on April,01	183.89	64.57
Tax income/(expense) during the period		
- recognised in statement of profit and loss	(183.89)	119.32
- recognised in OCI	-	-
- recognised in Retained Earning	-	-
Closing balance as on March,31	0.00	183.89

f) Movement for the period ended March 31, 2023

	March 31, 2022	Recognised in profit or loss	Recognised in OCI	March 31, 2023
Deferred Tax Asset				
Movement on account of WDV	0.34	(0.34)	-	-
Difference due to allowance of expenses on payment	2.30	(2.30)	-	-
Brought forward losses and unabsorbed depreciation	181.25	(181.25)	-	335.98
Total	183.89	(183.89)	-	336.0

g) Movement for the year ended March 31, 2022

	April 01, 2021	Recognised in profit or loss	Recognised in OCI	March 31, 2022
Deferred Tax Asset				
Movement on account of WDV	0.27	0.07	-	0.34
Difference due to allowance of expenses on payment	2.83	(0.53)	-	2.30
Brought forward losses and unabsorbed depreciation	61.46	119.78	-	181.25
Total	64.57	119.32	-	183.89
Net Deferred tax	(64.57)	(119.32)	-	(183.89)



Fusion Cosmeceutics Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in INR Lakhs, except as otherwise stated)

29 Related party disclosures

a) Names of related parties and description of relationships:

Related party where control exists

Holding Company

Honasa Consumer Limited

Key management personnel (KMP)

Dr. Ashit Sheth

Aneesh Sheth

Jay Mukund Thakker

Late Dr. Rekha Sheth **

Dr. Ashit Sheth is Partner

Dr. Sheth's Skin & Hair Clinics LLP

Shareholder is interested party

Cheryl Laboratories Private Limited

Fellow Subsidiaries

Just4kids Services Private Limited (w.e.f. April 01, 2022)

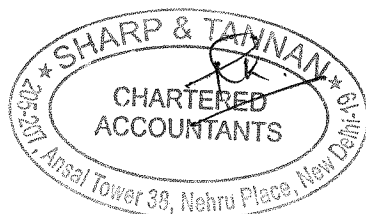
Bblunt Spratt Hair Dressing Private Limited (w.e.f. April 01, 2022)

Bhabani Blunt Hair Dressing Private Limited (w.e.f. April 01, 2022)

b) Transactions with related parties

Transactions with 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. For the year ended March 31, 2022 and March 31, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (April 01, 2021: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. There are no commitments with related parties.

Nature of transactions	2022-23	2021-22	2020-21
<u>Sale of products (net)</u>			
Dr. Sheth's Skin & Hair Clinics LLP	7.33	13.12	4.89
	7.33	13.12	4.89
<u>Interest Expense</u>			
Honasa Consumers Limited	19.96	-	-
	19.96	-	-
<u>Reimbursement of expenses</u>			
Dr. Sheth's Skin & Hair Clinics LLP	-	1.47	-
Dr. Ashit Sheth	-	-	-
Aneesh Sheth	1.06	18.49	-
	1.06	19.96	-
<u>Remuneration paid</u>			
Aneesh Sheth	27.63	18.00	-
	27.63	18.00	-
<u>Raw material</u>			
Cheryl Laboratories Private Limited	1.91	0.12	0.69
	1.91	0.12	0.69
<u>Finished goods</u>			
Cheryl Laboratories Private Limited	151.38	91.40	10.64
	151.38	91.40	10.64
<u>Packing Material</u>			
Cheryl Laboratories Private Limited	1.07	-	-
	1.07	-	-
<u>Labour charges</u>			
Cheryl Laboratories Private Limited	7.92	30.49	23.59
	7.92	30.49	23.59
<u>Commision expense</u>			
Dr. Sheth's Skin & Hair Clinics LLP	-	1.35	5.77
	-	1.35	5.77
<u>System maintenance charges</u>			
Dr. Sheth's Skin & Hair Clinics LLP*	-	-	1.11
	-	-	1.11
Dr. Sheth's Skin & Hair Clinics LLP*	-	-	0.12
	-	-	0.12
Dr. Sheth's Skin & Hair Clinics LLP	-	0.56	-
	-	0.56	-
<u>Loan received</u>			
Honasa Consumers Limited	800.00	-	-
Dr Ashith Sheth	-	-	17.50
	800.00	-	17.50



