



HONASA CONSUMER LIMITED

ANNUAL REPORT – 2022-2023



NOTICE

NOTICE is hereby given that the 07th Annual General Meeting (“AGM”) of the Members of Honasa Consumer Limited (“the Company”) will be held on Monday, the 25th Day of September 2023 at 10:00 a.m. (IST), at the Registered office of the Company at Unit No. 404, 4th Floor, City Centre, Plot No. 05, Sector - 12, Dwarka, New Delhi - 110075, India. The following business will be transacted at the AGM:

ORDINARY BUSINESS:

Item 01: To receive, consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) of the Company for the year ended on March 31, 2023, and the Reports of the Board of Directors and Auditors thereon.

Item 02: To re-appoint Mr. Varun Alagh, (DIN: 07597289) who retires by rotation and being eligible, offers himself for reappointment..

By Order of the Board
Honasa Consumer Limited

Sd/-
Dhanraj P. Dagar
Company Secretary
Membership No. A33308

Date: July 25, 2023
Place: Gurgaon

Honasa Consumer Limited

Registered Office: Unit No - 404, 4th Floor, City Centre, Plot No 05, Sector-12, Dwarka New Delhi 110075

Corporate Office: 4th Floor, BLM Tower, Plot No. 63, Sector-44, Gurugram, Haryana - 122003

Email: info@mamaearth.in; Phone: 0124 - 4880828 | Website: www.honasa.in

| CIN: U74999DL2016PLC306016 |

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The Notice of AGM, Annual Report, Proxy Form and Attendance Slip are being sent to Members.
3. Members are requested to notify the company their change of address, if any, to Registered Office of the Company.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company authorizing their representative to attend and vote on their behalf at the meeting.
5. Members / proxies / authorized representatives should bring the duly filled attendance slip enclosed herewith to attend the meeting.

Honasa Consumer Limited

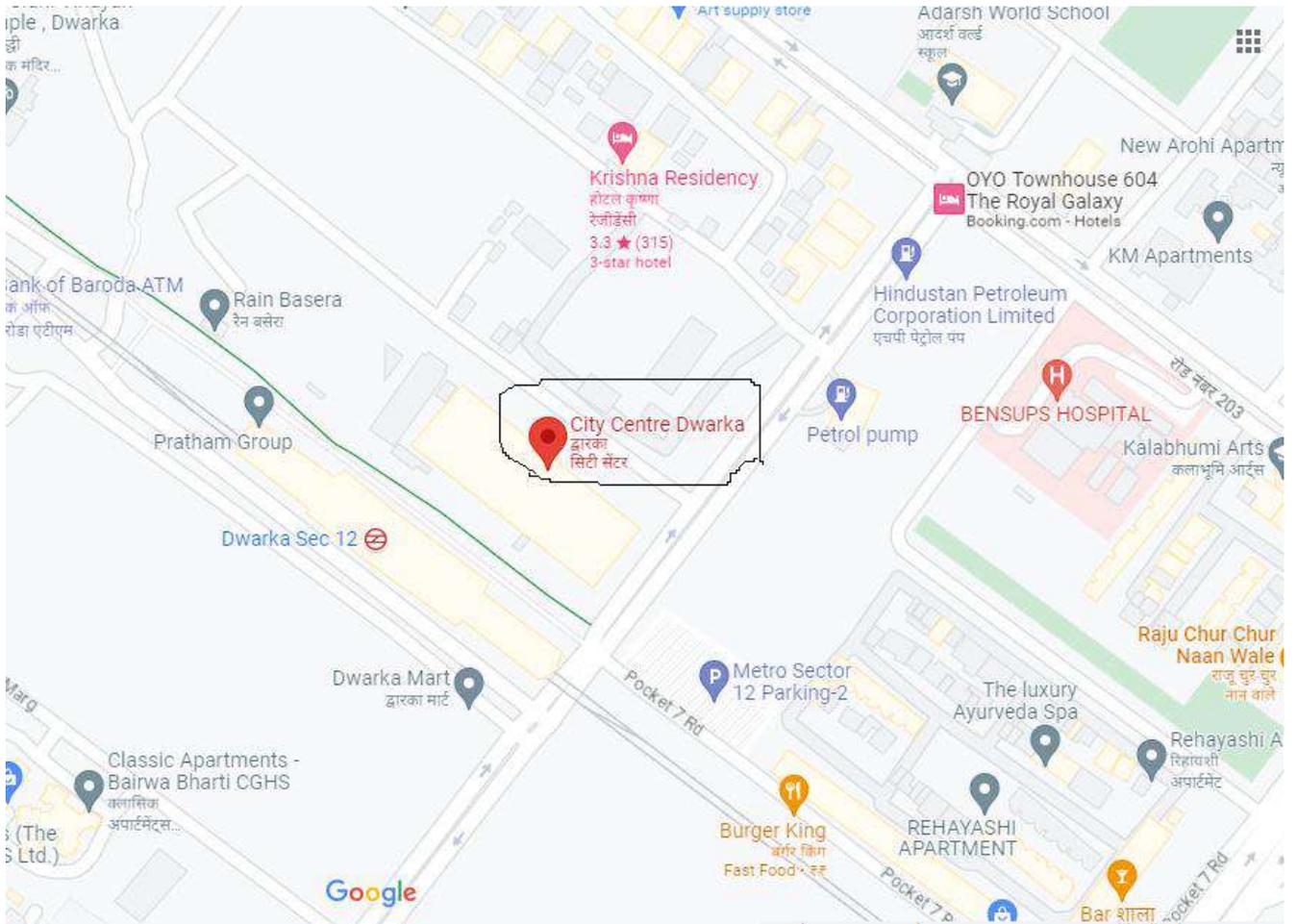
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Route Map:



Address: Unit No. 404, 4th Floor, City Centre, Plot No. 05, Sector - 12, Dwarka, New Delhi - 110075, India

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Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the company	Honasa Consumer Limited
Registered Office	Unit No. 404, 4 th Floor, City Centre, Plot No. 05, Sector - 12, Dwarka, New Delhi - 110075, India
Name of the Member(s)	
Registered Office	
E-mail Id	
Folio No /Client ID	
DP ID	

I/We, being the member(s) of _____ shares of the above named company. Hereby appoint.

Name:	
Address:	
E-mail Id:	
Signature, or failing him/her	
Name:	
Address:	
E-mail Id:	
Signature, or failing him/her	
Name:	
Address:	
E-mail Id:	
Signature, or failing him/her	

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 07th Annual General Meeting of the company, to be held on Monday, 25th Day of September, 2023 at 10:00 a.m. (IST) at the Registered office of the Company at Unit No. 404, 4th Floor, City Centre, Plot No. 05, Sector - 12, Dwarka, New Delhi - 110075, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

Item 01: To receive, consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) of the Company for the year ended on March 31, 2023, and the Reports of the Board of Directors and Auditors thereon.

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Item 02: To re-appoint Mr. Varun Alagh, (DIN: 07597289) who retires by rotation and being eligible, offers himself for reappointment..

Signed this _____, 2023
Signature of Shareholder

Affix Revenue
Stamps

Honasa Consumer Limited

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Corporate Office: 4th Floor, BLM Tower, Plot No. 63, Sector-44, Gurugram, Haryana - 122003

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ATTENDANCE SLIP
HONASA CONSUMER LIMITED
Registered Office: Unit No. 404, 4th Floor, City Centre, Plot No. 05, Sector - 12, Dwarka,
New Delhi - 110075

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF MEETING.

(Name in Block Letters) DPID / Client ID

No. of Shares held

I hereby record that my presence at the 07th Annual General Meeting of the members of the Company held on Monday, September 25, 2023 the Registered office of the Company at Unit No. 404, 4th Floor, City Centre, Plot No. 05, Sector - 12, Dwarka, New Delhi - 110075.

Signature of the Shareholders or Proxy

Honasa Consumer Limited

Registered Office: Unit No - 404, 4th Floor, City Centre, Plot No 05, Sector-12, Dwarka New Delhi 110075

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DIRECTORS' REPORT

[Pursuant to Section 134 of Companies Act, 2013]

Dear Shareholders,

Your Directors are pleased to present the Seventh Annual Report together with the Audited Financial statements for the year ended 31st March, 2023.

1. Financial Results-Standalone & Consolidated

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the (Companies Accounts) Rules, 2014.

The standalone financial performance of the Company, for the Financial Year ended on March 31, 2022 are summarized below:

(Rs. In Millions)

Particulars	Standalone		Consolidated	
	For the year ended on		For the year ended on	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<i>Revenue from Operations</i>	13,948.03	9,317.56	14,927.48	9,434.65
<i>Other Income</i>	204.36	206.80	225.70	208.80
<i>Profit/(Loss) before Depreciation, Finance Costs, Exceptional items and Tax Expense</i>	705.11	378.86	452.85	323.39
<i>Less: Depreciation/ Amortisation/ Impairment</i>	147.80	56.49	249.64	68.95
<i>Profit/(Loss) before Finance Costs, Exceptional items and Tax Expense</i>	557.30	322.37	203.21	254.44
<i>Less: Finance Costs</i>	50.57	28.54	66.63	30.05
<i>Profit/(Loss) before Exceptional items and Tax Expense</i>	506.73	293.83	136.57	224.39
<i>Add/(less): Exceptional items</i>	(1,579.57)	15.80	(1,546.97)	-
<i>Profit/(Loss) before Tax Expense</i>	(1,072.84)	278.03	(1,410.40)	224.39
<i>Less: Tax Expense (Current & Deferred)</i>	132.72	79.35	99.26	79.96
<i>Profit/(Loss) for the year (1)</i>	(1,205.56)	198.68	(1,509.66)	144.43
<i>Total Comprehensive Income/loss (2)</i>	2.34	1.11	2.79	1.04
<i>Total (1+2)</i>	(1,203.22)	199.79	(1,506.87)	145.47
<i>Profit attributable to parent</i>	(1,203.22)	199.79	(1,472.68)	145.47
<i>Balance of profit /loss for earlier years</i>	(17,520.19)	(17,719.98)	(17,585.30)	(17,719.98)

<i>Less: Transfer to Reserves</i>	-	-	-	-
<i>Less: Dividend paid on Equity Shares</i>	-	-	-	-
<i>Less: Dividend paid on Preference Shares</i>	-	-	-	-
<i>Less: Dividend Distribution Tax</i>	-	-	-	-
<i>Less: Change in fair value of NCI Liability</i>	-	-	331.87	(10.79)
<i>Less: Acquisition of NCI</i>	-	-	(206.52)	-
<i>Less: Transfer to Capital redemption reserve on buyback of equity shares</i>	-	-	(0.03)	-
<i>Balance carried forward</i>	(18,723.44)	(17,520.19)	(18,932.66)	(17,585.30)

2. Transfer to General Reserve

The Board of Directors of your company does not propose to transfer any amounts to the General Reserve for the year under review.

3. Dividend:

The Board of Directors of your company, after considering holistically the relevant circumstances and keeping in view the company's future fund requirement, has decided that it would be prudent, not to recommend any Dividend for the year under review.

4. Deposits from public:

During the year under review the company has not accepted any deposits from the public.

5. Change in the Registered office of the Company:

During the year under review, your Company has shifted the registered office of the Company within the same state under the same Registrar of Companies from 432, 4th Floor, Somdutt Chamber 2, Bhikaji Cama Place, New Delhi - 110066 to Unit No. 404, 4th Floor, City Centre, Plot No. 05, Sector - 12, Dwarka, New Delhi - 110075, India w.e.f October 20, 2022.

6. Conversion of Company into Public Limited Company:

During the year under review, your Company had filed an application with Registrar of Companies, New Delhi for conversion of Company from Private Limited to Public Limited Company, and pursuant to the certificate issued by ROC the name of the Company was changed from Honasa Consumer Private Limited to Honasa Consumer Limited with effect from November 11, 2022.

7. Filing of Draft Red Herring Prospectus with SEBI and Stock Exchanges:

Pursuant to the conversion of the Company and as approved by the IPO Committee of the Board of Directors of the Company, at their meeting held on December 28, 2022, the Company had filed Draft Red Herring Prospectus ("DRHP") with Securities and Exchange Board of India ("SEBI") on

December 28, 2022 for the purpose of raising funds by way of Initial Public Offerings (“IPO”) comprising of fresh issue and offer for sale of equity shares of the Company.

The Company had also submitted the in-principal application along with the DRHP of the Company with Stock Exchanges namely BSE Limited and National Stock Exchange of India Limited on December 29, 2022. The Company has received the in-principal approval from both the stock exchanges for the IPO of the Company subject to observation by SEBI.

The Company is still under discussions with SEBI regarding the preliminary observations shared by SEBI. The draft responses has been submitted by the Company and now awaiting further response form SEBI.

8. Annual Return:

As per provisions of Section 92(3) of the Companies Act, 2013, Annual Return of the Company for F.Y. 2022-2023 will be placed on the website of the Company. The same may be viewed through following Link: <https://honasa.in/>

9. Meetings of the Board:

16 meetings of the Board of Directors were held during the year. Details of the same are as follows:

Sr. No.	Date	Board Strength	No. of Directors present
1	April 20, 2022	7	7
2	April 22, 2022	7	7
3	May 09, 2022	7	7
4	May 11, 2022	7	7
5	June 8, 2022	7	7
6	July 26, 2022	7	7
7	August 31, 2022	7	6
8	September 13, 2022	7	4
9	September 22, 2022	7	4
10	September 30, 2022	7	4
11	October 20, 2022	6	6
12	November 24, 2022	6	3
13	December 15, 2022	6	3
14	December 23, 2022	6	6
15	January 06, 2023	6	3
16	March 06, 2023	6	6

10. Directors' Responsibility Statement:

Pursuant to requirement under sub-section (3) and (5) of Section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, your directors state that:

- i. In the preparation of the Annual Accounts, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2022 and of the profit/loss of the company for that period;
- iii. The Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
- iv. The Directors have prepared the annual accounts on a 'going concern' basis.
- v. The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively)
- vi. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.
- vii. The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.
- viii. Cost records are not required to be maintained by the company pursuant to an order of the Central Government under sub section (1) of section 148 of the Companies Act, 2013.

11. Subsidiaries, Joint Ventures and Associate Companies:

The Company has two wholly owned subsidiary Companies namely (i) Fusion Cosmeceutics Private Limited and (ii) Bhabani Blunt Hair Dressing Private Limited one step down wholly owned subsidiary i.e. (i) B:Blunt-Spratt Hairdressing Private (Wholly owned subsidiary Bhabani Blunt Hair Dressing Private Limited) and one subsidiary Company i.e. Just4kids Services Private Limited whose accounts has been consolidated with the accounts of the Company namely.

More details are provided in the Audited Financial Statements. During the year under review, the Board has reviewed the performance / affairs of the subsidiary companies.

12. Particulars of Loans, Guarantees or Investment under Section 186:

In terms of provisions of section 134(3)(g) of the Act, details of loans, guarantees and investments covered under section 186(4) of the Act are given in the notes to the Audited Standalone Financial Statements.

13. Risk Management:

Pursuant to the requirement of the Act, the Company has constituted Risk Management Committee ("RMC") of the Company comprising of majority of the Directors of the Company namely Mr. Subramaniam Somasundaram, Chairman, Mr. Varun Alagh, Member, Mr. Ishaan Mittal, Member.

The role of the RMC is to manage monitors and reports on the principal risks and uncertainties that can impact its abilities to achieve its strategic objectives. No such risk has been identified during the year.

14. Contracts and arrangements with related parties:

During the period under review All contracts / arrangements / transactions entered into by the Company during the Financial Year ended on March 31, 2023 with related parties were in the ordinary course of business and on an arm's length basis and had no conflict with the interest of the Company. All related party transactions are placed before the Audit Committee on a quarterly basis for review and approval.

The disclosure of related party transactions in Form AOC-2 as per the provisions of Section 188(1) of the Companies Act, 2013 and Rule 8(2) of The Companies (Accounts) Rules, 2014 is attached as "**Annexure - A**" to this Directors' Report.

15. Declaration Given by Independent Director's:

Pursuant to and in compliance with the provisions of section 134(3)(d) of the Act, the Company has received declaration of independence as stipulated under sections 149(6) and 149(7) of the Act from Independent Directors confirming that they are not disqualified for continuing as an Independent Director. There has been no change in the circumstances affecting their status as an Independent Director of the Company.

All the Directors of the Company, who are required to get registered, have registered themselves with The Indian Institute of Corporate Affairs.

16. Management

(i) Directors and Key Managerial Personnel

During the financial year 2022-2023 the Board consist of Six Directors with a optimal combination of Executive and Non-Executive Directors of the Company. The Board consist of Two Whole Time Directors, One Non-Executive Nominee Director and Three Non-Executive Independent Directors.

The following are the Key Managerial personnel of the Company as on March 31, 2023:

Mr. Varun Alagh – CEO & Whole Time Director;
Ms. Ghazal Alagh – Whole Time Director;
Mr. Raman Preet Sohi – Chief Financial Officer; and
Mr. Dhanraj Dagar – Company Secretary and Compliance Officer.

During the Financial year under review, following changes took place in the composition of Board and Key Managerial Personnel:

S. No.	DIN/PAN	Name of Director / KMP's	Designation	Appointment/ Cessation	Effective Date
1.	BTKPD5395R	CS Dhanraj Dagar	Company Secretary	Appointment	11-05-2022
2.	02013700	Mr. Rahul Chowdhri	Nominee Director	Resignation	08-06-2022
3.	07337772	Ms. Namita Gupta	Additional Director	Appointment	08-06-2022
4.	AGEPA6168M	Mr. Varun Alagh	Chief Executive Officer	Appointment	26-07-2022
5.	BFEPS4768F	Mr. Raman Preet Sohi	Chief Financial Officer	Appointment	26-07-2022

The Company has received declarations from all the Independent Directors of the Company confirming that:

- (a) They meet the criteria of independence prescribed under the Act; and
- (b) They have registered their names in the Independent Directors' Databank.

17. Corporate Social Responsibility:

The primary objective of the Committee is to assist the Board in fulfilling its corporate social responsibility. The Committee has overall responsibility for:

- (i) Identifying the areas of CSR activities
- (ii) Recommending the amount of expenditure to be incurred on the identified CSR activities
- (iii) Implementing and monitoring the CSR Policy from time to time
- (iv) Coordinating with such agency as may be applicable in implementing programs and executing initiatives as per the CSR Policy of the Company
- (v) Reporting progress of various initiatives and in making appropriate disclosures on a periodic basis
- (vi) Other items / matters prescribed under applicable law or prescribed by the Board of directors from time to time.

Members of CSR Committee are Mr. Varun Alagh, Ms. Ghazal Alagh and Mr. Vivek Gambhir. During the financial year under review, the CSR committee met once during the Financial Year 2022-2023.

The CSR report, as required under the Companies Act, 2013, for the year ended March 31, 2023, is attached as "**Annexure - B**" to the Board's report.

18. Auditors

Statutory auditors

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, registered with the Institute of Chartered Accountants of India bearing Firm Registration No. **101049W/E300004** were appointed as Statutory Auditor of the company to hold the office from the conclusion of the Third Annual General meeting of the Company till Conclusion of Eighth Annual General Meeting of the Company.

No Further Ratification is required for appointment of Auditor as per the provisions of Companies Act, 2013.

The Statutory Auditor has given in writing his consent and certificate about his eligibility to continue as Statutory Auditor.

19. Audit Committee:

Pursuant to conversion of Company from Private Limited to Public Limited Company the Company has constituted the Audit Committee of the Company in compliance with requirement of section 177 of the Companies Act, 2013. The Committee consist of the following Members:

- i. *Mr. Subramaniam Somasundaram - Chairman*
- ii. *Mr. Vivek Gambhir - Member*
- iii. *Mr. Ishaan Mittal - Member*

The Committee met two time during the year as per the details given below:

<i>Sr. No.</i>	<i>Name of Members</i>	<i>Meetings held</i>	<i>Meetings attended</i>
1	Mr. Subramaniam Somasundaram - Chairman	2	2
2	Mr. Vivek Gambhir - Member	2	2
3	Mr. Ishaan Mittal - Member	2	2

20. Nomination and Remuneration Committee:

Pursuant to conversion of Company from Private Limited to Public Limited Company the Company has constituted the Audit Committee of the Company in compliance with requirement of section 178of the Companies Act, 2013. The Committee consist of the following Members:

- i. *Mr. Vivek Gambhir - Chairman*
- ii. *Ms. Namita Gupta - Member*
- iii. *Mr. Ishaan Mittal - Member*

21. Reservation and qualification on Auditor Report:

Auditor's Report is self-explanatory and does not need any other explanation/or clarification. Further the Auditor of the Company have not raised any qualification, reservation or any adverse remarks regarding the functioning of the Company in the Auditors report of the financial year under review.

22. Frauds:

In terms of section 134(3)(ca) of the Act, during the Financial Year ended on March 31, 2023, the statutory auditors and the secretarial auditor have not reported to the Audit Committee, under section 143(12) of the Act, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's Report.

23. Secretarial Auditors and Secretarial Audit Report:

Pursuant to and in compliance with the provisions of section 204 of the Act, rule 9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("Managerial Personnel Rules"), the Board has appointed Arora Shekhar and Company, Practicing Company Secretaries to undertake the Secretarial Audit of the Company for the Financial Year ended on March 31, 2023.

The Secretarial Audit Report is annexed herewith as "**Annexure-C**". The Board has duly reviewed the Secretarial Audit Report and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation / clarification by the Board as provided under section 134(3)(f) of the Act.

24. Reservation and qualification on Secretarial Auditor's Report:

Secretarial Auditor's Report is self-explanatory and does not need any other explanation/or clarification. Further the Secretarial Auditor of the Company have not raised any qualification, reservation or any adverse remarks regarding the functioning of the Company in the Secretarial Auditors report of the financial year under review.

25. Material changes and commitments affecting financial position between the end of the financial year and date of report:

There are no such changes during the year.

26. Particulars of Employees and related disclosures:

During the year under review, the company has employees who are drawing remuneration in excess of limits prescribed under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Any member interested in obtaining a copy of the same may write to the Company Secretary.