Purchase of Services

Just4kids Services Private Limited

5.25	-	-
5.25	-	-

Loan Paid

Dr. Sheth's Skin & Hair Clinics LLP

Dr Ashith Sheth

Aneesh Sheth

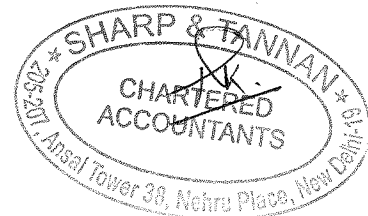
57.41	-	-
5.00	1.80	2.80
1.24		
63.65	1.80	2.80

* The Dr. Sheth's Skin and Hair Clinics LLP has corporate credit card with an undefined credit limit as at 31 March, 2021. The credit card is being used by Fusion Cosmeceutics Private Limited (Related party) for their business transactions and the amount payable on the said transactions is directly paid by the Company. Considering the same, the expenses incurred through the credit card / amount paid to credit card company is disclosed in the transactions with related party.

The following table provides the closing balances of related parties for the relevant financial year:

	March 31, 2023	March 31, 2022	April 01, 2021
Unsecured Loans			
Dr Ashith Sheth**	-	156.70	140.01
Aneesh Sheth	-	1.24	1.24
Honasa Consumers Limited	800.00		
	800.00	157.94	141.25
Expense payable			
Aneesh Sheth	0.53	28.50	28.50
	0.53	28.50	28.50
Remuneration payable			
Aneesh Sheth	0.97	0.50	3.94
	0.97	0.50	3.94
Trade receivables			
Dr. Sheth's Skin & Hair Clinics LLP	0.34	1.98	12.61
	0.34	1.98	12.61
Trade payables			
Cheryl Laboratories Private Limited	84.03	51.79	16.70
Just4kids Services Private Limited	2.37	-	-
	86.40	51.79	16.70
Other Receivable			
Dr. Ashit Sheth	-	-	16.70
	-	-	16.70

** The balances of the Late. Dr. Rekha Sheth has been transferred to Dr. Ashit Sheth during the Previous year.



Fusion Cosmeceutics Private Limited**Notes to the Financial Statements for the year ended March 31, 2023***(All amounts in INR Lakhs, except as otherwise stated)***30 Employee benefits plan****(i) Defined contribution plans - Provident Fund, ESI and labour welfare fund**

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. During the period, the Company recognised Rs. 2.29 lakhs (March 31, 2022 : Rs. 5.24 lakhs) towards such contribution in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Defined benefit plans (unfunded):

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days basic salary (last drawn salary) for each completed year of service. The plan is unfunded.

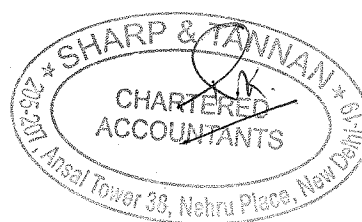
Gratuity is a defined benefit plan and company is exposed to the following risks:

Interest risk	The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.
Liquidity risk	This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.
Salary escalation risk	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
Demographic risk	The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumptions made.
Regulatory risk	Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

Current
Non-current

March 31, 2023	March 31, 2022	April 01, 2021
0.19	0.05	-
4.69	4.89	-
4.88	4.94	-

The following table sets out movement in defined benefits liability and the amount recognised in the financial statements:



Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2023:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 01, 2022	4.94	-	4.94
Current service cost	2.02	-	2.02
Interest cost on benefit obligation	0.37	-	0.37
Net actuarial (gain)/loss recognized during the period	- 2.44	- -	2.44
	4.88	-	4.88
Total amount recognised in statement of profit and loss	2.45	-	4.83
Benefits paid	-	-	-
Remeasurement			
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	- 0.13	- -	0.13
Experience adjustments	-2.31	- -	2.31
Total amount recognised in other comprehensive income	- 2.44	- -	2.44
Contributions by employer	-	-	-
As at March 31, 2023	4.89	-	4.89

The principal assumptions used in determining gratuity benefit obligations for the company's plans are shown below:

	March 31, 2023	March 31, 2022
Discount rate	7.40%	-
Future salary increases	8.00%	-
Normal retirement age	60 Years	-
Attrition / withdrawal (per annum)	5.00%	-
Mortality	Indian Assured Lives Mortality (2012-14)	-

A quantitative sensitivity analysis for significant assumptions are as shown below:

Sensitivity Level	March 31, 2023		March 31, 2022	
	Defined benefit obligation on increase/decrease in assumptions			
	Increase	Decrease	Increase	Decrease
Discount rate	1% increase / decrease	4.14	5.83	-
Future salary increase	1% increase / decrease	5.81	4.14	-
Attrition rate sensitivity	1% increase / decrease	4.83	4.95	-

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

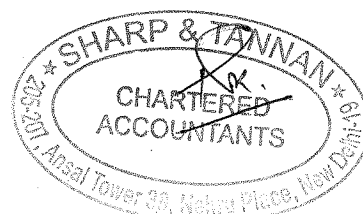
The following payments are expected cash flows to the defined benefit plan in future years:

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 16.92 years (March 31, 2021: 17.03 years). The expected maturity analysis of undiscounted gratuity is as follows:

	March 31, 2023	March 31, 2022
Within the next 12 months	0.19	-
Between 2 and 5 years	0.55	-
Beyond 5 years	0.43	-

31 Segment information

The Company reports this standalone financial statement along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.



32 Financial instruments- accounting classification and fair value measurement

i) The carrying value of financial assets by categories is as follows:

	March 31, 2023	March 31, 2022	April 01, 2021
Measured at amortised cost			
Trade receivables	345.07	44.19	50.39
Cash and cash equivalents	77.33	20.61	63.17
Bank balance other than cash and cash equivalents	-	-	100.00
Other financial assets	4.03	-	0.89
Total financial assets measured at amortised cost	426.42	64.80	214.45
Total financial assets	426.42	64.80	214.45

ii) The carrying value of financial liabilities by categories is as follows:

	March 31, 2023	March 31, 2022	April 01, 2021
Measured at fair value through statement of profit and loss (FVTPL)			
Borrowings - CCPS	800.00	446.00	37.33
Total financial liabilities measured at FVTPL	800.00	446.00	37.33
Measured at amortised cost			
Borrowings	-	523.61	158.98
Trade payables	744.47	167.73	83.09
Other financial liabilities	0.07	40.10	41.28
Total financial liabilities measured at amortised cost	744.55	731.44	283.35
Total financial liabilities	1,544.55	1,177.44	320.68

Notes:

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

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in an active market for identical assets or liabilities that the Company can assess at the measurement date
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Unobservable inputs for the assets or liabilities.

Fair value measurements that use inputs of different hierarchy levels are categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire management.

The management assessed that cash and cash equivalent, trade receivables, trade payables, other financial assets-others (current), other financial liability (current), lease liabilities (current) and loans to employees approximates their fair value largely due to short-term maturities of these instruments.

The Optionally Convertible Redeemable Preference Shares held by Investors is classified as liability and carried at fair value through profit and loss. The Company has valued the instrument by using the income approach

The fair value of remaining financial instruments are determined on transaction date based on discounted cash flows calculated using lending/ borrowing rate. Subsequently, these are carried at amortized cost. There is no significant change in fair value of such liabilities and assets.

33 Financial risk management

Objective and policies

The Company's principal financial liabilities comprise of borrowings, lease obligation, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include security deposits, investments, trade and other receivables and cash and cash equivalents that is derived directly from its operations.

The Company's activities exposes it to market risk, credit risk and liquidity risk. The Company's risk management is carried out by the management under the policies approved by the Board of Directors that help in identification, measurement, mitigation and reporting all risks associated with the activities of the Company. These risks are identified on a continuous basis and assessed for the impact on the financial performance. It is the Company's policy that no trading in derivatives for speculative purposes will be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

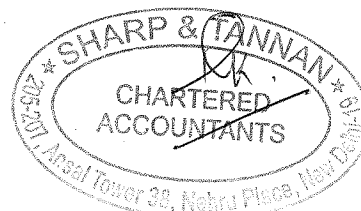
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk. Financial instruments affected by market risk include investments, loans and borrowings, debt instrument, trade receivables, trade payables and lease liabilities.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the company does not have any floating interest rate borrowings or deposits, it is not exposed to interest rate risk.

ii. 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 exchange risk arises from its foreign currency assets and liabilities. The Company's exposure to the risk of changes in foreign exchange rates arises on account of purchases from foreign countries. The Company has not taken any derivative instrument during the year and there is no derivative instrument outstanding as at the year end.