27. Conservation of energy:

In the opinion of the directors there is no need to take any measure in this regard. The company does not have any proposal for additional investment in this regard. The details of energy consumption are not required to be given.

28. Technology absorption:

The research and experiments are carried on as part of the normal business activities and as such no separate figures are available.

29. Disclosure under SHWW(PPR) Act, 2013

The Company has in place an Anti Sexual Harassment Policy in line with requirements of the **Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**. The

following is a summary of sexual harassment complaints received and disposed off during the year 2022-2023.

- Number of complaints received : 01
- Number of Complaints Disposed off : 01

30. Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals, etc

No significant or material orders have been passed by any regulators or courts or tribunals against the Company impacting the going concern status and Company's operations in future.

31. Change in Share Capital

During the Financial Year under review the Authorized Share Capital of the company was increased from INR 140,03,51,400 (Indian Rupees One Hundred Forty Crores Three Lakh Fifty-One Thousand Four Hundred Only) to INR 350,03,51,400 (Indian Rupees Three Hundred Fifty Crores Three Lakhs Fifty-One Thousand Four Hundred Only).

Paid up share capital of the company during the years has been increased as follows:

1. By way of Allotment of 230435 Equity Shares of INR 10 (Rupees Ten only) each.
3. The Company during the year has allotted 62,501 Equity Shares (ESOP) Shares of Rs. 10 Each.

During the year under review the Company also bought back 290 equity shares of INR 90 (Rupees Ninety only) each from the respective shareholders of the Company.

32. ESOP

Disclosures as per provisions of Section 62 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rule, 2014:

A	Options Granted	10,60,424
B	Options Vested	0
C	Options Exercised	62,501
D	The total number of shares arising as a result of exercise of option	62,501
E	Option Lapsed	4,80,558
F	The Exercise Price	20.43
G	Variation in terms of Options	NA
h	Money Realized by exercise of Options	12,76,977
i	Total Number of Options in force	80,50,965
j	Employee wise details of Options granted to:-	

<p>i. Key Managerial Personnel</p> <p>ii. Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during the year.</p> <p>iii. Identified Employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.</p>	<p>i. NIL</p> <p>ii. NIL</p> <p>iii. NIL</p>
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33. Corporate Governance:

The management has taken every possible steps to ensure Efficient and Transparent governance of the affairs of the Company. The Board is committed towards the compliance of all laws of the land as may be applicable on the company and management of the affairs of the organization in the best interest of all stakeholders of the Company.

34. Acknowledgement:

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, Government Authorities, customers, vendors and members during the year under review. Your directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

**For and on behalf of the Board
Honasa Consumer Limited**

Sd/-

Varun Alagh
CEO & Whole Time Director
DIN: 07597289

Sd/-

Ghazal Alagh
Whole Time Director
DIN: 07608292

Date : July 25, 2023

Place : Gurgaon

Form AOC - 2:

(Pursuant to clause (h) of sub-section (3) of section 134 of The Companies Act, 2013 and rule 8(2) of The Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Act, including certain arm's length transactions under third proviso thereto.

A. Details of contracts or arrangements or transactions not on an arm's length basis:

There were no contracts or arrangements or transactions entered into with related parties during the year under review, which were not on an arm's length basis.

B. Details of material contracts or arrangements or transactions on an arm's length basis:

Sr. No.	Name of the Related Party and Nature of Relationship	Nature of contract / arrangement or transaction	Duration of contract / arrangement or transaction	Salient terms of the contract / arrangement or transaction, including value, if any	Dates of approval by the Board of Directors	Amount paid as advance, if any
NIL						

**For and on behalf of the Board
Honasa Consumer Limited**

Sd/-

Varun Alagh
CEO & Whole Time Director
DIN: 07597289

Date : July 25, 2023

Place : Gurgaon

Annual Report on Corporate Social Responsibility (“CSR”) activities

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.]

1. A Brief outline of the Company’s CSR policy, including overview of projects or programs proposed to be undertaken:

In this era of Globalization, liberalization and advances in communication technology, there is an alarming increase in the awareness of the CSR throughout the World. We firmly believe that if we want a better, safer, cleaner and healthy environment then we must take a first step to begin our journey towards striking a balance between the societal needs, economic development and eco-friendly environment through various CSR activities.

Every individual has the Right to Life, Right to live with dignity, Right to education, Right to clean and healthy environment which are engraved in the Constitution of India. The responsibility is cast upon the Government to ensure that these Rights are protected and are not exploited. We realize that this responsibility must be shared by each and every individual, especially by corporate entities to eradicate hunger, poverty, upliftment of the downtrodden society, provide education and protect the environment. We will strive to emerge as one of the best Corporate Citizens.

2. The Composition of the CSR Committee-

Sr. No.	Name of The Director	DIN	Designation
1.	Ms. Ghazal Alagh	07608292	Chairperson
2.	Mr. Varun Alagh	07597289	Member
3.	Mr. Vivek Gambhir	06527810	Member

3. As per the latest amendment in Companies (Corporate Social Responsibility Policy) Rules, 2014, web-link is required to be mentioned where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. Web links where composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company at www.honasa.in

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not Applicable.

5. (a) Average net profit of the Company for immediately three preceding financial years: **Rs. 15,76,24,801.00/-**

(b) Two percent of average net profit of the company as per section 135(5): **Rs. 31,52,496.00/-**

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil.**

(d) Amount required to be set off for the financial year, if any: **Rs. 31,52,496.00/-**

(e) Total CSR obligation for the financial year (b+c-d): **Nil/-**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **Nil**

(b) Amount spent in Administrative Overheads: **Nil**

(c) Amount spent on Impact Assessment, if applicable: **Nil**

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: **Nil**

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (In Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).			Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).	
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
Nil	Not Applicable				

(f) Excess amount for set off, if any:

Sr. No.	Particulars	Amount
1	2% of average net profit of the Company as per Section 135(5)	31,52,496.00
2	Total amount spent / adjusted for the financial year	31,52,496.00
3	Excess amount spent for the financial year [(ii)-(i)]	Nil
4	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	11,26,427.00
5	Amount available for set-off in succeeding financial years [(iii)-(iv)]	11,26,427.00

7. (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
Nil							

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **No**

If Yes, enter the number of Capital assets created/ acquired: Not applicable.

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

1.	2.	3.	4.	5.	6.		
Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered Address
Nil							

9. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5): Not Applicable

Sd/-

Ms. Ghazal Alagh

DIN: 07608292

Chairperson of CSR Committee

Sd/-

Mr. Varun Alagh

DIN: 07597289

CEO & Whole Time Director

Date : July 25, 2023

Place : Gurugram

Form No. MR-3

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Honasa Consumer Limited

Unit No - 404, 4th Floor, City Centre,

Plot No 05, Sector-12, Dwarka,

New Delhi 110075 IN

We have conducted the secretarial audit of the compliance with applicable statutory provisions and the adherence to good corporate practices by Honasa Consumer Limited ("the Company"). The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

Auditor's responsibility

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India.

The Auditing Standards require that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period from April 01, 2022 to March 31, 2023 ("the audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanisms in place to the extent and in the manner reporting made hereinafter:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder; (not applicable to the Company during the audit period)

- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“the SEBI Act”): -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (not applicable to the Company during the audit period)
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (not applicable to the Company during the audit period)
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (not applicable to the Company during the audit period)
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (not applicable to the Company during the audit period)
 - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (not applicable to the Company during the audit period)
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (not applicable to the Company during the audit period)
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (not applicable to the Company during the audit period) and
 - h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018. (“the Buyback Regulations”) (not applicable to the Company during the audit period).

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereunder (“the Listing Regulations”). (not applicable to the Company during the audit period)

We further report that, with regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the following laws applicable specifically to the Company:

- The Legal Metrology Act, 2009 and the rules made thereunder; and
- The Drugs and Cosmetics Act, 1940 and the rules made thereunder;

During the audit period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc. made thereunder.

We further report that

The Board of Directors of the Company is duly constituted with a proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. The changes in the composition of the Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance (a few meetings were convened at shorter notice for which necessary approvals were obtained as per applicable provisions).

A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee meetings are carried out with required majority and recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

We further report that during the audit period,

- The Company has increased the authorised capital during the financial year under review.
- The Company has subdivided 290 Equity Shares having face value of INR 100 each to 290 Equity Shares of INR 10 each and 290 Equity Shares of INR 90 each.
- The Company has amended voting rights with respect to 290 Equity Shares having face value of INR 90 each.

- The Company has issued bonus shares in the proportion of 12,999: 1 i.e. 12,999 bonus equity shares having face value of INR 10 each for every 1 fully paid-up equity shares held as on record date to shareholders of equity shares having face value of INR 10 each. The company has issued an additional 13,60,32,854 bonus equity shares having face value of INR 10 each.
- The Company has passed a special resolution to change the conversion ratio of CCPS (Compulsorily Convertible Preference Shares) to 1:12900.
- The Company has bought back 290 Equity Shares having a face value of INR 90 each during the financial year under review.
- The Company has incorporated wholly owned subsidiaries in Indonesia and Dubai and has made overseas direct investment to wholly owned subsidiary in Dubai.
- The Company has allotted 62501 equity shares to employees pursuant to ESOP during the financial year under review.
- The Company has bought back 170 equity shares from non-resident investor and recorded transfer of shares from Non Resident Investors to Company and has filed Form FCTRS with RBI as per the provisions of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019.

**For Arora Shekhar and Company
(Practicing Company Secretaries)**

Shashi Shekhar

M. No: F12475

COP: 14145

UDIN: F012475E000675214

Date: July 25, 2023

Place: New Delhi

Annexure I

To,
The Members,
Honasa Consumer Limited
Unit No - 404, 4th Floor, City Centre,
Plot No 05, Sector-12, Dwarka,
New Delhi 110075 IN

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that accurate facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance of the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For Arora Shekhar and Company
(Practicing Company Secretaries)**

**Shashi Shekhar
M. No: F12475
COP: 14145**

UDIN: F012475E000675214

**Date: July 25, 2023
Place: New Delhi**

INDEPENDENT AUDITOR'S REPORT

To the Members of Honasa Consumer Limited (formerly Honasa Consumer Private Limited)

Report on the Audit of the Standalone Financial Statements**Opinion**

We have audited the accompanying standalone financial statements of Honasa Consumer Limited ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income/(Loss), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above, and in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income/(loss), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income/(Loss), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act; and
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 40 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief no funds have been received by the Company from any person or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Company.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per Rajeev Kumar

Partner

Membership Number: 213803

UDIN: 23213803BGXALL3460

Place: Bengaluru

Date: July 25, 2023

Annexure 1 referred to in paragraph under the heading “Report on other legal and regulatory requirements” of our report of even date on the Financial Statements of Honasa Consumer Limited

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (a)(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There are no immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder as disclosed in note 47 to the standalone financial statements.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and the procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2023 and no material discrepancies were noticed in respect of such confirmations.
- (b) As disclosed in note 23 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of fixed deposits and as informed quarterly returns or statements are not required to be filed with banks. Accordingly, the requirement to report on clause 3(ii)(b) of the Order with regards to filing of quarterly returns or statements with banks in respect of current assets is not applicable to the Company.
- (iii) (a) During the year the Company has provided loans to companies as follows:

	Loans (Rs. million)
Aggregate amount granted during the year	
- Subsidiaries	105.00
Balance outstanding in respect of above	
- Subsidiaries	105.00

- (b) During the year, the investments made and loans given to subsidiaries are not prejudicial to the Company's interest. The Company has not provided guarantees, security and loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties.
- (c) The Company has granted loans during the year to companies where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.
- (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

- (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Act are applicable have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and services tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues of goods and services tax, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute.
- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year as disclosed in note 47 to the standalone financial statements. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.
(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
(c) The Company did not have any term loans outstanding during the year. Hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
(d) On an overall examination of the standalone financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken funds from any entity or person specifically on account of or to meet the obligations of its subsidiaries.
(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by cost auditor or by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) (a) The Company is not a nidhi Company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.
- (b) The Company is not a nidhi company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.
- (c) The Company is not a nidhi company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards..
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company
- (xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.

- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 46 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 34(ii) to the standalone financial statements.
- (b) There are no ongoing projects and hence the requirement to report on clause (xx)(b) of the Order is not applicable to the Company. This matter has been disclosed in note 34(ii) to the standalone financial statements.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per Rajeev Kumar

Partner

Membership Number: 213803

UDIN: 23213803BGXALL3460

Place: Bengaluru

Date: July 25, 2023

Annexure 2 referred to in paragraph under the heading “Report on other legal and regulatory requirements” of our report of even date on the Financial Statements of Honasa Consumer Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to the standalone financial statements of Honasa Consumer Limited (“the Company”) as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to Standalone Financial Statements

A company's internal financial controls with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to these standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to these standalone financial statements and such internal financial controls with reference to these standalone financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India .

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per Rajeev Kumar

Partner

Membership Number: 213803

UDIN: 23213803BGXALL3460

Place: Bengaluru

Date: July 25, 2023

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Standalone Balance Sheet as at March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

Notes	As at March 31, 2023	As at March 31, 2022
Assets		
Non-current assets		
Property, plant and equipment	3(a) 72.43	17.73
Capital work in progress	3(b) -	-
Goodwill	4 8.89	8.89
Other intangible assets	5 526.50	531.02
Right-of-use assets	7 656.24	419.88
Intangible assets under development	6 -	18.83
Investments in subsidiaries	8 1,333.90	2,021.86
Financial assets		
i. Loans	9 105.00	-
ii. Other financial assets	10 702.16	764.72
Income tax assets (net)	11 33.43	33.43
Other non-current assets	12 4.27	-
Total non-current assets	3,442.82	3,816.36
Current assets		
Inventories	13 1,055.85	645.81
Financial assets		
i. Investments	8 2,584.94	3,293.28
ii. Trade receivables	14 1,129.75	647.67
iii. Cash and cash equivalents	15 16.72	246.27
iv. Bank balances other than cash and cash equivalents	16 517.52	538.90
v. Other financial assets	10 243.09	41.45
Other current assets	12 299.95	289.65
Total current assets	5,847.82	5,703.03
Total assets	9,290.64	9,519.39
Equity and liabilities		
Equity		
Equity share capital	17 1,363.36	0.13
Instruments entirely in the nature of equity	18 17,929.36	17,929.36
Other equity	19 (13,023.94)	(10,808.14)
Total equity	6,268.78	7,121.35
Non-current liabilities		
Financial liabilities		
i. Lease liabilities	7 588.03	401.23
ii. Other financial liabilities	20 -	41.02
Provisions	21 43.52	21.65
Deferred tax liabilities (net)	26 5.23	31.72
Total non-current liabilities	636.78	495.62
Current liabilities		
Financial liabilities		
i. Borrowings	23 36.09	-
ii. Lease liabilities	7 110.38	39.32
iii. Trade payables	24	
(a) Total outstanding dues of micro enterprises and small enterprises	45.06	33.97
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,756.48	1,595.92
iv. Other financial liabilities	20 197.23	107.80
Provisions	21 38.21	22.34
Other current liabilities	22 162.25	103.07
Income tax liability (net)	25 39.38	-
Total current liabilities	2,385.08	1,902.42
Total liabilities	3,021.86	2,398.04
Total equity and liabilities	9,290.64	9,519.39

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 S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/E300004

Sd/-
per **Rajeev Kumar**
Partner
Membership no.: 213803

Place: Bengaluru
Date: July 25, 2023

For and on behalf of the Board of Directors of
Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

Sd/-
Varun Alagh
Director & Chief Executive Officer
DIN: 07597289

Sd/-
Raman Preet Sohi
Chief Financial Officer

Place: Gurugram
Date: July 25, 2023

Sd/-
Ghazal Alagh
Director
DIN: 07608292

Sd/-
Dhanraj Dagar
Company Secretary
Membership no.: ACS 33308

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Standalone Statement of Profit and Loss for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

	Notes	March 31, 2023	March 31, 2022
Income			
Revenue from operations	27	13,948.03	9,317.56
Other income	28	204.36	206.80
Total income (I)		14,152.39	9,524.36
Expenses			
Purchases of traded goods	29	4,830.83	3,045.04
Increase in inventories of traded goods	30	(496.37)	(214.13)
Employee benefits expenses	31	1,253.46	720.25
Depreciation and amortization expenses	32	147.80	56.49
Finance costs	33	50.57	28.54
Other expenses	34	7,859.37	5,594.34
Change in fair value of derivative liability	20	54.20	15.80
Total expenses (II)		13,699.86	9,246.33
Profit before exceptional items and taxes (III = I-II)		452.53	278.03
Exceptional Items (IV)			
Impairment loss on investment in subsidiary	8	(1,525.37)	-
(Loss)/Profit before tax (V = III+IV)		(1,072.84)	278.03
Tax expenses			
Current tax	26	160.00	62.21
Deferred tax (credit)/charge	26	(27.28)	17.14
Total tax expenses (VI)		132.72	79.35
(Loss)/Profit for the year (VII = V-VI)		(1,205.56)	198.68
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss in subsequent years:			
Re-measurement gains/ (losses) on defined benefit plans		3.13	1.49
Income tax effect on above	26	(0.79)	(0.38)
Other comprehensive income for the year, net of tax (VIII)		2.34	1.11
Total comprehensive (loss)/income for the year, net of tax attributable to equity holders (IX = VII+VIII)		(1,203.22)	199.79
Earnings/(Loss) per equity share			
Basic			
Equity shares, Nominal value of Rs 10 each		(3.93)	0.67
Equity shares, Nominal value of Rs 100 each *		-	0.67
Diluted			
Equity shares, Nominal value of Rs 10 each		(3.93)	0.66
Equity shares, Nominal value of Rs 100 each *		-	0.67

* Each equity share of face value of Rs.100 per share was split into one equity share of face value of Rs.10 per share and one equity share of face value of Rs.90 per share, with effect from April 28, 2022. Equity shares of face value of Rs.90 per share were bought back on September 22, 2022 for Rs.90 per share. Hence there is no basic and diluted EPS for equity shares of face value of Rs. 100 each. (Refer note 35)

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 S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI firm registration number: 101049W/E300004

Sd/-

per **Rajeev Kumar**

Partner

Membership no.: 213803

Place: Bengaluru

Date: July 25, 2023

For and on behalf of the Board of Directors of

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

Sd/-

Varun Alagh

Director & Chief Executive Officer

DIN: 07597289

Sd/-

Raman Preet Sohi

Chief Financial Officer

Place: Gurugram

Date: July 25, 2023

Sd/-

Ghazal Alagh

Director

DIN: 07608292

Sd/-

Dhanraj Dagar

Company Secretary

Membership no.: ACS 33308

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Standalone Statement of Changes in Equity for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

a) Equity share capital

(i) Equity shares of Rs 10 each issued, subscribed and fully paid

	No of shares	Amount
As at April 01, 2022	10,256	0.10
Issued during the year (Refer Note (i) below)	13,63,26,080	1,363.26
As at March 31, 2023	13,63,36,336	1,363.36
As at April 01, 2021	10,225	0.10
Issued during the year (Refer Note (ii) below)	31	-
As at March 31, 2022	10,256	0.10

Note:

i. During the year ended March 31, 2023, the Company issued 292,936 equity shares of Rs.10 each, 136,032,854 bonus shares of Rs.10 each and 290 equity shares on account of share split of Rs.10 each. Also refer note 17.

ii. Represents Rs 310 for the year ended March 31, 2022.

(ii) Equity shares of Rs 100 each issued, subscribed and fully paid

	No of shares	Amount
As at April 01, 2022	290	0.03
Share split during the year (Refer Note (i) below)	(290)	(0.03)
As at March 31, 2023	-	-
As at April 01, 2021	290	0.03
Issued during the year	-	-
As at March 31, 2022	290	0.03

(iii) Equity shares of Rs 90 each issued, subscribed and fully paid

As at April 01, 2022	-	-
Share split during the year (Refer Note (i) below)	290	0.03
Buy back during the year (Refer Note (ii) below)	(290)	(0.03)
As at March 31, 2023	-	-
As at April 01, 2021	-	-
As at March 31, 2022	-	-
Total equity share capital	A+B+C	1,363.36

Note:

i. Pursuant to the approval of the shareholders accorded in the Extraordinary General Meeting (EGM) of the Company held on April 28, 2022, each equity share of face value of Rs 100 per share was split into one equity share of face value of Rs 10 per share and one equity share of face value of Rs 90 per share, with effect from April 28, 2022.

ii. Pursuant to the approval of the Board of directors on September 13, 2022, equity share of face value of Rs.90 per share were bought back on September 22, 2022 for Rs.90 per share.

b) Instruments entirely in the nature of equity

0.001% Non-Cumulative Compulsorily Convertible Preference Shares (NCCCPs) of Rs 10 each, fully paid

	No of shares	Amount
As at April 1, 2022	13,213	17,929.36
Issued during the year	-	-
As at March 31, 2023	13,213	17,929.36
As at March 31, 2021	11,472	-
Reclassified during the year		
Class A NCCCPs- Refer note (i) below	581	989.60
Class B NCCCPs- Refer note (i) below	1,885	3,210.68
Class C NCCCPs- Refer note (i) below	4,845	8,252.38
Class D NCCCPs- Refer note (i) below	4,161	7,087.33
Increase during the year		
Class E NCCCPs- Refer note (ii) below	902	0.01
Class F NCCCPs- Refer note (ii) below	839	0.01
	13,213	19,540.01
Less: Reclassified to securities premium as per the Act (refer note (i) below)	-	(1,610.65)
As at March 31, 2022	13,213	17,929.36

i. In respect of Non-Cumulative Compulsorily convertible preference shares ('NCCCPs'), the NCCCPs holders of the Company, in terms of the shareholders agreement, had exit rights including requiring the Company to buy back shares held by them. Accordingly, on transition to Ind AS, since the redemption feature is conditional upon an event not under the control of the issuer, and may require entity to deliver cash, which issuer cannot avoid, NCCCPs are classified as liability at fair value and the change in fair value of liability of has been recognized as an expense in the Statement of Profit and Loss. Further, subsequently on April 01, 2021, the Company and the NCCCPs holders have agreed to waive the buy-back rights granted to the NCCCPs holders under the shareholders agreement. Hence, the fair value of NCCCPs liability amounting to Rs 19,539.99 million has been classified from borrowings to instruments entirely in the nature of equity to the extent of Rs. 17,929.34 million and Rs. 1,610.65 million representing securities premium on the NCCCPs has been reclassified to other equity. Also refer note 18.

ii. The Company has issued 902 Class E NCCCPs of Rs.10 at a premium of Rs.2.24 million per share and 839 Class F NCCCPs of Rs.10 at a premium of Rs.3.39 million per share during the year ended March 31, 2022.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Standalone Statement of Changes in Equity for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

c) Other equity

	Attributable to equity holders of the Company				Total other equity
	Retained earnings (Note 19)	Securities premium (Note 19)	Share based payment reserve (Note 19)	Capital redemption reserve (Note 19)	
As at April 1, 2022	(17,520.19)	6,504.71	207.34	-	(10,808.14)
Loss for the year	(1,205.56)	-	-	-	(1,205.56)
Other comprehensive income/(loss)					
Re-measurement gains/ (losses) on defined benefit plans (net)	2.34	-	-	-	2.34
Total comprehensive income/(loss)	(1,203.22)	-	-	-	(1,203.22)
Add: Premium received on issue of equity shares	-	58.81	-	-	58.81
Less: Transaction cost on issue of equity shares	-	(12.71)	-	-	(12.71)
Add: Modification of Stock appreciation rights from cash settled to equity settled (Refer note 41)	-	-	27.74	-	27.74
Add: Share based payment expense for the year (refer note 41)	-	-	234.70	-	234.70
Less: Transferred to securities premium on exercise of stock options	-	4.07	(4.07)	-	-
Less: Utilised on issue of bonus share	-	(1,360.33)	-	-	(1,360.33)
Add: Options granted to employees of subsidiaries	-	-	39.21	-	39.21
Add/(less): Transfer to Capital redemption reserve on buyback of equity shares	(0.03)	-	-	0.03	-
As at March 31, 2023	(18,723.44)	5,194.55	504.92	0.03	(13,023.94)
As at April 01, 2021	(17,719.98)	20.08	48.34	-	(17,651.56)
Profit for the year	198.68	-	-	-	198.68
Other comprehensive income/(loss)					
Re-measurement gains/(losses) on defined benefit plans, net of tax effect	1.11	-	-	-	1.11
Total comprehensive income/(loss)	199.79	-	-	-	199.79
Add: Premium received on issue of NCCCPS	-	4,863.85	-	-	4,863.85
Add: Premium received on issue of equity shares	-	6.26	-	-	6.26
Less: Transaction cost on issue of equity shares	-	(4.87)	-	-	(4.87)
Add: Premium towards NCCCPS on modification from liability to equity (Refer note 18)	-	1,610.65	-	-	1,610.65
Add: Share based payment expense (Refer note 41)	-	-	156.45	-	156.45
Less: Transferred to securities premium on exercise of stock options	-	8.74	(8.74)	-	-
Add: Options granted to employees of subsidiaries	-	-	11.29	-	11.29
As at March 31, 2022	(17,520.19)	6,504.71	207.34	-	(10,808.14)

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 S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/E300004

Sd/-
per **Rajeev Kumar**
Partner
Membership no.: 213803

Place: Bengaluru
Date: July 25, 2023

For and on behalf of the Board of Directors of
Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

Sd/-
Varun Alagh
Director & Chief Executive Officer
DIN: 07597289

Sd/-
Raman Preet Sohi
Chief Financial Officer

Place: Gurugram
Date: July 25, 2023

Sd/-
Ghazal Alagh
Director
DIN: 07608292

Sd/-
Dhanraj Dagar
Company Secretary
Membership no.: ACS 33308

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Standalone Cash flow statement for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

Notes	March 31, 2023	March 31, 2022
Operating activities		
(Loss)/Profit before tax	(1,072.84)	278.03
<i>Adjustments to reconcile (loss)/profit before tax to net cash flows:</i>		
Depreciation of property, plant and equipment	16.98	7.40
Amortisation of intangible assets	23.35	1.03
Depreciation of right-of-use assets	107.47	48.06
Allowance for bad and doubtful debts	48.43	3.80
Provision for slow moving inventory	79.33	8.91
Share based payments expenses (equity settled)	234.70	156.45
Share based payments expenses (cash settled)	7.59	20.15
Impairment loss on investment in subsidiary	1,525.37	-
Fair value gain on investments measured at fair value through profit and loss (FVTPL)	(16.52)	(88.08)
Change in fair value of derivative liability	54.20	15.80
Gain on sale of investments measured at FVTPL	(77.16)	(43.11)
Interest income	(98.06)	(65.95)
Finance costs	50.57	28.54
Operating cash flow before working capital changes	883.41	371.03
<i>Movement in working capital:</i>		
(Increase) in trade receivables	(530.52)	(313.04)
(Increase) in other financial assets	(248.72)	(11.86)
Increase in trade payables	171.66	826.48
Increase in financial liabilities	15.43	8.02
Increase in provisions	40.88	26.47
(Increase) in inventories	(489.37)	(213.52)
Increase in other liabilities	59.18	50.31
(Increase) in other assets	(10.30)	(129.50)
Cash flow (used in)/from operating activities	(108.35)	614.39
Income tax paid	(120.61)	(94.11)
Net cash flow (used in)/generated from operating activities (A)	(228.96)	520.28
Investing activities		
Purchase of property, plant and equipment (including capital work in progress, capital advances and payable for capital goods)	(77.04)	(13.88)
Payment of Initial direct costs on leases	(4.86)	-
Purchase of intangible assets, including payable for capital goods	-	(12.20)
Acquisition of business, net of consideration payable	-	(562.53)
Investment in subsidiaries	(798.21)	(1,978.57)
Loan to subsidiaries	(105.00)	-
(Investment) in/redemption of bank deposits (net)	118.32	(1,125.43)
Purchase of current investment	(1,520.50)	(6,014.48)
Sale proceeds of current investment	2,333.24	4,496.65
Interest received	83.67	28.86
Net cash flow generated from/(used in) investing activities (B)	29.62	(5,181.58)
Financing activities		
Proceeds from issuance of equity shares (net)	49.01	4,865.24
Principal repayment of lease liabilities	(64.74)	(26.72)
Interest on lease liabilities	(44.95)	(25.08)
Finance costs paid	(5.62)	(3.46)
Net cash flows (used in)/generated from financing activities (C)	(66.30)	4,809.98
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(265.64)	148.68
Cash and cash equivalents at the beginning of the year	246.27	97.59
Cash and cash equivalents at the end of the year	(19.37)	246.27
Components of cash and cash equivalents		
Balance with banks		
- on current accounts	15.14	245.85
Cash on hand	1.58	0.42
Less: Bank overdraft (refer note 23)	(36.09)	-
Total cash and cash equivalents	(19.37)	246.27

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Standalone Cash flow statement for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

Reconciliation between opening and closing liabilities arising from financing activities:

	Opening balance	Cash flows	Non- cash movement	Closing balance
March 31, 2023				
Leases liabilities (including interest)	440.55	(109.69)	367.55	698.41
Net movement in bank overdraft facilities	-	36.09	-	36.09
Total liabilities from financing activities	440.55	(73.60)	367.55	734.50
March 31, 2022				
Borrowings (NCCCPS)	19,539.99	-	(19,539.99)	-
Leases liabilities (including interest)	203.31	(51.80)	289.04	440.55
Total liabilities from financing activities	19,743.30	(51.80)	(19,250.95)	440.55

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 S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

Sd/-
per **Rajeev Kumar**
Partner
Membership no.: 213803

Sd/-
Varun Alagh
Director & Chief Executive Officer
DIN: 07597289

Sd/-
Ghazal Alagh
Director
DIN: 07608292

Sd/-
Raman Preet Sohi
Chief Financial Officer

Sd/-
Dhanraj Dagar
Company Secretary
Membership no.: ACS 33308

Place: Bengaluru
Date: July 25, 2023

Place: Gurugram
Date: July 25, 2023

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

1 Corporate Information

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited) ("the Company"), is principally engaged in trading of variety of beauty and personal care products across baby care, skin care, hair and other related personal care categories, which are manufactured through third party contract manufacturers under the brand name of 'Mamaearth', 'The Derma Co', 'BBlunt', 'Aqualogica', and 'Ayuga'. The Company, sells its products primarily in India. The Company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act. The registered office of the Company is located at Unit No 404, 4th floor, City Centre, Plot No 05, Sector-12, Dwarka, New Delhi - 110075.

The Company has converted from Private Limited Company to Public Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on October 26, 2022 and consequently the name of the Company has changed to Honasa Consumer Limited pursuant to a fresh certificate of incorporation by the Registrar of Companies on November 11, 2022.

The Standalone Financial Statements for the year ended March 31, 2023 were approved for issue in the meeting of the Board of Directors held on July 25, 2023.

2 Significant accounting policies

2.1 Basis of preparation

The standalone financial statements of the Company as at and for the year ended March 31, 2023 are prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules 2015, (as amended from time to time) and other accounting principles generally accepted in India, along with the presentation requirements of Division II of Schedule III to the Act (Ind-AS compliant Schedule III as applicable to the standalone financial statements).

These standalone financial statements have been prepared on a going concern basis.

The standalone 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.

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

The standalone financial statements are presented in Indian Rupee (Rs./₹). All the values are rounded off to the nearest millions, upto two decimal placed, 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.

Deferred tax assets are classified as non-current assets.

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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

2.3 Foreign currency translation

(i) Functional and presentation currency:

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The standalone financial statements are presented in Indian rupee (Rs), which is functional and presentation currency of 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 the year end exchange rates are recognised in standalone statement of profit and loss.

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 standalone 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 standalone 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, 2020 (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, net of accumulated impairment loss, if any. 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.

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. Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

Notes to the Standalone Financial Statements for the year ended March 31, 2023*(All amounts in Rs. millions, except as otherwise stated)***2.5 Property, plant and equipment (Continued)**

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	5
Plant and Machinery	3 to 8	15
Furniture and fixtures	10	10
Computer & peripherals	3 to 6	3 to 6

Leasehold improvements are amortized on a straight line basis over the period of lease or estimated useful lives of the assets, which ever is lower.

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 Act, in order to reflect the actual usage of the assets. The assets residual values and useful life are reviewed, and adjusted if appropriate, 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.

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 the intangible assets recognised as of April 01, 2020 (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 year. 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
Brand	Indefinite *	No Amortisation	Acquired
Trademarks	5 years	Straight Line	Acquired
Design and Formulation	0.5 years to 1 year	Straight Line	Acquired
Software	1-6 years	Straight Line	Acquired
Goodwill	Indefinite *	No Amortisation	Acquired

* Tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, 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 groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 Standalone 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 and brand are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill and brand by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill and brand relate to. 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.

2.8 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.

2.9 Revenue recognition

Revenues are recognised when, or as, control of a promised goods transfers to customer, 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:

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

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, which is generally on delivery 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. Revenue is measured at amount of "Transaction Price" as per Ind AS 115.

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.

Customer wallet points

The Company has a wallet points programme, which allows customers to accumulate points that can be redeemed for subsequent purchase. The wallet points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of points by the customer.

When estimating the stand-alone selling price of the loyalty points, the Company considers the likelihood that the customer will redeem the points. The Company updates its estimates of the points that will be redeemed on each reporting date and any adjustments to the contract liability balance are charged against revenue.

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.

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). Refer to accounting policies of financial assets.

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).

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

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 and the estimated useful lives of the assets as follows:-

Particulars	Useful lives (years)
Buildings	2-9 years
Computer & Peripherals	3 years

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

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 standalone 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.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

Gratuity: Defined benefits 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.

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 are 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 Investment in subsidiary

The Company has elected to recognize its investments in subsidiary companies at cost in accordance with the option available in Ind AS - 27, 'Separate Financial Statements', less accumulated impairment loss, if any. Cost represents amount paid for acquisition of the said investments. The details of such investment is given in note 8. Refer to the accounting policies in note 2.7 for policy on impairment of non-financial asset.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit and loss.

2.13 Employee share based payment

The Stock option plan of the Company is classified as equity settled transaction based on the constructive obligation for settlement of option in equity.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using a black Scholes model.

That cost is recognised, together with a corresponding increase in share based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

When the terms of equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through statement of profit or loss.

The Company's employees are granted share appreciation rights (SAR) settled in cash upto May 30, 2022 and w.e.f. May 31, 2022 the scheme is modified as equity settled scheme. The liability for the share appreciation rights is measured, initially and at the end of each reporting period until settled, at the fair value of the SAR by applying an option pricing model, taking into account the terms and conditions on which the SAR were granted, and the extent to which the employees have rendered services to date.

When the terms of an cash-settled award are modified, the equity-settled share-based payment transaction is measured by reference to the fair value of the equity instruments granted at the modification date, the liability for the cash-settled share-based payment transaction as at the modification date is derecognised on that date and the difference between the carrying amount of the liability derecognised and the amount of equity recognised on the modification date is recognised immediately in the standalone statement of profit and loss.

Subsequently w.e.f December 15, 2022, SAR Scheme was further amended and rechristened by the Company to Employee stock options plan 2021 (ESOP scheme 2021) ("December 2022 Amendment") to redesignate the erstwhile SAR's as ESOP with fixed conversion ratio. When the terms of the equity-settled share-based payment transaction are modified, pre-modification valuation and post modification valuation is compared and if the value of post modification is lower than pre-modification, then the cost would be recognised based on original plan, however if the value of post modification is higher than pre-modification, then the original cost would continue to be accounted and for the additional fair value to the extent of vested options recognised in the statement of profit and loss and to the extent of unvested options, additional fair value is accounted over the remaining vesting period.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

2.14 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)

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.

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 group 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 period 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.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

2.14 Financial instruments (Continued)

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 recognised 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

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.

2.15 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.

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

2.15 Income taxes (Continued)

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 a 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 and 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.

2.16 Segment reporting

The Company reports the standalone financial statements 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.

2.17 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.

2.18 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.

2.19 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 standalone financial statements.

2.20 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, that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

2.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.22 Significant accounting judgements, estimates and assumptions

The preparation of the standalone financial statement 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 44)
- Financial risk management objectives and policies (Note 43)
- Sensitivity analysis disclosures (Notes 37, 42 and 43)

The Company bases its assumptions and estimates on parameters available when the Standalone Financial Statements are prepared. Existing circumstances and assumptions 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.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

2.22 Significant accounting judgements, estimates and assumptions (Continued)

Revenue from contracts with customers

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.

Impairment of financial assets

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.

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.

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.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 41.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Ind AS Standalone Financial Statements 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.

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

2.23 Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- i) Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- ii) Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.
- iii) Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- iv) Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

2.24 Standards or Amendments issued

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023 to amend the following Ind AS which are effective from April 01, 2023:

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The above amendments are not expected to have a significant impact.

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

3(a) Property, plant and equipment ('PPE')

	Computer and peripherals	Furniture and fixtures	Office equipment	Plant and machinery	Leasehold Improvements	Total
Cost or valuation						
As at April 01, 2021	1.73	3.76	3.24	5.50	-	14.23
Additions	0.03	7.00	2.71	4.13	-	13.87
Disposals	-	-	-	-	-	-
As at March 31, 2022	1.76	10.76	5.95	9.63	-	28.10
As at April 01, 2022						
Additions	0.18	33.83	12.74	0.56	24.37	71.68
Disposals	-	-	-	-	-	-
As at March 31, 2023	1.94	44.59	18.69	10.19	24.37	99.78
Accumulated Depreciation						
As at April 01, 2021	0.69	0.61	0.89	0.78	-	2.97
Charge for the year	0.66	1.93	1.81	3.00	-	7.40
Disposals	-	-	-	-	-	-
As at March 31, 2022	1.35	2.54	2.70	3.78	-	10.37
As at April 01, 2022						
Charge for the year	0.31	6.13	4.07	3.61	2.86	16.98
Disposals	-	-	-	-	-	-
As at March 31, 2023	1.66	8.67	6.77	7.39	2.86	27.35
Net book value						
As at March 31, 2022	0.41	8.22	3.25	5.85	-	17.73
As at March 31, 2023	0.28	35.92	11.92	2.80	21.51	72.43

Note:

a) For property, plant and equipment existing as on the date of transition to Ind-AS, i.e., April 01, 2020, the Company has used previous GAAP carrying value as deemed cost.

3(b) Capital work in progress

	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2023					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-
As at March 31, 2022					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-

There are no overdue or cost overrun projects compared to its original plan and no capital work in progress which are temporarily suspended, on the above mentioned reporting dates.

As at April 01, 2021

Add: Additions during the year	-
Less: Capitalised during the year	-
As at March 31, 2022	-

As at April 01, 2022

Add: Additions during the year	54.64
Less: Capitalised during the year	(54.64)
As at March 31, 2023	-

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

Notes to the Standalone Financial Statements for the year ended March 31, 2023*(All amounts in Rs. millions, except as otherwise stated)***4. Goodwill**

Goodwill acquired through business acquisition are pertaining to acquired business of:

	As at March 31, 2023	As at March 31, 2022
B-Blunt Business Purchase (Refer note 45)	8.89	8.89
	8.89	8.89

Goodwill impairment testing

The Company tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The cash flow projections are based on financial budgets approved by the management.

The Company assessed the earning value of its goodwill at CGU level to which the goodwill is attributable, based on future operational plan, projected cash flows and carried out valuation considering the aforesaid valuation, the management is of the view that, the carrying value of its goodwill is appropriate.

	As at March 31, 2023	As at March 31, 2022
Terminal growth rate	5.00%	5.00%
Discount rate	16.40%	17.30%

Sensitivity change in assumptions

Based on the above, no impairment was identified as of March 31, 2023 and March 31, 2022 as the recoverable value of the CGUs exceeded the carrying value. An analysis of the calculation's sensitivity to a change in the key parameters (revenue growth and discount rate) based on reasonably probable assumptions, did not identify any probable scenarios where the CGUs recoverable amount would fall below their carrying amount.

5 Other intangible assets

	Trademarks	Brand	Design and Formulation	Software	Total
Cost or valuation					
As at April 01, 2021	0.01	-	-	-	0.01
Additions	-	-	-	0.55	0.55
Acquisition of business (Refer note 45)	-	511.00	20.50	-	531.50
Disposals	-	-	-	-	-
As at March 31, 2022	0.01	511.00	20.50	0.55	532.06
As at April 01, 2022	0.01	511.00	20.50	0.55	532.06
Additions	-	-	-	18.83	18.83
Disposals	-	-	-	-	-
As at March 31, 2023	0.01	511.00	20.50	19.38	550.89
Accumulated Amortisation					
As at April 01, 2021	0.01	-	-	-	0.01
Amortisation	-	-	1.01	0.02	1.03
Disposals	-	-	-	-	-
As at March 31, 2022	0.01	-	1.01	0.02	1.04
As at April 01, 2022	0.01	-	1.01	0.02	1.04
Amortisation	-	-	19.49	3.86	23.35
Disposals	-	-	-	-	-
As at March 31, 2023	0.01	-	20.50	3.88	24.39
Net book value					
As at March 31, 2022	-	511.00	19.49	0.53	531.02
As at March 31, 2023	-	511.00	-	15.50	526.50

Note: For intangible assets existing as on the date of transition to Ind-AS, i.e., April 01, 2020, the Company has used previous GAAP carrying value as deemed cost.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

6 Intangible assets under development

	<u>Amount</u>
As at April 01, 2021	18.83
Additions	-
Capitalised during the year	-
As at March 31, 2022	<u>18.83</u>
As at April 01, 2022	18.83
Additions	-
Capitalised during the year	(18.83)
As at March 31, 2023	<u>-</u>

Ageing of intangible under development

	<u>Amount in intangible assets under development for a period of</u>				
	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>More than 3 years</u>	<u>Total</u>
As at March 31, 2023					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at March 31, 2022					
Projects in progress	18.83	-	-	-	18.83
Projects temporarily suspended	-	-	-	-	-
Total	<u>18.83</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18.83</u>

There are no overdue or cost overrun projects compared to its original plan and no Intangible assets under development which are temporarily suspended, on the above mentioned reporting dates.

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

7 Right-of-use assets and lease liabilities**(a) Company as a lessee**

The Company has lease contracts for office premises, warehouses, retail stores, computer and peripherals used in its operations. The lease term of the lease contracts are ranging from 2 years to 9 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company has applied exemptions as per paragraph 6 of Ind AS 116 with respect to short term and low value leases.