Fusion Cosmeceutics Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in INR Lakhs, unless otherwise stated)

The Company's exposure in foreign currency at the end of reporting period :

Currency Particulars	March 31, 2023		March 31, 2022		April 01, 2021	
	FC	Rs.	FC	Rs.	FC	Rs.
AED						
<u>Liability</u>						
Trade payables	-	-	-	-	-	-
<u>Assets</u>						
Trade receivables	-	-	-	-	-	-
Advance to suppliers	-	-	-	-	-	-
Cash in hand	-	-	-	-	-	-
Net exposure on foreign currency risk	-	-	-	-	-	-
GBP						
<u>Liability</u>						
Advance from customers	-	-	-	-	-	-
Net exposure on foreign currency risk	-	-	-	-	-	-
USD						
<u>Liability</u>						
Trade Payables	-	-	-	-	-	-
<u>Assets</u>						
Trade receivables	-	-	-	-	-	-
Net exposure on foreign currency risk	-	-	-	-	-	-

Sensitivity:

	Impact on profit before tax	
	March 31, 2023	March 31, 2022
AED		
Increases by 5%	-	-
Decreases by 5%	-	-
GBP		
Increases by 5%	-	-
Decreases by 5%	-	-
USD		
Increases by 5%	-	-
Decreases by 5%	-	-

b) Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities (primarily deposits with banks and investment in mutual funds). Further, other significant assets for the Company include security deposits for leased assets.

The Company monitors the exposure to credit risk on an ongoing basis through ageing analysis and historical collection experience. Outstanding customer receivables are regularly monitored by the Chief Financial Officer.

Accordingly the Company considers the credit risk low.

The maximum credit risks is represented by the total carrying amount of these financial assets in the Balance Sheet.

	March 31, 2023	March 31, 2022	April 01, 2021
Trade receivables	345.07	44.19	50.39
Cash and cash equivalents	77.33	20.61	63.17
Bank balance other than cash and cash equivalents	-	-	100.00
Other financial assets	4.03	-	0.89

i) Trade receivables

Customer credit risk is managed by the Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. To manage this, the company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of trade receivable. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

Cash and cash equivalents including time deposits with banks and interest receivable are placed with reputable financial institutions with high credit ratings and no history of default.

ii) Other financial assets

Other financial assets includes security deposits and deposits with banks. Cash and cash equivalents and interest receivable are placed with a reputable financial institution with high credit ratings and no history of default. The provision is recognised based on 12 month expected credit loss model. Counterparty credit risk is assessed by the company on an annual basis for determination of expected credit loss on these assets.

d) Commodity rate

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchases and sales of Latex, Latex based gloves and Stainless wires. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Group's raw materials generally fluctuate in line with commodity cycles. Cost of raw materials forms the largest portion of the Group's operating expenses. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of March 31, 2023, March 31, 2022 and March 31, 2021, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

3. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance the Company's operations. Typically the Company ensures that it has sufficient cash on demand to meet expected short term operational expenses. The Company manages its surplus funds centrally by placing them with reputable financial institution with high credit rating and no history of default.

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual discounted payments.

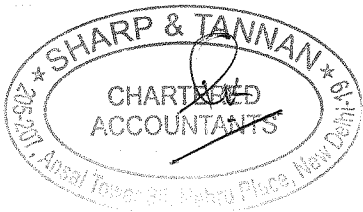
Particulars	On demand	Less than 1 year	1 to 5 years	Total
As at March 31, 2023				
Borrowings	-	-	-	-
Trade payables	-	744.47	-	744.47
Other financial liabilities	-	0.07	-	0.07
	-	744.55	-	744.55
As at March 31, 2022				
Borrowings	215.35	68.93	685.33	969.61
Trade payables	-	167.73	-	167.73
Other financial liabilities	-	40.10	-	40.10
	215.35	276.76	685.33	1,177.44



Fusion Cosmeceutics Private Limited
Notes to the Financial Statements for the year ended March 31, 2023
(All amounts in INR Lakhs , unless otherwise stated)

As at April 01, 2021

Borrowings	141.25	1.73	53.33	196.31
Trade payables	-	83.09	-	83.09
Other financial liabilities	-	41.28	-	41.28
	141.25	126.10	53.33	320.68



Fusion Cosmeceutics Private Limited**Notes to the Financial Statements for the year ended March 31, 2023***(All amounts in INR Lakhs, unless otherwise stated)***34 Capital management**