(b) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Buildings	Computer and Peripherals	Total
Cost			
As at April 01, 2021	202.44	11.30	213.74
Additions	249.78	18.56	268.34
Disposals	-	-	-
As at March 31, 2022	452.22	29.86	482.08
As at April 1, 2022	452.22	29.86	482.08
Additions	314.72	29.11	343.83
Disposals	-	-	-
As at March 31, 2023	766.94	58.97	825.91
Accumulated Depreciation			
As at April 01, 2021	12.40	1.74	14.14
Charge for the year	40.24	7.82	48.06
Disposal	-	-	-
As at March 31, 2022	52.64	9.56	62.20
As at April 1, 2022	52.64	9.56	62.20
Charge for the year	90.93	16.54	107.47
Disposal	-	-	-
As at March 31, 2023	143.57	26.10	169.67
Net book value			
As at March 31, 2022	399.58	20.30	419.88
As at March 31, 2023	623.37	32.87	656.24

(c) Set out below are the carrying amounts of lease liabilities and the movements during the year:**Carried at amortised cost**

	As at March 31, 2023	As at March 31, 2022
Non current		
Lease liabilities	588.03	401.23
Total non-current lease liabilities (A)	588.03	401.23
Current		
Lease liabilities	110.38	39.32
Total current lease liabilities (B)	110.38	39.32
Total lease liabilities (C=A+B)	698.41	440.55

(d) Following are the amounts recognised in the Statement of Profit and Loss:

	March 31, 2023	March 31, 2022
Depreciation of right-of-use-assets	107.47	48.06
Interest expense on lease liability	44.95	25.08
Rent expenses for short term lease (included in other expenses)	19.61	6.02
	172.03	79.16

(e) Impact on Statement of cash flow

Lease payments (including interest)	109.69	51.80
	109.69	51.80
Payment of principal portion of lease liabilities	64.74	26.72
Payment of interest portion of lease liabilities	44.95	25.08
	109.69	51.80

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

7 Right-of-use assets and lease liabilities (Continued)

(f) Movement in lease liabilities for the year ended March 31, 2023 and March 31, 2022:

	March 31, 2023	March 31, 2022
Balance at the beginning of the year	440.55	203.31
Add: Additions	322.60	263.96
Add: Interest on lease liabilities	44.95	25.08
Less: Payment of lease liabilities (including interest)	(109.69)	(51.80)
Balance at the end of the year	698.41	440.55

(g) The table below provides details regarding the contractual maturities of lease liabilities:

	March 31, 2023	March 31, 2022
Less than one year	158.37	61.17
One to five years	492.20	277.37
More than five years	232.55	232.14
Total	883.12	570.68

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

8 Investments

Non-current

(valued at cost unless stated otherwise)

Investment in subsidiaries*

Unquoted:

	As at March 31, 2023	As at March 31, 2022
73,916 equity shares (March 31, 2022: 64,001) of Rs. 10 each in Just4Kids Services Private Limited (refer Note (i))*	1,525.37	1,237.17
23,521 equity shares (March 31, 2022: 23,521) of Rs. 10 each in Bhabani Blunt Hairdressing Private Limited (refer Note (ii))	790.33	784.69
1,000,045 equity shares (March 31, 2022: Nil) and 885,103 (March 31, 2022: Nil) 0.001% Compulsorily Convertible Preference Shares of Rs 10 each in Fusion Cosmeceutics Private Limited (refer note (iii))	541.23	-
1,000 equity shares (March 31, 2022: Nil) of AED 100 each in Honasa Consumer General Trading L.L.C (refer note (iv))	2.34	-
Less: Impairment loss on investment in Just4Kids Services Private Limited**	(1,525.37)	-
	1,333.90	2,021.86

Aggregate amount of unquoted investments

Aggregate amount of impairment in value of investments

1,333.90	2,021.86
(1,525.37)	-

* Includes share based payment expenses on options granted to employees of Just4Kids Services Private Limited amounting to Rs 33.57 million (March 31, 2022: Rs. 10.57 million) and employees of Bhabani Blunt Hairdressing Private Limited amounting to Rs. 5.64 million (March 31, 2022: Rs. 0.72 million.)

**In the meeting of Board of directors held on March 06, 2023, the management informed and briefed the Board that the business of Just4kids Services Private Limited ("Momspresso") was acquired to expand content and influencer management capabilities and to strengthen content creation capabilities by enabling the access to a large and ready library of the relevant content of Momspresso. However, the performance and profitability of the Company was deteriorating with the business significantly underperforming (vis-à-vis business plan FY 22-23) during Q4 of FY 22-23. Further the business synergies envisaged from the investment could not be realized despite best efforts of the management. The management also presented multiple scenarios with medium term to long term estimates for the acquired business but none of the scenarios demonstrated considerable improvement in profitability profile and any sight of realizing synergies for the core product business.

Accordingly, the management has accounted for an Impairment loss of Rs. 1,525.37 million on investment in Just4Kids Services Private Limited as at the reporting date and the same has been disclosed as an exceptional item in the statement of profit and loss.

Name of entity	Nature	Country of incorporation	Date of acquisition	Ownership interest held by Company in %	
				March 31, 2023	March 31, 2022
Just4Kids Services Private Limited	Subsidiary	India	December 24, 2021	77.19%	74.32%
Bhabani Blunt Hairdressing Private Limited	Subsidiary	India	March 16, 2022	100.00%	100.00%
Fusion Cosmeceutics Private Limited	Subsidiary	India	April 06, 2022	100.00%	-
Honasa Consumer General Trading LLC	Subsidiary	UAE	June 23, 2022	100.00%	-

Note:

i. On December 24, 2021, the Company acquired 74.32% in Just 4 Kids Services Private Limited ("Momspresso") by virtue of a Share Purchase and Share Subscription Agreement. The Company has acquired 64,001 equity shares at a consideration of Rs 949.23 million and further, committed subscription amount of Rs 500 million which has been infused in Momspresso. The Company has also committed to acquire the remaining 25.68% in Momspresso which amounts to 22,491 equity shares in tranche 1, 2 & 3 as per the terms of the share subscription agreement, and the same is treated as a derivative instrument and accordingly Rs 32 million has been recognised as derivative liability as on date of acquisition, which is fair valued through profit and loss account for the year ended March 31, 2022 and March 31, 2023. The vision of Momspresso is to empower every mother by enabling them to express themselves through text and video content in 10 languages and to earn from the MyMoney platform by participating in brand campaigns. Momspresso is the largest content platform for the mothers in the country with 30 million mothers visiting the site 310 million times and consuming 932 million page views in the last 12 months.

ii. On March 16, 2022, the Company acquired entire equity shares of Bhabani Blunt Hair Dressing Private Limited by virtue of a Share Purchase and Share Subscription Agreement. The Company acquired the entire equity shares at a consideration of Rs 694.00 million and subscription amount of Rs 89.97 million which has been infused as on March 31, 2023. The subscription amount of Rs 89.97 million has been utilized by Bhabani Blunt Hair Dressing Private Limited to purchase balance 49% of shares of B Blunt Spratt Hairdressing Private Limited from third party and accordingly, Bhabani Blunt Hairdressing Private Limited and B Blunt Spratt Hairdressing Private Limited are 100% subsidiaries of the Company. The subsidiaries are engaged into the business of hair styling, sale of hair products and is involved in educating students in hair styling. The Company had further entered into Business Transfer agreement with Godrej Consumer Private Limited on March 16, 2022 to acquire its the product business under the brand name B-Blunt which constitutes a business for a consideration of Rs 583.06 million (Refer note 45).

iii. On April 06, 2022, the Company acquired 65.49% in Fusion Cosmeceutics Private Limited by virtue of Share Purchase and Share Subscription Agreement. The Company acquired 861,308 equity shares of Rs 10 each and 373,306 0.001% Compulsorily Convertible Preference Shares of Rs 10 each at an aggregate consideration of Rs 141.23 million and further, committed subscription amount of Rs. 100 million which has been infused as on April 06, 2022. The Subsidiary is into the business of trading skin care and beauty products under the brand "Dr. Sheth's". The Company has further acquired the remaining stake of 34.51% for a consideration of Rs. 300 million.

iv. On June 23, 2022, the Company incorporated Honasa Consumer General Trading L.L.C., a company based in UAE. The Company subscribed to the share capital and invested an amount of 2.34 million during FY 22-23.

v. The following are the details of the funds invested by the Company for further benefit to the Ultimate Beneficiaries

Name of the intermediary in which the funds are invested	Year of funds invested	Amount of funds invested (In Rs. million)	Year in which funds are further invested by Intermediaries to Ultimate Beneficiaries	Amount of fund further invested by such Intermediaries to Ultimate Beneficiaries (In Rs.)	Ultimate Beneficiary
Bhabani Blunt Hairdressing Private Limited	2021-2022	89.97	2021-2022	89.97	Gauri Meghan Spratt, Shauna Mekhla Spratt and Robert Spratt (Erstwhile shareholders of B:Blunt-Spratt Hairdressing Private Limited)

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

8 Investments (continued)

Current

(valued at amortised cost)

Quoted bonds and debentures

	No of units		Amount	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
HDFC Bank Limited Sr-1 8.85% BD Perpetual	-	200	-	208.65
State Bank of India Series 1 9.56% NCD Perpetual	100	100	111.82	111.82
Total quoted bonds and debentures valued at amortised cost (A)			111.82	320.47

(valued at fair value through profit and loss)

Quoted mutual funds

UTI MMMF Direct - Growth	1,675	1,675	4.41	4.17
SBI Magnum Ultra Short Duration Direct - Growth	16,781	16,781	86.57	82.18
SBI Corporate Bond Fund Direct-G	30,08,137	-	40.09	-
SBI CPSE Bond Plus SDL Sep 2026 50:50 Index Fund Direct-G	28,87,580	-	30.08	-
IDFC Banking and PSU Debt Fun - Direct Plan - Growth*	-	60,89,294	-	124.22
HDFC Corporate Bond Direct - Growth	62,98,078	52,09,120	173.95	137.94
ICICI Prudential Corporate Bond Direct - Growth*	82,53,324	70,98,408	214.82	174.52
DSP Short Term Direct - Growth	36,85,984	36,85,984	155.86	149.44
HDFC Short Term Debt Direct - Growth	35,50,981	35,50,981	97.63	93.10
IDFC Bond ShortTerm Direct - Growth	-	23,54,846	-	115.38
IDFC Dynamic bond fund- Direct - Growth	-	33,27,510	-	101.12
Kotak Bond Short-term Direct - Growth	32,13,016	32,13,016	153.34	146.82
Tata Short Term Bond Direct - Growth	-	6,35,243	-	26.86
HDFC Money Market Direct - Growth	24,238	24,238	119.29	112.82
HDFC Floating Rate Debt Direct - Growth	5,91,244	17,90,652	25.05	71.80
HDFC Nifty G-sec Dec 2026 Index Direct-G	38,89,834	-	40.06	-
HDFC Nifty G-Sec Jun 2027 Index Direct-G	29,36,222	-	30.00	-
Axis Banking & PSU Debt Direct - Growth	12,250	12,250	28.04	26.79
Axis Strategic Bond Fund Direct - Growth	37,96,366	42,18,184	95.86	101.21
Kotak Banking and PSU Debt Direct - Growth	-	9,60,450	-	52.13
Kotak Corporate Bond Direct - Growth	29,390	29,390	96.29	92.08
Kotak Money Market Fund Direct - Growth	-	14,946	-	54.11
Kotak Equity Arbitrage Direct-G	9,03,463	-	30.31	-
Kotak Nifty SDL Apr 2027 Top 12 Equal Weight Index Fund Direct-G	19,53,657	-	20.26	-
L&T Triple Ace Bond Direct-Growth*	11,31,887	24,51,157	73.64	154.08
Axis Treasury Advantage Direct - Growth	-	816	-	2.11
ICICI Pru Short Term Direct - Growth	7,65,761	11,94,439	41.63	60.97
ICICI Pru Medium Term Bond Direct - Growth	-	7,87,544	-	30.28
ICICI Prudential Overnight Fund Growth	-	120	-	0.01
ICICI PRU LONG SHORT FUND II	4,99,975	-	81.53	-
Bharat Bond FOF - April 2025 Direct - Growth	-	93,79,196	-	101.51
Bharat Bond FOF - April 2030 Direct - Growth	24,19,384	46,20,515	30.28	53.01
India Grid Trust Invit Fund - Perpetual	1,46,286	1,46,286	19.60	21.53
Powergrid Infrastructure Investment Trust	3,22,385	3,22,385	39.53	43.17
ICICI Prudential Corporate Credit Opportunities AIF I	1,72,765	99,995	38.44	10.00
ICICI Pru Floating Interest Direct-G	65,359	-	25.05	-
Nippon India Money Market Direct - Growth	-	30,178	-	101.11
Nippon India Corporate Bond Direct - Growth	3,16,628	3,16,628	16.50	15.69
Nippon India ETF Nifty SDL - 2026 Maturity - Growth	5,00,000	5,00,000	55.93	54.03
HSBC Ultra Short Duration Fund Direct - Growth	-	73,319	-	80.82
Edelweiss NIFTY PSU Bond Plus - 2026 Direct - Growth	-	1,31,46,157	-	141.20
Edelweiss NIFTY PSU Bond Plus - 2027 Direct - Growth	-	49,61,989	-	50.65
Edelweiss Credit Plus Fund AIF	2,275	1,500	30.77	15.00
Edelweiss Arbitrage Direct-G	11,57,725	-	20.20	-
Aditya Birla SL Nifty SDL Plus PSU Bond Sep 2026	-	49,58,594	-	50.46
Aditya Birla SL Floating rate Direct - Growth	66,889	2,51,530	20.04	71.32
Aditya Birla SL Overnight Fund Direct-G	25,240	-	30.60	-
Aditya Birla SL Corporate Bond Direct-G	3,14,491	-	30.07	-
Aditya Birla SL CRISIL IBX Gilt - April 2026 Index Fund Direct-G	48,33,724	-	50.20	-
Bandhan Corporate Bond Direct-G	6,07,706	-	10.09	-
Bandhan Dynamic Bond Direct-G	9,72,065	-	30.40	-
Bandhan Bond Short Term Direct-G	23,54,846	-	120.17	-
Aditya Birla Sun Life Money Manager Fund	-	3,538	-	1.06
Total quoted mutual funds at fair value through profit and loss (B)			2,206.58	2,724.70

Quoted bonds and debentures

Muthoot Fincorp Limited - Market Linked Debenture	-	130	-	145.12
Asirvad Microfin Limited MLD	20	20	22.86	21.02
Mahindra & Mahindra Financial Services Ltd NCD TR II 19DEC24 (INE774D07UO2)	100	-	102.78	-
Shriram City Union MLD	80	80	87.09	81.97
Vivriti Capital Pvt Ltd	50	-	53.81	-
Total quoted bonds and debentures at fair value through profit and loss (C)			266.54	248.11

Total quoted investments valued at fair value through profit and loss (FVTPL) (D = C + B)

Total quoted investments (E = A + D)

Total investments

Aggregate book value of quoted investments

Aggregate market value of quoted investments

	2,473.12	2,972.81
	2,584.94	3,293.28
	2,584.94	3,293.28
	2,473.12	2,972.81
	2,473.12	2,972.81

* Includes an amount of Rs 136.73 million (March 31, 2022: Rs 294.12 million) secured against bank guarantees on limits with banks.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

9 Loans	As at March 31, 2023	As at March 31, 2022
<i>(Unsecured, considered good)</i>		
<i>Carried at amortised cost</i>		
Loan to Subsidiaries		
Loan to Fusion Cosmeceutics Private Limited	80.00	-
Loan to Honasa Consumer General Trading L.L.C	25.00	-
	105.00	-

The aforesaid loans carry interest rate @ 8.6% p.a. and repayable after two years from the date of grant

10 Other financial assets	As at March 31, 2023	As at March 31, 2022
<i>(Unsecured, considered good)</i>		
<i>Carried at amortised cost</i>		
Non-current		
Security deposits	47.95	13.56
Deposit with maturity of more than 12 months * #	642.08	749.75
Interest accrued	12.13	1.41
	702.16	764.72
Current		
Security deposits	6.82	3.96
Interest accrued	39.21	37.49
Expense recoverable from shareholders **	197.06	-
	243.09	41.45

* Includes an amount of Rs 65.26 million (March 31, 2022: Rs 56.47 million) secured against bank guarantees issued in favour of Hewlett Packard Financial Services (India) Pvt Ltd against laptops taken on lease and performance guarantees issued in favour of The Deputy General Manager - Canteen Stores Department and TLG India Pvt Ltd.

Includes an amount of Rs 193.85 million (March 31, 2022: Rs 113.85 million) secured against overdraft facility with HDFC Bank.

** Expense recoverable from shareholders of Rs. 197.06 million incurred by the Company is towards proposed Initial Public Offering (IPO) of the equity shares held by the selling shareholders. As per the offer agreement with the selling shareholders, these expenses are recoverable in proportion to the shares that are expected to be offered to the public in the offering.

11 Income tax assets (net)	As at March 31, 2023	As at March 31, 2022
Non-current		
Advance tax (net)	33.43	33.43
	33.43	33.43

12 Other assets	As at March 31, 2023	As at March 31, 2022
Non-current		
Capital advances	4.27	-
	4.27	-
Current		
Balance with government authorities	176.23	215.49
Advance to employees	3.19	0.70
Prepaid expenses*	66.18	21.58
Advance to suppliers	43.90	51.88
Other receivables	10.45	-
	299.95	289.65

*Includes IPO expense of Rs 32.08 million as at March 31, 2023 carried forward as prepaid expenses pertaining to Company's share and the aforesaid amount will be adjusted with securities premium at the time of issue of shares in accordance with requirements of Section 52 of the Act.

13 Inventories	As at March 31, 2023	As at March 31, 2022
<i>(valued at lower of cost and net realisable value)</i>		
Traded goods [includes goods in transit of Rs 17.68 million (March 31, 2022: Rs 4.96 million)]	1,155.04	658.67
Less: Provision for slow moving inventories*	(99.19)	(12.86)
	1,055.85	645.81

*Includes Rs 7 million of provision acquired through Business Transfer agreement with Godrej Consumer Private Limited on March 16, 2022 to acquire its Product business under the brand name Bblunt (refer note 45)

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

14 Trade receivables

Carried at amortised cost

	As at March 31, 2023	As at March 31, 2022
Trade receivables	1,129.75	647.67
	1,129.75	647.67
Break-up for security details		
Trade receivables		
Unsecured, considered good	1,129.75	647.67
Trade receivables - credit impaired	50.03	8.82
	1,179.78	656.49
Impairment allowance (allowance for bad and doubtful debts)		
Trade receivables - credit impaired	(50.03)	(8.82)
	(50.03)	(8.82)
	1,129.75	647.67

i. Movement in impairment allowance (allowance for bad and doubtful debts)

	As at March 31, 2023	As at March 31, 2022
Opening balance	8.82	5.02
Add: Charge for the year	48.43	3.80
Less: Reversal/write off during the year	(7.22)	-
Closing balance	50.03	8.82

ii. Ageing schedule for trade receivables:

As at March 31, 2023

	Current but not due	Outstanding for following periods from due date of payment					Total
		0-6 months	6 months – 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed - considered good	1,022.91	106.84	-	-	-	-	1,129.75
Undisputed - credit impaired	-	18.81	26.88	3.59	0.75	-	50.03
Disputed - considered good	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-	-
Total	1,022.91	125.65	26.88	3.59	0.75	-	1,179.78
Less: Allowance for bad and doubtful debts	-	(18.81)	(26.88)	(3.59)	(0.75)	-	(50.03)
Total trade receivables	1,022.91	106.84	-	-	-	-	1,129.75

As at March 31, 2022

	Current but not due	Outstanding for following periods from due date of payment					Total
		0-6 months	6 months – 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed - considered good	352.42	295.25	-	-	-	-	647.67
Undisputed - credit impaired	-	-	4.01	4.81	-	-	8.82
Disputed - considered good	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-	-
Total	352.42	295.25	4.01	-	-	-	656.49
Less: Allowance for bad and doubtful debts	-	-	(4.01)	(4.81)	-	-	(8.82)
Total trade receivables	352.42	295.25	-	(4.81)	-	-	647.67

iii. There are no non-current trade receivables as on March 31, 2023 and as at March 31, 2022.

iv. No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person other than disclosed in note 36. 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.

v. Trade receivables are non-interest bearing and are generally on terms of 30-60 days.

15 Cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents		
Cash in hand	1.58	0.42
Balance with banks		
- on current accounts	15.14	245.85
	16.72	246.27
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:		
Cash in hand	1.58	0.42
Balance with banks		
- on current accounts	15.14	245.85
Less - Bank overdraft (note 23)	(36.09)	-
	(19.37)	246.27

16 Bank balances other than cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022
Deposits with remaining maturity of more than three month but less than or equal to twelve months	517.52	538.90
	517.52	538.90

17 Share Capital

Equity share capital

a) Authorised share capital

Equity share capital of Rs 10 each

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

Equity Shares	
Numbers	Amount
40,000	0.40
33,99,60,000	3,399.60
34,00,00,000	3,400.00

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

40,000	0.40
-	-
40,000	0.40

Equity share capital of Rs 100 each

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

580	0.06
-	-
580	0.06

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

580	0.06
-	-
580	0.06

Equity share capital of Rs 90 each

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

-	-
290	0.03
290	0.03

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

-	-
-	-
-	-

Equity share capital of Rs 10 each, fully paid up

As at April 01, 2022
Issued during the year (Refer Note (i) below)
Bonus Issue during the year (Refer Note (ii) below)
Share split during the year (Refer Note (iii) below) *
As at March 31, 2023

Equity Shares	
Numbers	Amount
10,256	0.10
2,92,936	2.93
13,60,32,854	1,360.33
290	-
13,63,36,336	1,363.36

* Represents amount of Rs. 2,900

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

10,225	0.10
31	-
10,256	0.10

** Represents amount of Rs. 310

Equity share capital of Rs 100 each, fully paid up

As at April 01, 2022
Issued during the year
Share split during the year (Refer Note (iii) below)
As at March 31, 2023

290	0.03
-	-
(290)	(0.03)
-	-

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

290	0.03
-	-
290	0.03

Equity share capital of Rs 90 each, fully paid up

As at April 01, 2022
Issued during the year
Share split during the year (Refer Note (iii) below)
Bought back during the year (Refer Note (iv) below)
As at March 31, 2023

-	-
-	-
290	0.03
(290)	(0.03)
-	-

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

-	-
-	-
-	-

Notes:

- During the year ended March 31, 2023, the Company issued 292,936 equity shares of Rs. 10 each.
- During the year ended March 31, 2023, the Company has issued 136,032,854 bonus shares in accordance with Section 63 of the Act in the ratio of 12,899:1 to all equity shareholders with equity shares of face value of Rs 10 each on May 11, 2022.
- Pursuant to the approval of the shareholders accorded in the Extraordinary General Meeting (EGM) of the Holding Company held on April 28, 2022, each equity share of face value of Rs. 100 per share was split into one equity share of face value of Rs.10 per share and one equity share of face value of Rs.90 per share, with effect from April 28, 2022.
- Pursuant to the approval of the Board of directors on September 13, 2022, equity share of face value of Rs.90 per share was bought back on September 22, 2022 for Rs.90 per share.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

17 Share Capital (Continued)

c) Terms/rights attached to equity shares

The Company has equity shares having par value of Rs 10 and Rs 100 per share. Each shareholder of equity shares is entitled to have one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend, if any, proposed by Board of Directors is subject to approval in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buyback of shares is possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, as proportion to their holdings.

Pursuant to the approval of the shareholders accorded in the Extraordinary General Meeting (EGM) of the Company held on April 28, 2022, each equity share of face value of Rs. 100 per share was split into one equity share of face value of Rs.10 per share and one equity share of face value of Rs.90 per share, with effect from April 28, 2022. Further, pursuant to the approval of the Board of directors on September 13, 2022, equity share of face value of Rs.90 per share was bought back on September 22, 2022 for Rs.90 per share.

d) Details of shareholders holding more than 5% shares in the Company:

	As at March 31, 2023		As at March 31, 2022	
	Nos.	Holding %	Nos.	Holding %
Equity shares of Rs 10 each, fully paid				
Varun Alagh	10,67,37,650	78%	8,282	81%
Ghazal Alagh	1,00,65,200	7%	788	8%
	11,68,02,850		9,070	
Equity shares of Rs 100/- each fully paid *				
Shilpa Shetty Kundra	-	-	108	37%
Evolve Fund III LTD	-	-	102	35%
Evolve India Coinvest PCC	-	-	68	23%
	-	-	278	

* Refer note (c) above

e) 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 on account of issue of bonus shares	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Varun Alagh	8,282	10,68,29,518	(1,00,150)	10,67,37,650	78%	3%
Ghazal Alagh	788	1,01,64,412	(1,00,000)	1,00,65,200	7%	1%

As at March 31, 2022

Promoter Name	No. of shares at the beginning of the year	Change on account of issue of bonus shares	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Varun Alagh	8,514	-	(232)	8,282	81%	(3)%
Ghazal Alagh	788	-	-	788	8%	-

f) Shares reserved for issue under options

For details of shares reserved for issue on conversion of Non-Cumulative Compulsorily Convertible Preference Shares, refer note 18

For details of shares reserved for issue against share warrants refer note 39 (a).

For details of shares reserved for issue under the employee stock option plan (ESOP), refer note 41.

g) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

(i) During the year ended March 31, 2023, the Company has issued bonus shares aggregating to 136,032,854 in accordance with Section 63 of the Act in the ratio of 12,899:1 to all equity shareholders with equity shares of face value of Rs 10 each on May 11, 2022.

(ii) Pursuant to the approval of the Board of directors on September 13, 2022, equity share of face value of Rs. 90 per share were bought back on September 22, 2022 for Rs 90 per share.

18 Instrument entirely in the nature of equity

Preference shares

i) Authorised share capital

0.001% Non- Cumulative Compulsorily Convertible Preference Shares

As at April 01, 2022

	NCCCPS	
	Numbers	Amount
	26,730	0.27
Class A NCCCPS	5,839	0.06
Class B NCCCPS	1,885	0.02
Class C NCCCPS	4,845	0.05
Class D NCCCPS	4,161	0.04
Class E NCCCPS	5,000	0.05
Class F NCCCPS	5,000	0.05
Increase during the year	-	-
As at March 31, 2023	26,730	0.27

As at April 01, 2021

Class A NCCCPS	5,839	0.06
Class B NCCCPS	1,885	0.02
Class C NCCCPS	4,845	0.05
Class D NCCCPS	4,161	0.04
Increase during the year	-	-
Class E NCCCPS	10,000	0.10
Reclassified from Class E to Class F		
Class E NCCCPS	(5,000)	(0.05)
Class F NCCCPS	5,000	0.05
As at March 31, 2022	26,730	0.27

18 Instrument entirely in the nature of equity (Continued)

ii) Issued, subscribed and fully paid up shares

	NCCCPS	
	Numbers	Amount
NCCCPS of Rs 10 each		
As at April 01, 2022	13,213	17,929.36
Increase during the year		
Class A NCCCPS	-	-
Class B NCCCPS	-	-
Class C NCCCPS	-	-
Class D NCCCPS	-	-
Class E NCCCPS	-	-
Class F NCCCPS	-	-
As at March 31, 2023	13,213	17,929.36
As at March 31, 2021	11,472	-
Reclassified during the year		
Class A NCCCPS- Refer note (i) below	581	989.60
Class B NCCCPS- Refer note (i) below	1,885	3,210.68
Class C NCCCPS- Refer note (i) below	4,845	8,252.38
Class D NCCCPS- Refer note (i) below	4,161	7,087.33
Increase during the year		
Class E NCCCPS- Refer note (ii) below	902	0.01
Class F NCCCPS- Refer note (ii) below	839	0.01
	13,213	19,540.01
Less: Reclassified to securities premium as per the Companies Act'13	-	(1,610.65)
As at March 31, 2022	13,213	17,929.36

Note

i. In respect of Non-Cumulative Compulsorily convertible preference shares ("NCCCPS"), the NCCCPS holders of the Company, in terms of the shareholders agreement, had exit rights including requiring the Company to buy back shares held by them. Accordingly, on transition to Ind AS, since the redemption feature is conditional upon an event not under the control of the issuer, and may require entity to deliver cash, which issuer cannot avoid, NCCCPS are classified as liability at fair value and the change in fair value of liability of has been recognized as an expense in the Statement of Profit and Loss. Further, subsequently on April 01, 2021, the Company and the NCCCPS holders have agreed to waive the buy-back rights granted to the NCCCPS holders under the shareholders agreement. Hence, the fair value of NCCCPS liability amounting to Rs 19,539.99 million has been classified from borrowings to instruments entirely in the nature of equity to the extent of Rs. 17,929.34 million and Rs. 1,610.65 million representing securities premium on the NCCCPS has been reclassified to other equity.

ii. The Company has issued 902 Class E NCCCPS of Rs.10 at a premium of Rs.2.24 million per share and 839 Class F NCCCPS of Rs.10 at a premium of Rs.3.39 million per share during the year ended March 31, 2022

(iii) Terms/rights attached to NCCCPS

The Company has issued NCCCPS - Class A, B, C, D, E & F shares of Rs 10 each fully paid-up. NCCCPS Class A, B, C, D, E & F shares carry a minimum preferential dividend @ 0.001% p.a. proportionately for the period for which the shares are being held and it shall be paid in preference to any dividend or distribution payable upon shares of any other class. Each holder of NCCCPS Class A, B, C, D, E & F shares is entitled to vote at each meeting of the holders of the Equity shares to the extent of such proportion of the total voting rights, as they would have been entitled assuming full conversion of the NCCCPS Class A, B, C, D, E & F shares.

The holders of the NCCCPS shall be entitled to exercise voting rights on an as if converted basis i.e., assuming conversion of the NCCCPS in the manner set out in the shareholders agreement.

Each holder of NCCCPS Class A, B, C, D, E & F shares may convert the shares at the option of the holder into 1 equity share (post bonus 12,900 equity shares) of the Company at the earlier of the following events:

1. Anytime at the option of the holder
2. Immediately upon the expiry of 20 years from the date of allotment; or
3. Qualified Initial Public Offering (IPO) as acceptable to the holder.

In the event of liquidation of the Company before conversion, the holder of NCCCPS Class A, B, C, D, E & F shares would be paid prior and in preference to any payment or distribution to equity share holders.

During the year ended March 31, 2023, the Company has issued bonus shares in accordance with Section 63 of the Act in the ratio of 12,899:1 to all equity shares of Rs 10 each on May 11, 2022. Consequently, each holder of NCCCPS Class A, B, C, D, E & F shares conversion ratio is 12,900:1.

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

	March 31, 2023		March 31, 2022	
	Nos.	Holding %	Nos.	Holding %
Class A NCCCPS of Rs 10 each, fully paid				
Suhail Sameer	116	20%	116	20%
SCI Investments VI	209	36%	209	36%
Sofina Ventures S.A.	64	11%	64	11%
Sequoia Capital Global Growth Fund III – U.S./India Annex Fund, L.P.	33	6%	33	6%
Kanwaljit Singh (Managing trustee of Fireside Venture Trust)	108	19%	108	19%
	530		530	
Class B NCCCPS of Rs 10 each, fully paid				
Fireside Ventures Investment Fund-I	199	11%	199	10%
SCI Investments VI	454	24%	454	24%
Sofina Ventures S.A.	1,062	56%	1,062	56%
	1,715		1,715	
Class C NCCCPS of Rs 10 each, fully paid				
Fireside Ventures Investment Fund-I	1,780	37%	1,780	37%
Stellaris Venture Partners	1,764	36%	1,764	36%
Rishabh Mariwala	642	13%	642	13%
Sofina Ventures S.A.	252	5%	252	5%
	4,438		4,438	

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

18 Instrument entirely in the nature of equity (Continued)

	March 31, 2023		March 31, 2022	
	Nos.	Holding %	Nos.	Holding %
Class D NCCCPS of Rs 10 each, fully paid				
SCI Investments VI	3,346	80%	3,346	80%
Fireside Ventures Investment Fund-I	363	9%	363	9%
Stellaris Venture Partners	363	9%	363	9%
	4,072		4,072	
Class E NCCCPS of Rs 10 each, fully paid				
SCI Investments VI	82	9%	82	9%
Sofina Ventures S.A	656	73%	656	73%
Evolve Fund III LTD	164	18%	164	18%
	902		902	
Class F NCCCPS of Rs 10 each, fully paid				
Sequoia Capital Global Growth Fund III – U.S./India Annex Fund, L.P.	839	100%	839	100%
	839		839	

19 Other equity

	March 31, 2023	March 31, 2022
Securities premium	5,194.55	6,504.71
Retained earnings	(18,723.44)	(17,520.19)
Share based payment reserve	504.92	207.34
Capital redemption reserve	0.03	-
	(13,023.94)	(10,808.14)
	March 31, 2023	March 31, 2022
Securities premium		
Opening Balance	6,504.71	20.08
Add: Premium on issue of equity shares	58.81	6.26
Add: Premium on issue of Class E and F NCCCPS	-	4,863.85
Add: Premium towards NCCCPS on modification from liability to equity (Refer note 18)	-	1,610.65
Less: Transaction cost on issue of shares	(12.71)	(4.87)
Add: Transferred to securities premium on exercise of stock options	4.07	8.74
Less: Utilised on issue of bonus share	(1,360.33)	-
Closing balance	5,194.55	6,504.71
Retained earnings		
Opening Balance	(17,520.19)	(17,719.98)
Add: Profit/(loss) for the year	(1,205.56)	198.68
Add: Other comprehensive income	2.34	1.11
Less: Transfer to capital redemption reserve	(0.03)	-
Closing balance	(18,723.44)	(17,520.19)
Share based payment reserve		
Opening Balance	207.34	48.34
Add: Share based payment expense for the year (Refer note 41)	234.70	156.45
Add: On account of modification of stock appreciation rights liability to equity (Refer note 41)	27.74	-
Add: Options granted to employees of subsidiary companies	39.21	11.29
Less: Transferred to securities premium on exercise of stock options	(4.07)	(8.74)
Closing balance	504.92	207.34
Capital redemption reserve		
Opening Balance	-	-
Add: Transfer from retained earnings	0.03	-
Closing balance	0.03	-

Nature and purpose of reserves:

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 Act

Retained earnings:

Retained earnings are the profits/(loss) that the Company has earned/incurred till date, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

Share based payment reserve:

Share based payment reserve is used to recognise the fair value of equity-settled Employee stock option outstanding transactions with employees.

Stock appreciation rights ('SAR') were considered as cash settled till May 30, 2022. With effect from May 31, 2022, the Company has removed the cash settlement option and these SARs would be settled through issuance of equity shares, pursuant to this modification the plan is treated as equity settled and hence on the date of modification the differential between fair value as on previous reporting date and as on the date of modification in scheme has been charged to Statement of Profit and Loss. The fair value as on the date of modification has been transferred to share based payment reserve. The scheme was further converted into ESOP Scheme 2021 (Refer note 41)

Capital Redemption reserve:

The capital redemption reserve represents the reserve created by the Company on buy back of equity shares.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

20 Other financial liabilities

Non Current

Carried at fair value

Derivative liability*

Stock appreciation rights (refer note 41)**

Current

Carried at fair value

Derivative liability*

Stock appreciation rights (refer note 41)**

Carried at amortised cost

Employee benefits payable

Consideration payable (Refer note 45)

Payable for capital goods

	As at March 31, 2023	As at March 31, 2022
	-	32.00
	-	9.02
	-	41.02
	102.00	15.80
	-	11.13
(A)	102.00	26.93
	89.13	53.16
	-	20.53
	6.10	7.18
(B)	95.23	80.87
(A+B)	197.23	107.80

* During the year ended March 31, 2022, the Company acquired 74.32% shareholding in Just4kids Services Private Limited. Pursuant to the Shareholders Agreement between the Company and existing shareholders of Just4kids Services Private Limited, both the parties have the obligation to purchase and sell the remaining shares of the existing shareholders at a pre-agreed valuation. This has been treated as a derivative instrument and accordingly fair valued through statement of profit and loss at a value of Rs 54.20 million for the year ended March 31, 2023 (March 31, 2022: Rs 15.80 million).

** Stock appreciation rights were considered as cash settled till May 30, 2022. w.e.f. May 31, 2022, the Company has made some changes in the scheme and the scheme is now accounted for as an equity settled share based payments scheme. The differential between fair value as on previous reporting date and as on the date of modification in scheme has been charged to statement of profit and loss. The fair value as on the date of modification has been transferred to share based payment reserve (refer note 19).

21 Provisions

Non-current

Provision for Gratuity (Refer note 37)

Current

Provision for Gratuity (Refer note 37)

Provision for Leave benefits

	As at March 31, 2023	As at March 31, 2022
	43.52	21.65
	43.52	21.65
	0.33	0.13
	37.88	22.21
	38.21	22.34

22 Other liabilities

Current

Statutory dues payable

Advance from customers

Deferred revenue

	Advance from customers	Deferred revenue
Balance as at April 01, 2021	15.32	11.81
Arising during the year	31.35	19.93
Utilised during the year	(15.32)	(11.81)
Balance as at March 31, 2022	31.35	19.93
Balance as at April 01, 2022	31.35	19.93
Arising during the year	38.02	22.64
Utilised during the year	(31.35)	(19.93)
Balance as at March 31, 2023	38.02	22.64

23 Current Borrowings

Bank Overdraft

	36.09	-
	36.09	-

The aforesaid bank overdraft is secured by Fixed deposits with HDFC bank and Kotak Mahindra bank and is repayable on demand. The facility carries interest @ FD rate+0.25% p.a. to 0.50% p.a.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

24 Trade payables
Carried at amortised cost

	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises ('MSME')	45.06	33.97
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,756.48	1,595.92
	1,801.54	1,629.89

There are no non-current trade payables as on March 31, 2023 and as on March 31, 2022.

The amount due to Micro, small and medium enterprise in the "Micro, small and medium Enterprise Development Act, 2006" (MSMED) has been determined to the extent such parties have been identified on the basis of information available with the company. The disclosure relating to micro, small and medium enterprises ('MSME') are as under:

Particulars	As at March 31, 2023	As at March 31, 2022
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
Principal amount due to micro and small enterprises	42.73	32.80
Interest due on the above	2.33	1.17
Total	45.06	33.97
(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 year 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:	1.16	0.22
(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 MSMED Act, 2006:	2.33	1.17

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 43.
(c) Trade payables (outstanding for following years from the date of transaction) ageing schedule:

	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2023						
(i) Undisputed dues - MSME	-	45.06	-	-	-	45.06
(ii) Undisputed dues - Others	783.56	970.64	2.28	-	-	1,756.48
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	783.56	1,015.70	2.28	-	-	1,801.54
As at March 31, 2022						
(i) Undisputed dues - MSME	-	33.97	-	-	-	33.97
(ii) Undisputed dues - Others	502.93	1,090.46	2.53	-	-	1,595.92
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	502.93	1,124.43	2.53	-	-	1,629.89

25 Income tax liability (net)

	As at March 31, 2023	As at March 31, 2022
Current		
Income tax liability (net of advance tax)	39.38	-
	39.38	-

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

Notes to the Standalone Financial Statements for the year ended March 31, 2023*(All amounts in Rs. millions, except as otherwise stated)***26 Tax expense (net)**

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

a) Statement of profit and loss*Profit or loss section***Current income tax:**

Current tax

Deferred tax:

Relating to origination and reversal of temporary differences

Total tax expense

	March 31, 2023	March 31, 2022
Current tax	160.00	62.21
Deferred tax: Relating to origination and reversal of temporary differences	(27.28)	17.14
Total tax expense	132.72	79.35

b) Other comprehensive income/(loss)*Deferred tax related to items recognised in OCI during the year:*

Net loss/ (gain) on remeasurements of defined benefit plans

Tax expense charged to OCI

	March 31, 2023	March 31, 2022
Net loss/ (gain) on remeasurements of defined benefit plans	0.79	0.38
Tax expense charged to OCI	0.79	0.38

c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

Accounting (Loss)/profit before income tax

Applicable tax rate in India

Computed tax (credit)/charge

Impact of income taxable at lower rate

Expenses not deductible under income tax

Others

Income tax expense reported in the standalone statement of profit and loss

	March 31, 2023	March 31, 2022
Accounting (Loss)/profit before income tax	(1,072.84)	278.03
Applicable tax rate in India	25.17%	25.17%
Computed tax (credit)/charge	(270.03)	69.98
Impact of income taxable at lower rate	(2.17)	-
Expenses not deductible under income tax	405.12	7.55
Others	(0.21)	1.82
Income tax expense reported in the standalone statement of profit and loss	132.72	79.35

d) Deferred tax relates to the following:**Deferred tax liability**

Investments valued at fair value

Property, plant and equipment and intangible assets: Impact of difference between tax depreciation allowed under the Income Tax Act and depreciation/amortisation charged for financial reporting

	As at March 31, 2023	As at March 31, 2022
Investments valued at fair value	51.74	47.58
Property, plant and equipment and intangible assets: Impact of difference between tax depreciation allowed under the Income Tax Act and depreciation/amortisation charged for financial reporting	34.73	11.54
A	86.47	59.12

Deferred tax asset

Allowance for bad and doubtful debts

Provision for gratuity

Provision for leave encashment

Provision for bonus

Provision for deferred revenue

Provision for slow moving inventory

Leases, net

Security deposits, net

Allowance for bad and doubtful debts	12.59	2.22
Provision for gratuity	11.04	5.48
Provision for leave encashment	9.53	5.59
Provision for bonus	0.66	0.58
Provision for deferred revenue	5.70	5.02
Provision for slow moving inventory	24.97	3.24
Leases, net	10.61	5.20
Security deposits, net	6.15	0.07
B	81.24	27.40
Less: Deferred tax not recognised	-	-
Net deferred tax liability	5.23	31.72

Less: Deferred tax not recognised

Net deferred tax liability

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.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

e) Reconciliation of deferred tax liabilities (net):

	March 31, 2023	March 31, 2022
Opening balance	31.72	14.20
Tax credit/(expense) during the year		
- recognised in statement of profit and loss	(27.28)	17.14
- recognised in OCI	0.79	0.38
Closing balance as at reporting date	5.23	31.72

f) Movement for the year ended March 31, 2023

	March 31, 2022	Recognised in profit or loss	Recognised in OCI	March 31, 2023
Deferred tax liability				
Investments valued at fair value	47.58	4.16	-	51.74
Property, plant and equipment and intangible assets: Impact of difference between tax depreciation allowed under the Income Tax Act and depreciation/amortisation charged for financial reporting	11.54	23.19	-	34.73
A	59.12	27.35	-	86.47
Deferred tax asset				
Allowance for bad and doubtful debts	2.22	10.37	-	12.59
Provision for gratuity	5.48	6.34	(0.79)	11.04
Provision for leave encashment	5.59	3.94	-	9.53
Provision for bonus	0.58	0.08	-	0.66
Provision for deferred revenue	5.02	0.68	-	5.70
Provision for slow moving inventory	3.24	21.73	-	24.97
Leases, net	5.20	5.41	-	10.61
Security deposits, net	0.07	6.08	-	6.15
B	27.40	54.63	(0.79)	81.24
Net deferred tax liability	31.72	(27.29)	0.79	5.23

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 liability				
Investments valued at fair value	25.41	22.17	-	47.58
Property, plant and equipment and intangible assets: Impact of difference between tax depreciation allowed under the Income Tax Act and depreciation/amortisation charged for financial reporting	-	11.54	-	11.54
A	25.41	33.71	-	59.12
Deferred tax asset				
Allowance for bad and doubtful debts	1.26	0.96	-	2.22
Provision for gratuity	2.41	3.45	(0.38)	5.48
Provision for leave encashment	2.37	3.22	-	5.59
Provision for bonus	0.27	0.31	-	0.58
Provision for deferred revenue	2.97	2.05	-	5.02
Leases, net	0.93	3.24	-	3.24
Provision for slow moving inventory	-	4.27	-	5.20
Security deposits, net	0.03	0.04	-	0.07
Property, plant and equipment and intangible assets: Impact of difference between tax depreciation allowed under the Income Tax Act and depreciation/amortisation charged for financial reporting	0.97	(0.97)	-	-
B	11.21	16.57	(0.38)	27.40
Deferred tax liability	14.20	17.14	0.38	31.72

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

27 Revenue from operations	March 31, 2023	March 31, 2022
Sale of products	13,948.03	9,317.56
Revenue from operations	13,948.03	9,317.56
<u>Sale of products (net of Goods and Service Tax)</u>		
Traded goods	13,948.03	9,317.56
	13,948.03	9,317.56
27.1 Details of disaggregation of revenue		
The Company derives its revenue from sale of baby care, skin care, hair and other related products, which is a single line of business.		
27.2 Contract balances	As at March 31, 2023	As at March 31, 2022
Trade receivables	1,129.75	647.67
Contract Liabilities		
Advance from customers (refer note 22)	38.02	31.35
Deferred revenue (refer note 22)	22.64	19.93
	60.66	51.28
27.3 Timing of revenue recognition	March 31, 2023	March 31, 2022
Revenue recognised at a point in time	13,948.03	9,317.56
	13,948.03	9,317.56
27.4 Reconciling the amount of revenue recognised in the standalone statement of profit and loss with the contracted price	March 31, 2023	March 31, 2022
Revenue as per contracted price	14,957.17	9,792.41
Adjustments		
Claims and rebates	(1,006.42)	(466.73)
Deferred revenue	(2.72)	(8.12)
Revenue from contract with customers	13,948.03	9,317.56
27.5 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.		
28 Other income	March 31, 2023	March 31, 2022
Interest income on:		
Investments	72.22	54.41
Deposits with bank	21.66	10.83
Loan to subsidiary	2.22	-
Unwinding of discount on security deposits	1.96	0.71
Fair value gain on investments measured at FVTPL	16.52	88.08
Gain on sale of investments measured at FVTPL	77.16	43.11
Foreign exchange fluctuation gain (net)	0.44	-
Others	12.18	9.66
	204.36	206.80
29 Purchases of traded goods	March 31, 2023	March 31, 2022
Purchases (traded goods)	4,830.83	3,045.04
	4,830.83	3,045.04