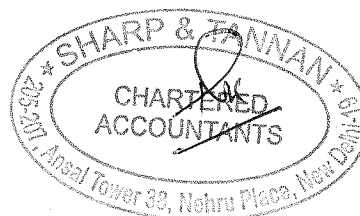
For the purpose of the Company's capital management, capital includes issued equity capital, Non-Cummulative Compulsorily Convertible Preference Shares, securities premium and all other equity reserves attributable to the shareholders of the Company. The primary objective of the Company's capital management is to maintain a strong capital base to ensure sustained growth in business and to maximize the shareholders value. The capital management focuses to maintain an optimal structure that balances growth and maximizes shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Particulars	March 31, 2023	March 31, 2022	April 01, 2021
Borrowings (including current maturities)	800.00	969.61	196.31
Trade Payables	744.47	167.73	83.09
Less : Cash and Bank Balances	(77.33)	(20.61)	(163.17)
Net adjusted debt (A)	1,467.15	1,116.73	116.22
Equity	-	900.44	55.18
Total equity capital (B)	-	(818.33)	55.18
Total debt and equity (C)=(A)+(B)	566.71	298.41	171.40
Gearing ratio (A)/(C)	259%	374%	68%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets terms & conditions attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023, March 31, 2022 and April 01, 2021.



Fusion Cosmeceutics Private Limited
Notes to financial statements for the year ended March 31, 2023
(All amounts in INR lakhs , unless otherwise stated)

35 First time adoption of Ind AS

A. First time adoption

These financial statements, for the year ended March 31, 2023, are the first financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2022, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "Previous GAAP").

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the year ended on March 31, 2023, together with the comparative period data as at and for the year ended March 31, 2022, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2021, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2021 and the financial statements as at and for the year ended March 31, 2022.

B. Exemptions applied

Ind AS - 101 allows first-time adopters certain exemptions and certain optional exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions and optional exemptions :

Deemed cost for Property, plant and equipment and intangible assets

Ind AS - 101 permits a first-time adopter to elect to continue with the carrying value for all its property, plant and equipment as recognised in the Standalone Financial Statements as at the date of the transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS - 38 'Intangible assets'.

Accordingly the Company has elected to measure all its property, plant and equipment and intangible assets at their previous GAAP carrying value.

Share based payment

Ind AS 101 allows a first-time adopter in respect of share-based payment transactions that give rise to liabilities to not apply Ind AS - 102 to transactions that were settled before the date of transition of Ind AS. Accordingly the Company has availed this exemption and has not applied Ind AS - 102 to such transactions.

C. Mandatory Exceptions

Derecognition of financial assets and financial liabilities

Ind AS - 101 requires a first time adopter to apply the de-recognition provisions of Ind AS - 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS - 101 allows a first time adopter to apply the de-recognition requirements in Ind AS - 109 retrospectively from a date of the Company's choice, provided that the information needed to apply Ind AS - 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS - 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS - 101 requires a Company to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS. The Company has assessed the same accordingly.

Estimates

The Company estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is an objective evidence that those estimates were in error.

Ind AS estimates as at April 01, 2021, are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transitions as these were not required under previous GAAP :

- Impairment of financial assets based on expected credit loss method

D. Reconciliation of total equity between previous GAAP and Ind AS

1. Equity reconciliation

	Notes	March 31, 2023	March 31, 2022	April 01, 2021
Equity as reported under previous GAAP		(1.70)	(372.33)	92.51
Ind AS adjustments				
Fair value adjustments:				
Non- Cumulative Compulsorily Convertible Preference Shares (NCCCPs)	a	-	(37.33)	(37.33)
Equity as per Ind AS		(1.70)	(409.66)	55.18

2. Total comprehensive income reconciliation for the year ended March 31, 2023

	Notes	March 31, 2023	March 31, 2022
Profit after tax as per previous GAAP		(629.38)	(464.84)
Ind AS adjustments			
Fair value adjustments:			
Non- Cumulative Compulsorily Convertible Preference Shares (NCCCPs)	a	(0.00)	-
Net Profit after tax as per Ind AS		(629.38)	(464.84)
Other comprehensive income (net of tax)		-	-
Total comprehensive income as per Ind AS		(629.38)	(464.84)

3. Cash flow reconciliation for the year ended March 31, 2021

	As per previous GAAP	Ind AS adjustments	As per Ind AS
Net cash flows from operating activities	(135.51)	(773.27)	(908.78)
Cash and cash equivalents at the beginning of the year	63.17	(16.00)	47.17
Cash and cash equivalents at the end of the year	20.61	(299.51)	(278.90)