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

30 Increase in inventories of traded goods

	March 31, 2023	March 31, 2022
Inventories at the beginning of the year	658.67	417.42
Inventories acquired during the year from:		
- Acquisition (Refer note 45)	-	27.12
	<u>658.67</u>	<u>444.54</u>
Inventories at the end of the year	<u>1,155.04</u>	<u>658.67</u>
	<u>1,155.04</u>	<u>658.67</u>
(Increase) in inventories of traded goods	<u>(496.37)</u>	<u>(214.13)</u>

31 Employee benefits expenses

	March 31, 2023	March 31, 2022
Salaries, wages and bonus	934.80	504.86
Contribution to provident and other funds (Refer note 37)	16.78	10.18
Gratuity (Refer note 37)	25.20	13.68
Share based payments expenses (equity settled) (Refer note 41)	234.70	156.45
Share based payments expenses (cash settled) (Refer note 41)	7.59	20.15
Staff welfare expenses	34.39	14.93
	<u>1,253.46</u>	<u>720.25</u>

32 Depreciation and amortisation expense

	March 31, 2023	March 31, 2022
Depreciation of property, plant and equipment (refer note 3)	16.98	7.40
Depreciation of right-of-use-assets (refer note 7)	107.47	48.06
Amortisation of intangible assets (refer note 5)	23.35	1.03
	<u>147.80</u>	<u>56.49</u>

33 Finance costs

	March 31, 2023	March 31, 2022
Interest expense on:		
Lease liabilities	44.95	25.08
Bank overdraft	1.96	0.21
Bank charges	3.66	3.25
	<u>50.57</u>	<u>28.54</u>

34 Other expenses

	March 31, 2023	March 31, 2022
Advertisement expense	5,045.89	3,906.51
Freight and forwarding charges	1,413.15	919.07
Sales Commission	437.13	285.71
Software support expenses	222.19	117.04
Packaging materials and other consumables	197.43	137.50
Legal and professional charges (refer note (i) below)	148.45	74.62
Contract Labour charges	106.11	62.97
Provision for slow moving inventory	79.33	8.91
Travelling and conveyance	73.22	26.11
Allowance for bad and doubtful debts	48.43	3.80
Rent (refer note 7)	19.61	6.02
Repairs and maintenance- others	19.30	5.60
Payment gateway charges	16.44	16.80
Directors sitting fees	7.40	-
Power and fuel	5.34	1.57
Insurance	5.17	2.77
Miscellaneous expenses	3.29	1.92
Printing and stationery	3.18	0.33
Corporate social responsibility expenses (Refer note (ii) below)	3.15	1.44
Communication costs	2.80	1.84
Rates and taxes	2.36	10.75
Foreign exchange fluctuation loss (net)	-	3.06
	<u>7,859.37</u>	<u>5,594.34</u>

(i) Payment to auditor (included under legal and professional charges)

Statutory audit fee (excluding goods and services tax)	5.50	3.50
Reimbursement of expenses	-	0.02
Other services (Certification fees and other IPO related services)	20.00	-
Other adjustments *	(20.00)	-
	<u>5.50</u>	<u>3.52</u>

* Refer note 10 and 12 for share issue expenses.

34 Other expenses (Continued)

(ii) Details of CSR Expenditure

Consequent to the requirements of section 135 and Schedule VII of the Act the Company is required to contribute 2% of its average net profits during the immediately three preceding financial years in pursuance of its Corporate Social Responsibility ('CSR') policy.

The Company has spent Rs 3.15 million (March 31, 2022: Rs 1.44 million) towards various schemes of corporate social responsibility as prescribed under Section 135 of the Act.

Disclosures in accordance with Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities

Particulars	For the year ended		
	March 31, 2023	March 31, 2022	
a) Gross amount required to be spent by the Company during the year	3.15	1.44	
b) Amount approved to be spent by board of directors	3.15	1.44	
c) Amount spent during the year ended March 31, 2023	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of assets	-	-	-
ii) On purposes other than above	3.15	-	3.15
d) Amount spent during the year ended March 31, 2022	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of assets	-	-	-
ii) On purposes other than above	1.44	-	1.44

Details of ongoing project and other than ongoing project for year ended March 31, 2023

In case of Section 135(6) (Ongoing project)						
Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing balance	
With Company	In separate CSR Unspent A/C		From Company's bank A/C	From separate CSR unspent A/C	With Company/In separate CSR Unspent A/C	
-	-	-	-	-	-	-

In case of Section 135(5) (Other than ongoing project)				
Opening balance	Amount deposited in Specified Fund of Schedule VII within 6	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	-	-	3.15	3.15

Details of ongoing project and other than ongoing project for year ended March 31, 2022

In case of Section 135(6) (Ongoing project)						
Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing balance	
With Company	In separate CSR Unspent A/C		From Company's bank A/C	From separate CSR unspent A/C	With Company/In separate CSR Unspent A/C	
-	-	-	-	-	-	-

In case of Section 135(5) (Other than ongoing project)				
Opening balance	Amount deposited in Specified Fund of Schedule VII within 6	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	-	-	1.44	1.44

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

35 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

	March 31,2023	March 31,2022
Profit after tax attributable to equity holders of the Company (a)	(1,205.56)	198.68
Equity shares of Rs 10 each	(1,205.56)	196.18
Equity shares of Rs 100 each	-	2.51
Weighted average number of shares outstanding during the year for basic EPS (b)		
Equity shares of Rs 10 each	30,66,44,272	29,18,25,532
Equity shares of Rs 100 each	-	37,41,000
Weighted average number of shares outstanding during the year for diluted EPS (c)		
Equity shares of Rs 10 each	31,44,47,560	29,75,40,878
Equity shares of Rs 100 each	-	37,41,000
Basic earnings per share (in Rs) (a/b)		
Equity shares of Rs 10 each	(3.93)	0.67
Equity shares of Rs 100 each	-	0.67
Diluted earnings per share (in Rs) (a/c)*		
Equity shares of Rs 10 each	(3.93)	0.66
Equity shares of Rs 100 each	-	0.67
Equity share reconciliation for EPS - Face value Rs. 10		
Equity shares of Rs 10 each	13,61,96,572	13,19,94,532
Equity shares of Rs 100 each	-	-
NCCPS as equity	17,04,47,700	15,98,31,000
Total considered for basic EPS	30,66,44,272	29,18,25,532
Add: Employee Options	78,03,288	57,15,346
Total considered for diluted EPS	31,44,47,560	29,75,40,878
Equity share reconciliation for EPS - Face value Rs.100		
Equity shares of Rs. 100 each	-	37,41,000

a) During the year ended March 31, 2023, the Company has issued bonus shares to the shareholders at conversion ratio of 12,899: 1. The weighted average number of shares for the year end March 31, 2022 have been adjusted to reflect the impact of bonus issue as per Ind AS 33. Equity shares with face value of Rs.10 and Rs.100 rank paripassu and does not have differential voting rights.

b) During the year ended March 31, 2023, the Company has converted the Rs.100 face value equity share to Rs.10 each and Rs.90 each on May 11, 2022. The Company has issued bonus shares to the shareholders at same conversion ratio of 12,899: 1, considering they rank pari passu to the Rs.10 face value equity shares. The Equity shares of Rs.90 each are non-voting shares and the Company has subsequently bought back the same on September 22, 2022.

*Employee stock options are anti-dilutive in nature during the year ended March 31, 2023.

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

36 Related party disclosures

Names of related parties and related party relationship, irrespective of whether transaction have occurred or not is given below:

a) Names of related parties and description of relationships:

Entities where control exists

	Nature of relationship
Just4Kids Services Private Limited (w.e.f. December 24, 2021)	Subsidiary
Bhabani Blunt Hairdressing Private Limited (w.e.f. March 16, 2022)	Subsidiary
B Blunt Spratt Hair dressing Private Limited (w.e.f. March 16, 2022)	Subsidiary of Subsidiary
PT Honasa Consumer Indonesia (w.e.f. February 18, 2022)	Subsidiary
Honasa Consumer General Trading L.L.C. (w.e.f. June 23, 2022)	Subsidiary
Fusion Cosmeceutics Private Limited (w.e.f. April 06, 2022)	Subsidiary

Key management personnel (KMP)

Varun Alagh	Director and Chief Executive Officer
Ghazal Alagh	Director
Ishaan Mittal	Director
Vivek Gambhir (w.e.f. March 24, 2021)	Independent Director
Namita Gupta (w.e.f. June 08, 2022)	Independent Director
Rahul Chowdhri (Resigned w.e.f. June 08, 2022)	Director
Subramaniam Somasundaram (w.e.f. February 11, 2022)	Independent Director
Vettakkorumakankav Siva Subramaniam Sitaram (Resigned w.e.f. October 20, 2022)	Director

Other Key management personnel (KMP):

Raman Preet Sohi (w.e.f. July 26, 2022)	Chief Financial officer
Dhanraj Dagar (w.e.f. May 11, 2022)	Company Secretary

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, 2023 and year ended March 31, 2022. The Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2022: 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.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of transactions	March 31, 2023	March 31, 2022
Remuneration paid*		
Varun Alagh	14.98	11.31
Ghazal Alagh	9.98	7.43
Raman Preet Sohi	10.94	-
Dhanraj Dagar	2.09	-
	37.99	18.74
Sitting fees		
Vivek Gambhir	2.20	-
Namita Gupta	2.20	-
Subramaniam Somasundaram	3.00	-
	7.40	-
Share based payments expenses		
Raman Preet Sohi	1.02	-
Dhanraj Dagar	0.62	-
	1.64	-
Investments made		
Just4Kids Services Private Limited**#	288.21	1,237.17
Bhabani Blunt Hairdressing Private Limited#	5.64	784.69
Fusion Cosmeceutics Private Limited	541.23	-
Honasa Consumer General Trading L.L.C	2.34	-
	837.42	2,021.86
Loans given		
Fusion Cosmeceutics Private Limited	80.00	-
Honasa Consumer General Trading L.L.C	25.00	-
	105.00	-
Interest income on loan		
Fusion Cosmeceutics Private Limited	2.00	-
Honasa Consumer General Trading L.L.C	0.22	-
	2.22	-
Reimbursement of expenses		
Varun Alagh	0.78	0.06
Ghazal Alagh	0.17	-
	0.95	0.06
Advertising and sales promotion expense		
Just4Kids Services Private Limited	37.09	-
	37.09	-
Legal and professional charges		
Bhabani Blunt Hairdressing Private Limited	8.69	-
	8.69	-
Expenses incurred on behalf of related parties		
Fusion Cosmeceutics Private Limited	8.91	-
Honasa Consumer General Trading L.L.C	1.29	-
	10.20	-

*The remuneration to the Key Management Personnel does not include provision made for gratuity and leave benefits as they are determined on an actuarial basis for the Company as a whole.

**Refer note 20 with respect to derivative liability of non controlling interest holders of Just4Kids Services Private Limited

#Includes share based payment expenses on options granted to employees of Just4Kids Services Private Limited amounting to Rs 33.57 million (March 31, 2022: Rs 10.57 million) and employees of Bhabani Blunt Hairdressing Private Limited amounting to Rs. 5.64 million (March 31, 2022: Rs 0.72 million).

36 Related party disclosures (Continued)

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

	March 31, 2023	March 31, 2022
<u>Expense payable</u>		
Varun Alagh	0.02	-
	0.02	-
<u>Other receivables</u>		
Ghazal Alagh	0.07	-
Fusion Cosmeceutics Private Limited	8.91	-
Honasa Consumer General Trading L.L.C	1.29	-
	10.27	-
<u>Trade payables</u>		
Just4Kids Services Private Limited	8.85	-
Bhabani Blunt Hairdressing Private Limited	8.69	-
	17.54	-
<u>Loans</u>		
Fusion Cosmeceutics Private Limited	80.00	-
Honasa Consumer General Trading L.L.C	25.00	-
	105.00	-
<u>No. of Employee Stock Options Outstanding</u>		
Raman Preet Sohi	4,38,600	-
Dhanraj Dagar	4,955	-
	4,43,555	-

For investments in and loans to subsidiaries, refer note 8 and 9 respectively.

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37 Employee benefits plan

(i) Defined contribution plans - Provident Fund, ESI and labour welfare fund

The Company makes Provident Fund, Employee State Insurance Scheme and Welfare Fund 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. The Company recognised Rs 16.78 million (March 31, 2022: Rs 10.18 million) for Provident Fund & other fund contributions 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 provides for gratuity for employees as per the Payment of Gratuity (Amendment) Act, 2018. 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 benefit plan for qualifying employees.

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.
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 pay-outs.

	March 31, 2023	March 31, 2022
Current	0.33	0.13
Non-current	43.52	21.65
	43.85	21.78

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

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

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 01, 2022	21.78	-	21.78
Amount recognised in statement of profit and loss			
Current Service cost	23.63	-	23.63
Interest cost on benefit obligation	1.57	-	1.57
Total amount recognised in statement of profit and loss	25.20	-	25.20
Benefits paid	-	-	-
Remeasurement			
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	(2.36)	-	(2.36)
Experience adjustments	(0.77)	-	(0.77)
Total amount recognised in other comprehensive income	(3.13)	-	(3.13)
Contributions by employer	-	-	-
As at March 31, 2023	43.85	-	43.85

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2022:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 01, 2021	9.59	-	9.59
Amount recognised in statement of profit and loss			
Current service cost	13.03	-	13.03
Interest cost on benefit obligation	0.65	-	0.65
Total amount recognised in statement of profit and loss	13.68	-	13.68
Benefits paid	-	-	-

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

37 Employee benefits plan (continued)

Remeasurement

Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	(1.51)	-	1.51
Experience adjustments	0.02	-	0.02
Total amount recognised in other comprehensive income	(1.49)	-	(1.49)
Contributions by employer	-	-	-
As at March 31, 2022	21.78	-	21.78

(ii) Defined benefit plans (unfunded):

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	7.50%	7.22%
Future salary increases	10.00%	10.00%
Normal retirement age	60 years	60 years
Attrition / withdrawal (per annum)	10.00%	10.00%
Mortality	Indian Assured Lives Mortality (2012-14)	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	
		Impact on Defined benefit obligation			
		Increase	Decrease	Increase	Decrease
Discount rate	0.5% increase / decrease	(3.85)	4.33	(1.97)	2.22
Future salary increase	0.5% increase / decrease	3.15	(3.06)	1.71	(1.59)
Attrition rate sensitivity	0.5% increase / decrease	(0.91)	0.96	(0.59)	0.63

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 20 years (March 31, 2022: 16.92 years). The expected maturity analysis of undiscounted gratuity is as follows:

	March 31, 2023	March 31, 2022
Within the next 12 months	0.33	0.13
Between 2 and 5 years	4.51	3.23
Beyond 5 years	224.63	19.97

38 Segment information

The Company reports this standalone financial statements 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.

39 Commitments

a. The Company entered into a celebrity endorsement agreement ('Agreement') dated April 04, 2018 with Shilpa Shetty Kundra ('Celebrity') and an addendum to the Agreement dated May 30, 2020. As per the first addendum, the Company is obliged to issue a warrant certificate of Rs 10 million to the celebrity against the services to be provided by the celebrity. The celebrity at her sole discretion shall be entitled to exercise the warrant on expiry of the term of the agreement or on earlier termination of the agreement. The warrant subscription price is based on the price equivalent to the fair value of the equity share of the Company as on the date of exercise of the warrant. Basis further negotiation, the Celebrity and the Company have agreed to issue additional share warrants certificate of Rs 20.47 million with respect to agreement dated May 30, 2020 with similar terms as per the earlier warrant certificate.

The Company has also entered into a second addendum in the financial year ended March 31, 2022. As per the addendum, the Company is obliged to issue shares worth Rs 30 million against the services to be provided by the celebrity. The share subscription price is based on the price equivalent to the fair value of the Company as on the date of exercise.

The Company settled the said commitment during the year ended March 31, 2023 by issuing the equity shares (Refer note 17) and there are no outstanding share warrants as at March 31, 2023.

b. Refer note 7 for lease commitments.

c. With respect to commitment to purchase the balance equity shares of Just4Kids Services Private Limited, refer note 20.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

40 Contingent liabilities

	<u>As at</u> <u>March 31, 2023</u>	<u>As at</u> <u>March 31, 2022</u>
i) Claims against the Company not acknowledged as debts*	1,001.25	-
ii) Bank guarantee**	201.99	279.40

*RSM General Trading LLC ('RSM'), an overseas distributor of the Company has filed a case against the Company on the grounds that the Distributorship Agreement between RSM and the Company has been terminated illegally by the Company without complying with provisions of the Distributorship Agreement and RSM has claimed damages to the tune of AED 45,000,000 (equivalent to Rs 1,001.25 million) citing various reasons such as loss of future business opportunities, moral damage, recovery towards damaged inventory etc. The matter is in the court of UAE for hearing. The management, basis legal opinion, is of the view that there are no merits in the aforesaid case and is hopeful of favourable decision. Accordingly, no provision has been made in this regard against the claim.

* The Company has certain disputes, lawsuits and claims, which arise in from time to time in the ordinary course of business. The Company believes these matters are not expected to have material impact on the standalone financial statements.

**Includes Bank Guarantees issued in favour of Hewlett Packard Financial Services (India) Pvt Ltd against laptops taken on lease amounting to Rs 48.79 million (March 31, 2022: Rs 31.20 million), performance guarantees issued in favour of The Deputy General Manager - Canteen Stores Department amounting to Rs 153.20 million (March 31, 2022: Rs 33.40 million) and performance guarantees issued in favour of TLG India Private Limited Nil (March 31, 2022: Rs 214.80 million)

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Honasa Consumer Private Limited

CIN: U74999DL2016PLC306016

Notes to the Standalone Financial Statements for the year ended March 31, 2023*(All amounts in Rs millions , except as otherwise stated)***41 Share based payments****[A] Employee Share Option Plan (ESOP)**

The company provides share-based payment schemes to its employees. The relevant details of the scheme and the grant are as below.

Employees Stock Option Plan 2018

On August 02, 2018, the Board of Directors approved the equity settled "Honasa Consumer Private Limited " for issue of stock options to various employees of the Company. According to the scheme, the employees will be entitled to options, subject to their continued employment with the Company. There would be graded vesting for the next 4 years. The contractual life (comprising the vesting period and the exercise period) of options granted is from the date of such grant till the resignation of the employee. The other relevant terms of the grant are as below:

Class of Share	Equity Shares (as amended vide board meeting held on August 02, 2018).
Ownership	Legal and beneficial Ownership
Vesting Pattern	Four-year vesting term and vest at the rate of 25% in the first year and 6.25% each quarter from the first quarter of the second year and become fully exercisable, subject to employee being in the employment of the Company.
Exercise Price	Exercisable at an exercise price of Rs 25,788, Rs 54,512 and Rs 263,566 per option. During the year ended March 31, 2023, the Company has issued bonus shares (Refer note 17), pursuant to bonus issue, exercise price has been reduced to Rs. 2, Rs. 4.23 and Rs. 20.43 respectively. Exercise price for the grant made during the year ended March 31, 2023 is Rs. 262.41
Economic Benefits / Voting Rights	The holders of the equity shares will be entitled to the economic benefits of holding these shares only after the completion of the various vesting terms mentioned above and shall acquire voting rights as a shareholder of the Company (as approved by the shareholders at the meeting held on August 13, 2018).

Movements during the year

The following are the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year:

Particulars	March 31, 2023		March 31, 2022	
	No. of options	WAEP (Rs)	No. of options	WAEP (Rs)
Outstanding at the beginning of the year*	75,33,600	15.74	429	1,76,661.96
Granted during the year	10,60,424	163.01	193	2,63,565.86
Forfeited during the year	(4,80,558)	34.10	(7)	2,63,565.86
Exercised during the year	(62,501)	20.43	(31)	2,01,946.23
Outstanding at the end of the year	80,50,965	34.00	584	2,02,985.66
Exercisable at the end of the year	47,61,713	13.20	204	1,42,427.36
Weighted Average Remaining Contractual Life	4.42 years		5.17 years	

The weighted average fair value of the options granted during the year is Rs 78.41 (March 31, 2022: Rs 0.76 million).

* Change in opening number of options and WAEP on account of bonus issue. Refer note 17.

Share appreciation rights (SAR) (equity settled effective May 31, 2022 and cash settled upto May 30, 2022) (converted to ESOP scheme 2021 w.e.f. December 15, 2022)

On September 30, 2021 the board of directors approved the Honasa Consumer Private Limited Share Appreciation Rights Plan 2021 for issue of appreciation rights to the permanent employees of the Company. The Company's employees are granted share appreciation rights (SARs), to be settled in cash. The liability for the share appreciation rights is measured, initially and at the end of each reporting period until settled, at the fair value of the SARs by applying an option pricing model, taking into account the terms and conditions on which the SARs were granted, and the extent to which the employees have rendered services to date.

Stock appreciation rights were considered as cash settled till May 30, 2022. With effect from May 31, 2022, the Company removed the cash settlement option and these SARs would be settled through issuance of equity shares, pursuant to this modification the plan is treated as equity settled and hence on the date of modification the differential between fair value as on previous reporting date and as on the date of modification in scheme has been charged to statement of profit and loss. The fair value of Rs 27.74 million as on the date of modification has been transferred to share based payment reserve.

Pursuant to the resolutions passed by the board of directors and the shareholders of the Company on December 15, 2022 and December 17, 2022, respectively, the share appreciation rights (SARs) Scheme was amended and rechristened by the Company to Employee stock options plan 2021 (ESOP scheme 2021) ("December 2022 Amendment"). Except for the adjustments made to the ratio for conversion of the ESOPs into Equity Shares on account of the December 2022 Amendment and the bonus shares issuance dated May 11, 2022, all other terms of the SARs granted under the SAR Scheme (now rechristened as ESOP scheme 2021), including date of grant, vesting schedule, and the exercise price remained the same.

The carrying amount of the liability relating to the SARs at March 31, 2023 was Nil (March 31, 2022: Rs. 20.15 million). The number of SARs vested as at March 31, 2023 was Nil (March 31, 2022 : Nil)

Honasa Consumer Private Limited

CIN: U74999DL2016PLC306016

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

(All amounts in Rs millions , except as otherwise stated)

41 Share based payments (Continued)

Movements during the year

The following are the number and weighted average exercise prices (WAEP) of, and movements in, equity settled SAR during the year ended March 31, 2023:

Particulars	March 31, 2023		March 31, 2022	
	No. of options	WAEP (Rs)	No. of options	WAEP (Rs)
Outstanding at the beginning of the year	-	-	-	-
Transferred during the year*	5,97,915	10.00	-	-
Forfeited during the year	(49,278)	10.00	-	-
Exercised during the year	-	-	-	-
Less: transferred to ESOP scheme, 2021	(5,48,637)	10.00	-	-
Outstanding at the end of the year	-	-	-	-
Weighted Average Remaining Contractual Life	0.58 years		-	

*on account of SAR scheme modification from cash settled to equity settled.

Employees Stock Option Plan 2021

Pursuant to the resolutions passed by the board of directors and the shareholders of the Company on December 15, 2022 and December 17, 2022, respectively, the share appreciation rights (SARs) Scheme was amended and rechristened by the Company to Employee stock options plan 2021 (ESOP scheme 2021) ("December 2022 Amendment"). Except for the ratio for conversion of the ESOPs into Equity Shares on account of the December 2022 Amendment and the bonus shares issuance dated May 11, 2022, all other terms of the SARs granted under the SAR Scheme (now rechristened as ESOP scheme 2021), including date of grant, vesting schedule, and the exercise price remained the same. The contractual life (comprising the vesting period and the exercise period) of options granted is from the date of such grant till the resignation of the employee. The other relevant terms of the grant are as below:

Class of Share	Equity Shares (as amended vide board meeting held on December 17, 2022).
Ownership	Legal and beneficial Ownership
Vesting Pattern	Two-year vesting term and vest at the rate of 40% in the first year and 60% in second year and become fully exercisable, subject to employee being in the employment of the Company.
Exercise Price	Exercisable at an exercise price of Rs 10 per option.
Economic Benefits / Voting Rights	The holders of the equity shares will be entitled to the economic benefits of holding these shares only after the completion of the various vesting terms mentioned above and shall acquire voting rights as a shareholder of the Company (as approved by the shareholders at the meeting held on December 17, 2022).

Movements during the year

The following are the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	No. of options	WAEP	No. of options	WAEP
Outstanding at the beginning of the year	-	-	-	-
Modified during the year*	5,48,637	10.00	-	-
Forfeited during the year	(71,911)	10.00	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	4,76,726	10.00	-	-
Exercisable at the end of the year	2,13,108	10.00	-	-
Weighted Average Remaining Contractual Life	0.58 years		-	

* Modified during the year represents the change from SAR plan

The fair value of the stock options and SAR are estimated using Black Scholes valuation model and Monte Carlo simulation model respectively considering the following inputs:

	Year ended March 31, 2023		Year ended March 31, 2022	
	ESOP scheme 2018	ESOP scheme 2021	ESOP scheme 2018	SAR*
Weighted average fair values at the measurement date in Rs.	78.41	327.87	754,000	1,420,000
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	45.00%	45.00%	45.00%	45.00%
Risk-free interest rate (%)	7.06%-7.50%	6.80%	6.21% - 6.72%	4.37% - 4.98%
Expected life of the options/SARs granted (in years)	6.35	0.60	7.00	1.15
Weighted average share price	297.71	337.21	1,924,762	2,130,000

* Further, SAR has been modified to ESOP 2021 as described above.

Honasa Consumer Private Limited

CIN: U74999DL2016PLC306016

Notes to the Standalone Financial Statements for the year ended March 31, 2023*(All amounts in Rs millions , except as otherwise stated)***41 Share based payments (Continued)****[B]** The promoters of Just4Kids Services Private Limited are entitled to retention bonus from the Company in the following manner:

Particulars	Total Options	Vesting period
- Three equity shares to each Promoters of Just4Kids Services Private Limited*	116,100	2 years
- Equity shares equity shares worth Rs 10.83 million to each Promoters of Just4Kids Services Private Limited**	38,700	4 years

* Pre bonus entitled for 9 equity shares of Rs.10 each, adjusted for bonus issue.

** Pre bonus entitled for 3 equity shares of Rs.10 each, adjusted for bonus issue.

Movements during the year

The following are the movements in share options during the year:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	No. of shares	No. of shares
Outstanding at the beginning of the year*	154,800	-
Granted during the year	-	12
Modification during the year**	26,037	
Outstanding at the end of the year	1,80,837	12
Weighted Average Remaining Contractual Life	2.5 years	3 years

* During the year ended March 31, 2023, the Company has issued bonus shares in accordance with Section 63 of the Companies Act, 2013 in the ratio of 12,899:1 to all equity shares of Rs 10 each on May 11, 2022, consequently there has been a corresponding increase in the number of shares entitlement.

** Amended via Memorandum of Understanding (MOU) executed at October 20, 2022, whereas rights to retention bonus granted previously via share subscription and purchase agreement have been removed and fresh grants of 60,279 options each have been agreed, with exercise price of Rs. 10 per share.

[C] The CEO of Bhabani Blunt Private Limited is entitled to retention bonus from the Company in the following manner:

Particulars	Total Options	Vesting period	Exercise Price
- Two equity shares to CEO of Bhabani Blunt Private Limited	25,800	2 years	20.39
- Three Equity shares to CEO of Bhabani Blunt Private Limited	38,700	4 years	20.39

Movements during the year

The following are the movements in share options during the year:

Particulars	March 31, 2023		March 31, 2022	
	No. of shares*	WAEP *	No. of shares	WAEP
Outstanding at the beginning of the year	64,500	20.39	-	-
Granted during the year	-	-	5	2,63,000
Outstanding at the end of the year	64,500	20.39	5	2,63,000
Weighted Average Remaining Contractual Life	2 years		3 years	

* During the year ended March 31, 2023, the Company has issued bonus shares in accordance with Section 63 of the Companies Act, 2013 in the ratio of 12,899:1 to all equity shares of Rs 10 each on May 11, 2022, consequently there has been a corresponding increase in the number of shares entitlement.

The expense recognised for employee services received during the year is shown in the following table:

	March 31, 2023	March 31, 2022
Expense arising from equity-settled share-based payment transactions	234.70	156.45
Expense arising from cash-settled share-based payment transactions	7.59	-
Total expense arising from share-based payment transactions	242.29	156.45

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in Rs millions , unless otherwise stated)

42 Financial instruments- accounting classification and fair value measurement

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

	As at March 31, 2023	As at March 31, 2022
Measured at fair value through statement of profit and loss (FVTPL)		
Investment in mutual funds (Level 1)	2,473.12	2,972.81
Total financial assets measured at FVTPL	2,473.12	2,972.81
Measured at amortised cost		
Investment in bonds and commercial papers	111.82	320.47
Trade receivables	1,129.75	647.67
Cash and cash equivalents	16.72	246.27
Bank balances other than cash and cash equivalents	517.52	538.90
Other financial assets	945.25	806.17
Total financial assets measured at amortised cost	2,721.06	2,559.48
Total financial assets	5,194.18	5,532.29

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

	As at March 31, 2023	As at March 31, 2022
Measured at fair value through statement of profit and loss (FVTPL)		
Other financial liabilities	102.00	67.96
Total financial liabilities measured at FVTPL	102.00	67.96
Measured at amortised cost		
Other financial liabilities	95.23	80.87
Lease liabilities	698.41	440.55
Trade payables	1,801.54	1,629.88
Total financial liabilities measured at amortised cost	2,595.18	2,151.30
Total financial liabilities	2,697.18	2,219.25

iii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
March 31, 2023				
Financial assets and liabilities measured at fair values				
Investment in mutual funds and bonds	2,473.12	-	-	2,473.12
Total financial asset measured at fair value	2,473.12	-	-	2,473.12
Derivative liability	-	-	102.00	102.00
Total financial liabilities measured at fair value	-	-	102.00	102.00
March 31, 2022				
Financial assets and liabilities measured at fair values				
Investment in mutual funds and bonds	2,972.81	-	-	2,972.81
Total financial asset measured at fair value	2,972.81	-	-	2,972.81
Derivative liability	-	-	47.81	47.81
Stock appreciation rights	-	-	20.15	20.15
Total financial liabilities measured at fair value	-	-	67.96	67.96

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

Particulars	March 31, 2023		March 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Other non-current financial	702.16	702.16	764.72	764.72
Loans	105.00	105.00	-	-
Financial Liabilities				
Lease liability	588.03	588.03	401.23	401.23
Other non-current financial	-	-	41.02	41.02

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

Notes to the Standalone Financial Statements for the year ended March 31, 2023*(All amounts in Rs millions , unless otherwise stated)***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 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.

42 Financial instruments- accounting classification and fair value measurement (Continued)**Valuation techniques and significant unobservable inputs - Level 3****March 31, 2023**

Type	Valuation technique	Significant unobservable inputs	Sensitivity analysis
Derivative liability	Estimated revenue multiple	Estimated revenue multiple	Increase/(decrease) in estimated settlement by 5% would result in increase/(decrease) in derivative liability by Rs 5.10 million/(Rs 5.10 million).

March 31, 2022

Type	Valuation technique	Significant unobservable inputs	Sensitivity analysis
Derivative liability	Estimated revenue multiple	Estimated revenue multiple	Increase/(decrease) in estimated settlement by 5% would result in increase/(decrease) in derivative liability by Rs 2.39 million/(Rs 2.39 million).

Below is the reconciliation of fair value measurements categorised within level 3 of the fair value hierarchy:

	Derivative liability	Stock Appreciation Rights	Borrowings - NCCCPs
As at April 1, 2021	-	-	19,539.99
Charge to statement of profit and loss	-	-	-
Additions	47.80	20.15	-
Accounted in equity	-	-	(19,539.99)
As at March 31, 2022	47.80	20.15	-
As at April 1, 2022	47.80	20.15	-
Charge to statement of profit and loss	54.20	7.59	-
Accounted in equity	-	(27.74)	-
Paid during the year	-	-	-
As at March 31, 2023	102.00	-	-

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs millions , unless otherwise stated)

43 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 senior management oversees the management of these risks. The senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and risk objectives. The Company reviews and agrees on 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 and export sales. The Company has not taken any derivative instrument during the year and there is no derivative instrument outstanding as at the year end.

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

Currency	Particulars	March 31, 2023		March 31, 2022	
		Amount in foreign currency	Amount in Rs	Amount in foreign currency	Amount in Rs
AED	<u>Liability</u>				
	Trade payables	(0.15)	(3.29)	(0.01)	(0.47)
	<u>Assets</u>				
	Trade receivables	-	-	0.73	15.14
	Net exposure on	(0.15)	(3.29)	0.72	14.67
EUR	<u>Liability</u>				
	Trade payables	(0.01)	(0.74)	-	-
		(0.01)	(0.74)	-	-
QAR	<u>Assets</u>				
	Trade receivables	0.42	9.40	-	-
		0.42	9.40	-	-
GBP	<u>Assets</u>				
	Trade receivables	0.00	0.01	-	-
	Net exposure on	0.00	0.01	-	-
USD	<u>Liability</u>				
	Trade Payables	(0.16)	(13.01)	-	-
	<u>Assets</u>				
	Trade receivables	0.12	10.12	0.26	19.42
	Net exposure on	(0.04)	(2.89)	0.26	19.42
CAD	<u>Assets</u>				
	Trade receivables	0.01	0.87	-	-
		0.01	0.87	-	-

Sensitivity:

		Impact on profit before tax	
		March 31, 2023	March 31, 2022
AED	Increases by 5%	(0.16)	0.73
	Decreases by 5%	0.16	(0.73)
EUR	Increases by 5%	(0.04)	-
	Decreases by 5%	0.04	-
QAR	Increases by 5%	0.47	-
	Decreases by 5%	(0.47)	-
GBP	Increases by 5%	0.00	-
	Decreases by 5%	(0.00)	-
USD	Increases by 5%	(0.14)	0.97
	Decreases by 5%	0.14	(0.97)
CAD	Increases by 5%	0.04	-
	Decreases by 5%	(0.04)	-

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

Notes to the Standalone Financial Statements for the year ended March 31, 2023*(All amounts in Rs millions , unless otherwise stated)***43 Financial risk management (Continued)****iii. Price risk**

The Company invests surplus funds in liquid mutual funds. The Company is exposed to market price risk arising from uncertainties about future values of the investment. The Company manages the equity price risk through investing surplus funds in liquid mutual funds on a short term basis.

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 senior management.

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 Standalone Balance Sheet.

	March 31, 2023	March 31, 2022
Trade receivables (refer note (i) below)	1,129.75	647.67
Other financial assets (refer note (ii) below)	945.25	806.17
Cash and cash equivalents	16.72	246.27
Bank balances other than cash and cash equivalents	517.52	538.90

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 Company creates allowance for all trade receivables based on lifetime expected credit loss model (ECL). 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.

The following table summarises the change in the loss allowance measured using ECL.

	March 31, 2023	March 31, 2022
Opening balance	8.82	5.02
Allowance made during the year (net)	48.43	3.80
Reversal/write off during the year	(7.22)	-
Closing balance	50.03	8.82

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.

c) 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 undiscounted payments.

Particulars	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
As at March 31, 2023					
Lease liabilities	-	158.37	492.20	232.55	883.12
Trade payables	-	1,801.54	-	-	1,801.54
Borrowings	36.09	-	-	-	36.09
Other financial liabilities	-	197.23	-	-	197.23
	36.09	2,157.14	492.20	232.55	2,917.98
As at March 31, 2022					
Lease liabilities	-	61.17	277.37	232.14	570.68
Trade payables	-	1,629.89	-	-	1,629.89
Other financial liabilities	-	107.80	41.02	-	148.82
	1,798.86	318.39	318.39	232.14	2,349.39

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)**CIN: U74999DL2016PLC306016****Notes to the Standalone Financial Statements for the year ended March 31, 2023***(All amounts in Rs millions , unless otherwise stated)***44 Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, 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 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.

The Company's monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing borrowings, trade and other payables, other financial liabilities, lease liabilities less cash and cash equivalents, Bank balances other than cash and cash equivalents and fixed deposits and current investments.

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Payables	1,801.54	1,629.89
Borrowings	36.09	-
Lease liabilities	698.41	440.55
Other Financial liabilities	197.23	148.84
Less : Bank balances other than cash and cash equivalents	(517.52)	(538.90)
Less : Cash and cash equivalents	(16.72)	(246.27)
Less: Fixed deposit with maturity of more than 12 months	(642.08)	(749.75)
Less: Current investments	(2,584.94)	(3,293.28)
Net adjusted debt (A)	(1,027.99)	(2,608.92)
Equity	6,268.78	7,121.35
Total equity capital (B)	6,268.78	7,121.35
Total debt and equity (C = A+ B)	5,240.79	4,512.43
Gearing ratio (A / C)*	-	-

*Disclosed as nil since the same is negative, since the Company is funded majorly through own funds and equity investments.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets terms and 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 and March 31, 2022.

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Honasa Consumer Private Limited**CIN: U74999DL2016PLC306016****Notes to the Standalone Financial Statements for the year ended March 31, 2023***(All amounts in Rs millions , except as otherwise stated)***45 Business acquisitions**

The Company had entered into Business Transfer agreement with Godrej Consumer Private Limited on March 16, 2022 to acquire its Product business under the brand name B-Blunt which constitutes a business for a consideration of Rs. 583.06 million.

The following table presents the purchase consideration, fair value of asset acquired and goodwill recognised on the date of acquisition (i.e. March 16, 2022).

Details of Fair value recognised on acquisition as on March 16, 2022:

	Life	Amount (million)
Right to use Brand name	Indefinite	511.00
Bottle design	0.5 years -1 year	16.50
Formulations	0.5 years -1 year	4.00
Inventories		42.67
Total fair value of net assets acquired (A)		574.17

Fair value of purchase consideration (B)**583.06****Goodwill arising on acquisition (C = A - B)****8.89**

The goodwill of Rs 8.89 million comprises the value of expected synergies arising from the acquisition which is not separately recognised.

Purchase consideration	Amount (million)
Cash consideration	583.06
Total purchase consideration*	583.06

Note (i): None of the goodwill recognised is expected to be deductible for Income tax purposes.

Note (ii): Intangible assets recognised are eligible for deduction for Income tax purposes.

*Consideration to the extent of Rs. 20.53 million which was outstanding as on March 31, 2022 has been settled during the year ended March 31, 2023.

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs millions, unless otherwise stated)

46 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 year
A Current ratio	Current Assets	Current Liabilities	2.45	3.00	-18%	-
B Debt- Equity Ratio*	Net debt = Total borrowings- Cash & Cash equivalents- Bank balances other than Cash & Cash equivalents- short term investments	Shareholder's Equity	-	-	-	-
C Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Depreciation+Interest	Debt service = Interest & Lease Payments + Principal Repayments	-	-	-	-
D Return on Equity Ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	-18%	4.00%	550%	Change is on account of losses in current year.
E Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	15.69	18.90	-17%	-
F Trade Payable Turnover Ratio	Purchases	Average Trade Payables	2.82	0.63	347%	Change is on account of increase in purchases
G Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	4.03	2.45	64%	Change is on account of increase in sales and reduction in current ratio
H Net Profit Ratio	Net Profit	Net sales = Total sales - sales return	-8.64%	2.00%	-532%	Change is on account of losses in current year.
I Inventory Turnover Ratio	Sales	Average Inventory	16.39	17.59	-7%	-
J Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	-16.29%	4.00%	-507%	Change is on account of losses in current year.

* Net debt after adjustments is negative and hence the ratio has not been furnished.

47. Other statutory information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

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

(iii) The Company does not have any charges or satisfaction which is yet to be registered with the Registrar of Companies ("ROC") beyond the statutory period.

(iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) 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 has 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 has 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 year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

48. There are no events after the reporting period that are required to be disclosed in the standalone financial statements.**49.** 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.**50.** Absolute amounts less than Rs. 5,000 are appearing in the Standalone Financial Statements as "0.00" due to presentation in millions.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
Honasa Consumer Limited
(formerly known as Honasa Consumer Private Limited)

Sd/-
per **Rajeev Kumar**
Partner
Membership no.: 213803

Sd/-
Varun Alagh
Director & Chief Executive Officer
DIN: 07597289

Sd/-
Ghazal Alagh
Director
DIN: 07608292

Sd/-
Raman Preet Sohi
Chief Financial Officer

Sd/-
Dhanraj Dagar
Company Secretary
Membership no.: ACS 33308

Place: Bengaluru
Date: July 25, 2023

Place: Gurugram
Date: July 25, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Honasa Consumer Limited (formerly Honasa Consumer Private Limited)

Report on the Audit of the Consolidated Financial Statements**Opinion**

We have audited the accompanying consolidated financial statements of Honasa Consumer Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2023, the consolidated Statement of Profit and Loss, including other Comprehensive Income/(Loss), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

/

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, their consolidated loss including other comprehensive income/(loss), their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income/(loss), consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

Those Charged with Governance are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

Other Matter

We did not audit the financial statements and other financial information, in respect of five subsidiaries, whose financial statements include (gross of elimination) total assets of Rs 941.25 million as at March 31, 2023, and total revenues of Rs. 1,016.08 million and net cash outflows of Rs. 25.35 million for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies, incorporated in India, as noted in the 'Other Matter' paragraph, we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the ‘other matter’ paragraph, we report, to the extent applicable, that:
- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income/(Loss), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group’s companies, incorporated in India, are 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 consolidated financial statements of the Holding Company and its subsidiary companies, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
 - (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries incorporated in India, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Holding Company and its subsidiaries, incorporated in India, to their directors in accordance with the provisions of section 197 read with Schedule V to the Act; and
 - (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the ‘Other matter’ paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer 39 to the consolidated financial statements;
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries;

- iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person(s) or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries from any person(s) or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v) No dividend has been declared or paid during the year by the Holding Company and its subsidiaries.
- vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company and its subsidiary companies incorporated in India, hence reporting under this clause is not applicable.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per Rajeev Kumar

Partner

Membership Number: 213803

UDIN: 23213803BGXALM3997

Place: Bengaluru

Date: July 25, 2023

Annexure 1 referred to in paragraph under the heading “Report on other legal and regulatory requirements” of our report of even date on the Financial Statements of Honasa Consumer Limited

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (xxi) There are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxix) of the Order is not applicable to the Holding Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per **Rajeev Kumar**

Partner

Membership Number: 213803

UDIN: 23213803BGXALM3997

Place: Bengaluru

Date: July 25, 2023

Annexure 2 referred to in paragraph under the heading “Report on other legal and regulatory requirements” of our report of even date on the Financial Statements of Honasa Consumer Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

.In conjunction with our audit of the consolidated financial statements of Honasa Consumer Limited (hereinafter referred to as the “Holding Company”) as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company, and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”), to the extent applicable, incorporated in in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A Company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Opinion

In our opinion, the Group has maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to 4 subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per **Rajeev Kumar**

Partner

Membership Number: 213803

UDIN: 23213803BGXALM3997

Place: Bengaluru

Date: July 25, 2023

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Consolidated Balance Sheet as at March 31, 2023
(All amounts are in Rs. million except as otherwise stated)