E. Notes to reconciliations between previous GAAP and Ind AS

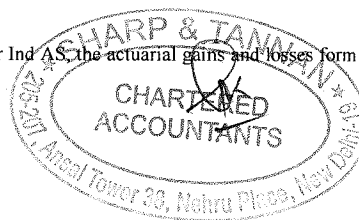
a) NCCCPs

Under the previous GAAP, Compulsorily convertible preference shares (CCPS) issued to the investors were classified as equity and carried at transaction value. The terms of the instrument provided the holder an option to convert the instrument at any time and also a right to put back the instrument to the Company on non completion of an 'Initial Public Offering'. On such occurrence, the Company will be obliged to buyback CCPS at a price equal the fair value of equity shares at redemption. The instrument is assessed to be a financial liability with an embedded derivative liability in the form of settlement option. At initial recognition it is recorded at its fair value and difference between its fair value and the carrying amount as per previous GAAP is recognised in the retained earnings. The Company has recorded a fair market value adjustment of Rs 408.67 lakhs to retained earnings as at March 31, 2022.

b) Remeasurement of defined benefit obligation

Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability which is recognised in other comprehensive income in the respective periods.

c) Deferred Tax Liabilities



Fusion Cosmeceutics Private Limited

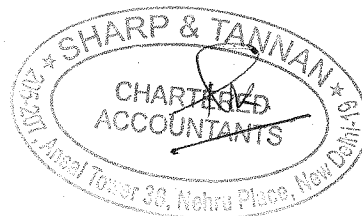
Notes to financial statements for the year ended March 31, 2023

(All amounts in INR lakhs , unless otherwise stated)

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences.

F) Material regrouping

Appropriate adjustments have been made in these financial statements, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the requirements of the Ind AS.



36 Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance exceeding 25% as compared to the preceding period
Current ratio	Current Assets	Current Liabilities	0.93	0.28	228%	Increase in trade receivables due to increase in sales.
Debt- Equity Ratio	Total Debt	Shareholder's Equity	(0.89)	(1.18)	-25%	Decrease in retained earning due to loss for the current year
Debt Service Coverage Ratio^	Earnings for debt service = Net profit after taxes + Depreciation	Debt service = Interest & Lease Payments + Principal Repayments	(9.01)	(59.56)	-85%	Due to repayments of borrowings.
Return on Equity Ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	1.78	2.29	-22%	Not applicable
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	13.90	13.62	2%	Not applicable
Trade Payable Turnover Ratio	Total Purchases	Average Trade Payables	9.60	11.35	-15%	Not applicable
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	(27.62)	(1.67)	1549%	Due to increase in sales.
Net Profit Ratio	Net Profit	Net sales = Total sales - sales return	(0.57)	(1.36)	-58%	Not applicable
Inventory Turnover Ratio	Cost of goods sold	Average Inventory	2.40	2.07	16%	Not applicable
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.38	9.74	-96%	Due to substantial increase in expenses as compare to increase in sales.

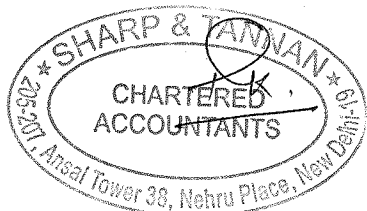
37. Other statutory information

- (i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company do not have any transactions with companies struck off.
- (iii) The Company do not have any charges or satisfaction which is yet to be registered with the Registrar of Companies ("ROC") beyond the statutory period.
- (v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) 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
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) 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
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Company have not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the period 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).
38. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
39. The comparatives given in the financial statements have been compiled after making necessary Ind AS adjustments to the respective audited financial statements under Previous GAAP to give a true and fair view in accordance with Ind AS.
40. The previous year's figures have been regrouped/reclassified, where necessary, to conform to current year's classification.

s per our report of even date

s per our report of even date
or Sharp & Tannan
Chartered Accountants
Firm Registration Number: 000452N
by the hand of

Rajamar
Rajamar Khullar
Partner
Membership no.: 092507
Place: Delhi
Date: 21-07-2023



For and on Behalf of Board of Directors of
Fusion Cosmeceutics Private Limited
CIN: U74999DL2016PTC306016

Varun Alagh
Varun Alagh
Director
DIN: 07597289
Place: Gurugram
Date: 21-07-2023

Ramjan Prateek Sohi
Ramjan Prateek Sohi
Director
DIN: 09450611
Place: Gurugram
Date: 21-07-2023