	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	134.25	43.71
Capital work-in-progress	3(b)	-	-
Goodwill	4(a)	527.75	1,732.90
Other intangible assets	4(b)	1,036.72	1,107.28
Right-of-use assets	6(b)	825.91	532.14
Intangible assets under development	5	-	18.83
Financial assets			
i. Other financial assets	9	790.00	846.16
Income tax assets (Net)	10	40.87	48.61
Other non-current assets	11	4.27	-
Total non-current assets		3,359.77	4,329.63
Current assets			
Inventories	12	1,139.27	658.52
Financial assets			
i. Investments	8	2,600.38	3,385.09
ii. Trade receivables	13	1,277.04	727.86
iii. Cash and cash equivalents	14	82.55	337.45
iv. Bank balances other than cash and cash equivalents	15	598.02	539.40
v. Other financial assets	9	264.85	46.32
Other current assets	11	342.27	325.85
Total current assets		6,304.38	6,020.49
Total Assets		9,664.15	10,350.12
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	1,363.36	0.13
Instruments entirely in the nature of equity	17	17,929.36	17,929.36
Other equity	18	(13,233.71)	(10,873.25)
Equity attributable to equity holders of the parent		6,059.01	7,056.24
Non-controlling Interest		-	-
Total equity		6,059.01	7,056.24
Non-current liabilities			
Financial liabilities			
i. Lease liabilities	6(c)	739.38	497.96
ii. Other financial liabilities	20	-	598.81
Provisions	21	60.61	35.54
Deferred tax liabilities (Net)	25	14.10	85.60
Total non-current liabilities		814.09	1,217.91
Current liabilities			
Financial liabilities			
i. Borrowings	19	36.09	35.86
ii. Lease liabilities	6(c)	146.43	62.47
iii. Trade payables	23	-	-
(a) Total outstanding due of micro enterprises and small enterprises		86.59	34.99
(b) Total outstanding due of creditors other than micro enterprises and small enterprises		1,880.13	1,668.53
iv. Other financial liabilities	20	373.33	129.53
Provisions	21	40.34	23.89
Other current liabilities	22	188.76	120.70
Income Tax Liability (Net)	24	39.38	-
Total current liabilities		2,791.05	2,075.97
Total liabilities		3,605.14	3,293.88
Total Equity and Liabilities		9,664.15	10,350.12

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

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
Honasa Consumer Limited
(formerly known as Honasa Consumer Private Limited)

Sd/-
per **Rajeev Kumar**
Partner
Membership no.: 213803

Sd/-
Varun Alagh
Director & Chief Executive Officer
DIN: 07597289

Sd/-
Ghazal Alagh
Director
DIN: 07608292

Sd/-
Raman Preet Sohi
Chief Financial Officer

Sd/-
Dhanraj Dagar
Company Secretary
Membership no.: ACS 33308

Place: Bengaluru
Date: July 25, 2023

Place: Gurugram
Date: July 25, 2023

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Consolidated Statement of Profit and Loss for the year ended March 31, 2023
(All amounts are in Rs. million except as otherwise stated)

	Notes	March 31, 2023	March 31, 2022
Income			
Revenue from operations	26	14,927.48	9,434.65
Other income	27	225.70	208.80
Total income (I)		15,153.18	9,643.45
Expenses			
Purchases of traded goods	28	5,024.23	3,047.68
(Increase) in inventories of traded goods	29	(556.90)	(213.29)
Employee benefits expenses	30	1,648.80	788.46
Depreciation and amortization expenses	31	249.64	68.95
Finance costs	32	66.63	30.05
Other expenses	33	8,584.21	5,697.21
Total expenses (II)		15,016.61	9,419.06
Profit before Exceptional Items and Taxes (III=I-II)		136.57	224.39
Exceptional Items (IV)			
Impairment loss on goodwill and other intangible assets	4&7	(1,546.97)	-
(Loss)/profit before Tax (V)=III+IV		(1,410.40)	224.39
Tax expenses			
Current tax	25	171.78	64.11
Deferred tax (credit)/charge	25	(72.52)	15.85
Total tax expenses (VI)		99.26	79.96
(Loss)/profit for the year (VII)=V-VI		(1,509.66)	144.43
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss in subsequent years:			
Re-measurement gains on defined benefit plans		4.36	1.38
Income tax effect on above	25	(1.02)	(0.34)
Items that will be reclassified to profit or loss in subsequent years:			
Net exchange loss on translation of foreign operations		(0.55)	-
Other comprehensive income for the year, net of tax (VIII)		2.79	1.04
Total comprehensive (loss)/income (IX=VII+VIII)		(1,506.87)	145.47
(Loss)/profit for the year attributable to:			
Equity holders of the parent		(1,509.66)	144.43
Non-controlling interests		(1,428.09)	157.15
		(81.57)	(12.72)
Other Comprehensive Income for the year, attributable to:			
Equity holders of the parent		2.79	1.04
Non-controlling interests		2.77	1.03
		0.02	0.01
Total comprehensive (loss)/income		(1,506.87)	145.47
Attributable to:			
Equity holders of the parent		(1,425.32)	158.18
Non-controlling interests		(81.55)	(12.71)
Earnings/(Loss) per equity share	34		
Basic, computed on the basis of (Loss)/profit attributable to owners of the company			
Equity shares, Nominal value of Rs. 10 each		(4.66)	0.53
Equity shares, Nominal value of Rs. 100 each*		-	0.53
Diluted, computed on the basis of (Loss)/profit attributable to owners of the company			
Equity shares, Nominal value of Rs. 10 each		(4.66)	0.52
Equity shares, Nominal value of Rs. 100 each*		-	0.53

*Each equity share of face value of Rs.100 per share was split into one equity share of face value of Rs.10 per share and one equity share of face value of Rs.90 per share, with effect from April 28, Corporate information and summary of significant accounting policies (Refer note 1&2)
The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/E300004

Sd/-
per Rajeev Kumar
Partner
Membership no.: 213803

Place: Bengaluru
Date: July 25, 2023

For and on behalf of the Board of Directors of
Honasa Consumer Limited
(formerly known as Honasa Consumer Private Limited)

Sd/-
Varun Alagh
Director & Chief Executive Officer
DIN: 07597289

Sd/-
Raman Preet Sohi
Chief Financial Officer

Place: Gurugram
Date: July 25, 2023

Sd/-
Ghazal Alagh
Director
DIN: 07608292

Sd/-
Dhanraj Dagar
Company Secretary
Membership no.: ACS 33308

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016

Consolidated Cash flow statement for the year ended March 31, 2023

(All amounts are in Rs. million except as otherwise stated)

	March 31, 2023	March 31, 2022
A Operating activities		
1 (Loss)/profit before tax	(1,410.40)	224.39
2 Adjustments to reconcile (loss)/profit before tax to net cash flows:		
Depreciation of property, plant and equipment (PPE)	25.72	7.56
Amortisation of intangible assets	71.54	10.52
Depreciation of right-of-use-assets	152.38	50.87
Allowance for bad and doubtful debts	48.09	5.34
Provision for slow moving inventory	79.33	8.91
Loss on sale/disposal of PPE	-	0.40
Share based payments expenses (equity settled)	273.91	167.75
Share based payments expenses (cash settled)	7.59	20.15
Impairment loss on goodwill and other intangible assets	1,546.97	-
Fair value gain on investments measured at fair value through profit and loss (FVTPL)	(17.12)	(88.84)
Gain on sale of investments measured at FVTPL	(77.41)	(43.46)
Interest income	(110.02)	(66.59)
Finance costs	66.63	30.05
3 Operating cash flow before working capital changes [1+2]	657.21	327.05
4 Movement in working capital:		
(Increase) in trade receivables	(592.85)	(331.17)
(Increase) in other financial assets	(264.44)	(10.05)
Increase in trade payables	246.43	874.39
Increase in financial liabilities	22.71	4.69
Increase in provisions	42.94	27.20
(Increase) in inventories	(549.90)	(212.70)
Increase in other liabilities	61.95	9.43
(Increase) in other current assets	(14.94)	(148.33)
5 Cash flow (used in)/from operating activities [3+4]	(390.89)	540.51
6 Income tax paid	(124.65)	(94.63)
Net cash flow (used in)/generated from operating activities [5+6]	(515.54)	445.88
B Investing activities		
Purchase of property, plant and equipment (including capital work in progress, capital advances and payable for capital goods)	(117.19)	(14.08)
Purchase of intangible assets, including payable for capital goods	-	(12.20)
Payment of Initial direct costs on leases	(8.13)	-
Redemption/(Investment in) of bank deposits	49.94	(1,195.95)
Purchase of current investment	(1,545.72)	(6,104.47)
Sale proceeds of current investment	2,424.95	4,496.65
Interest received	89.11	28.07
Acquisition of subsidiaries, net of cash acquired	(139.17)	(1,633.06)
Acquisition of business, net of cash acquired	-	(562.53)
Settlement of consideration payable	(20.53)	-
Settlement of NCI Liability	(4.63)	-
Further acquisition of NCI	(300.00)	-
Net cash flow generated from/(used in) investing activities	428.63	(4,997.57)
C Financing activities		
Repayment of borrowings	(24.70)	-
Proceeds from issuance of NCCCPS	-	4,863.87
Proceeds from issuance of equity shares (net)	49.01	1.39
Principal repayment of lease liabilities	(98.23)	(27.24)
Interest on lease liabilities	(55.65)	(25.75)
Finance cost paid	(10.99)	(4.30)
Net cash flow (used in)/generated from financing activities	(140.56)	4,807.97
D Net (decrease)/increase in cash and cash equivalents [A+B+C]	(227.47)	256.28
E Cash and cash equivalents at the beginning of the year	303.88	97.59
Less: Bank overdraft on date of acquisition during the year (Refer note - 45)	(29.95)	(49.99)
Cash and cash equivalents at the end of the year [D+E]	46.46	303.88
Components of cash and cash equivalents (refer note 14)		
Balance with banks		
- on current accounts	80.22	336.43
	2.33	1.02
Less: Bank overdraft (Refer note 19)	(36.09)	(33.57)
Total cash and cash equivalents	46.46	303.88

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

Consolidated Cash flow statement for the year ended March 31, 2023

(All amounts are in Rs. million except as otherwise stated)

Reconciliation between opening and closing Consolidated Balance Sheet for liabilities arising from financing activities:

	Opening balance	Additions due to acquisition	Cash flows	Non- cash movement	Closing balance
March 31, 2023					
Short-term borrowings (excluding bank overdraft facilities)	2.29	22.41	(24.70)	-	-
Net movement in bank overdraft facilities	33.57	29.95	(27.43)	-	36.09
Lease liabilities (including interest)	560.43	-	(153.88)	479.26	885.81
	596.29	52.36	(206.01)	479.26	921.90
March 31, 2022					
Borrowings - NCCCPs	19,539.99	-	-	(19,539.99)	-
Short-term borrowings (excluding bank overdraft facilities)	-	2.29	-	-	2.29
Net movement in bank overdraft facilities	-	49.99	(16.42)	-	33.57
Lease liabilities (including interest)	203.31	119.88	(52.99)	290.23	560.43
Total liabilities from financing activities	19,743.30	172.16	(69.41)	(19,249.76)	596.29

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

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI firm registration number: 101049W/E300004

Sd/-

per **Rajeev Kumar**

Partner

Membership no.: 213803

For and on behalf of the Board of Directors of

Honasa Consumer Limited

(formerly known as Honasa Consumer Private Limited)

Sd/-

Varun Alagh

Director & Chief Executive Officer

DIN: 07597289

Sd/-

Ghazal Alagh

Director

DIN: 07608292

Sd/-

Raman Preet Sohi

Chief Financial Officer

Place: Gurugram

Date: July 25, 2023

Sd/-

Dhanraj Dagar

Company Secretary

Membership no.: ACS 33308

Place: Bengaluru

Date: July 25, 2023

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Consolidated Statement of Changes in Equity for the year ended March 31, 2023
(All amounts are in Rs. million except as otherwise stated)

a) Equity share capital

(i) Equity shares of Rs. 10 each issued, subscribed and fully paid

	No of shares	Amount
As at April 01, 2021	10,225	0.10
Issued during the year - Refer note (b) below	31	-
As at March 31, 2022	<u>10,256</u>	<u>0.10</u>
As at April 01, 2022	<u>10,256</u>	<u>0.10</u>
Issued during the year- Refer note (a) below	13,63,26,080	1,363.26
As at March 31, 2023	<u>13,63,36,336</u>	<u>1,363.36</u>

A

(a) During the year ended March 31, 2023, the Holding Company issued 292,936 equity shares of Rs.10 each, 136,032,854 bonus shares of Rs.10 each and 290 equity shares on account of share split of Rs.10 each. Also refer note 16.

(b) Represents Rs 310 for the year ended March 31, 2022

(ii) Equity shares of Rs. 100 each issued, subscribed and fully paid

As at April 01, 2021	290	0.03
Issued during the year	-	-
As at March 31, 2022	<u>290</u>	<u>0.03</u>
As at April 01, 2022	<u>290</u>	<u>0.03</u>
Share split during the year - Refer note (a) below	(290)	(0.03)
As at March 31, 2023	<u>-</u>	<u>-</u>

B

(iii) Equity shares of Rs. 90 each issued, subscribed and fully paid

As at April 01, 2021	-	-
Issued during the year	-	-
As at March 31, 2022	<u>-</u>	<u>-</u>
As at April 01, 2022	<u>-</u>	<u>-</u>
Share split during the year - Refer note (a) below	290	0.03
Bought back during the year - Refer note (b) below	(290)	(0.03)
As at March 31, 2023	<u>-</u>	<u>-</u>

C

Total equity share capital

A+B+C

1,363.36

(a) Pursuant to the approval of the shareholders accorded in the Extraordinary General Meeting (EGM) of the Holding Company held on April 28, 2022, each equity share with a face value of Rs 100 per share was split into one equity share with a face value of Rs 10 per share and one equity share with a face value of Rs 90 per share, with effect from April 28, 2022.

(b) Pursuant to the approval of the Board of Directors on September 13, 2022, equity shares with a face value of Rs. 90 per share were bought back on September 22, 2022, for Rs. 90 per share.

b) Instruments entirely in the nature of equity

	No of shares	Amount
0.001% Non Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 10 each, fully paid		
As at March 31, 2021	11,472	-
Reclassified during the year		
Class A NCCCPS- Refer note (i) below	581	989.60
Class B NCCCPS- Refer note (i) below	1,885	3,210.68
Class C NCCCPS- Refer note (i) below	4,845	8,252.38
Class D NCCCPS- Refer note (i) below	4,161	7,087.33
Increase during the year		
Class E NCCCPS- Refer note (ii) below	902	0.01
Class F NCCCPS- Refer note (ii) below	839	0.01
	<u>13,213</u>	<u>19,540.01</u>
Less: Reclassified to securities premium as per the Act	-	(1,610.65)
As at March 31, 2022	<u>13,213</u>	<u>17,929.36</u>
As at April 01, 2022	<u>13,213</u>	<u>17,929.36</u>
Increase during the year	-	-
As at March 31, 2023	<u>13,213</u>	<u>17,929.36</u>

(i) In respect of Non-Cumulative Compulsorily convertible preference shares ('NCCCPS'), the NCCCPS holders of the Holding Company, in terms of the shareholders agreement, had exit rights including requiring the Holding Company to buy back shares held by them. Accordingly, on transition to Ind AS, since the redemption feature is conditional upon an event not under the control of the issuer, and may require entity to deliver cash, which issuer cannot avoid, NCCCPS are classified as liability at fair value and the change in fair value of liability has been recognized as an expense in the Statement of Profit and Loss. Further, subsequently on April 01, 2021, the Holding Company and the NCCCPS holders have agreed to waive the buy-back rights granted to the NCCCPS holders under the shareholders agreement. Hence, the fair value of NCCCPS liability amounting to Rs 19,539.99 million has been classified from borrowings to instruments entirely in the nature of equity to the extent of Rs. 17,929.34 million and Rs. 1,610.65 million representing securities premium on the NCCCPS has been reclassified to other equity. Also refer note 17.

(ii) The Company has issued 902 Class E NCCCPS of Rs.10 at a premium of Rs.2.24 million per share and 839 Class F NCCCPS of Rs.10 at a premium of Rs.3.39 million per share during the year ended March 31, 2022.

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Consolidated Statement of Changes in Equity for the year ended March 31, 2023
(All amounts are in Rs. million except as otherwise stated)

c) Other equity

	Reserves and Surplus				Other Comprehensive income	Attributable to the owners of the parent	Non-controlling interest ('NCT')	Total
	Retained earnings (Note 18)	Securities premium (Note 18)	Share Based Payment Reserve (Note 18)	Capital redemption reserve (Note 18)	Foreign currency translation reserve (Note 18)			
As at April 01, 2021	(17,719.98)	20.08	48.34	-	-	(17,651.56)	-	(17,651.56)
Profit for the year	157.15	-	-	-	-	157.15	(12.72)	144.43
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-
Re-measurement gains on defined benefit plans (net)	1.03	-	-	-	-	1.03	0.01	1.04
Total comprehensive income/(loss)	158.18	-	-	-	-	158.18	(12.71)	145.47
Add: Premium received on issue of NCCCPs	-	4,863.85	-	-	-	4,863.85	-	4,863.85
Add: Premium towards NCCCPs on reclassification from liability to equity (refer note 17)	-	1,610.65	-	-	-	1,610.65	-	1,610.65
Add: Premium received on issue of equity shares	-	6.26	-	-	-	6.26	-	6.26
Less: Transaction cost on issue of shares	-	(4.87)	-	-	-	(4.87)	-	(4.87)
Add: Share based payment (Refer note 40)	-	-	167.74	-	-	167.74	-	167.74
Less: Transferred to securities premium on exercise of stock options	-	8.74	(8.74)	-	-	-	-	-
Less: Reclass for Non-controlling interest (Refer note 20)	(12.71)	-	-	-	-	(12.71)	12.71	-
Less: Change in fair value of non-controlling interest liability	(10.79)	-	-	-	-	(10.79)	-	(10.79)
As at March 31, 2022	(17,585.30)	6,504.71	207.34	-	-	(10,873.25)	-	(10,873.25)
As at April 01, 2022	(17,585.30)	6,504.71	207.34	-	-	(10,873.25)	-	(10,873.25)
Loss for the year	(1,428.09)	-	-	-	-	(1,428.09)	(81.57)	(1,509.66)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-
Re-measurement gains on defined benefit plans (net)	3.32	-	-	-	-	3.32	0.02	3.34
Net exchange loss on translation of foreign operations	-	-	-	-	(0.55)	(0.55)	-	(0.55)
Total comprehensive income/(loss)	(1,424.77)	-	-	-	(0.55)	(1,425.32)	(81.55)	(1,506.87)
Add: Premium received on issue of equity shares	-	58.81	-	-	-	58.81	-	58.81
Less: Transaction cost on issue of equity shares	-	(12.71)	-	-	-	(12.71)	-	(12.71)
Add: Share based payment expense for the year (Refer note 40)	-	-	273.91	-	-	273.91	-	273.91
Add: Modification of Stock appreciation rights from cash settled to equity settled (Refer note 40)	-	-	27.74	-	-	27.74	-	27.74
Less: Transferred to securities premium on exercise of stock options	-	4.07	(4.07)	-	-	-	-	-
Less: Reclass for Non-controlling interest (Refer note 20)	(47.91)	-	-	-	-	(47.91)	47.91	-
Add: Change in fair value of non-controlling interest liability (Refer note 20)	331.87	-	-	-	-	331.87	-	331.87
Less: Utilised on issue of bonus share	-	(1,360.33)	-	-	-	(1,360.33)	-	(1,360.33)
Add: NCI portion on acquisition of subsidiary (Refer note 45)	-	-	-	-	-	-	127.12	127.12
Less: Acquisition of NCI (Refer note 45)	(206.52)	-	-	-	-	(206.52)	(93.48)	(300.00)
Add/ (less): Transfer to Capital redemption reserve on buyback of equity shares	(0.03)	-	-	0.03	-	-	-	-
As at March 31, 2023	(18,932.66)	5,148.44	504.92	0.03	(0.55)	(13,233.71)	-	(13,233.71)

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

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
Honasa Consumer Limited
(formerly known as Honasa Consumer Private Limited)

Sd/-
per **Rajeev Kumar**
Partner
Membership no.: 213803

Sd/-
Varun Alagh
Director & Chief Executive Officer
DIN: 07597289

Sd/-
Ghazal Alagh
Director
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Chief Financial Officer

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Dhanraj Dagar
Company Secretary
Membership no.: ACS 33308

Place: Bengaluru
Date: July 25, 2023

Place: Gurugram
Date: July 25, 2023

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

1 (a) Corporate Information

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited) ("the Company" or "Holding Company" or "Parent Company"), together with its subsidiaries (collectively, the Group), is principally engaged in trading of variety of beauty and personal care products and related services with products across baby care, skin care, hair and other related personal care categories, which are manufactured through third party contract manufacturers under the brand name of 'Mamaearth', 'The Derma Co', 'BBlunt', 'Aqualogica', 'Ayuga' and 'Dr.Sheth's' and services comprises of beauty salon and hair styling services (under the trademark 'BBlunt') as well as content development and influencer marketing (with its online platform 'Momspresso.com'). The Company, together with its subsidiaries, sells its products and services primarily in India. The Company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act. The registered office of the Company is located at Unit No - 404, 4th floor, City Centre, Plot No 05, Sector-12, Dwarka, New Delhi - 110075. The Company has converted from Private Limited Company to Public Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on October 26, 2022 and consequently the name of the Company has changed to Honasa Consumer Limited pursuant to a fresh certificate of incorporation by the Registrar of Companies on November 11, 2022.

The Group's Consolidated Financial Statements for the year ended March 31, 2023 were approved for issue in the meeting of the Board of directors held on July 25, 2023.

1 (b) Group Information
Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name of Company (Nature of Business)	CIN No.	Country of incorporation	Ownership interest as on March 31, 2023	Ownership interest as on March 31, 2022
Fusion Cosmeceutics Private Limited (acquired w.e.f. April 06, 2022) (skin care products)	U24230MH2003PTC141 101	India	100.00%	-
Just4Kids Services Private Limited (acquired w.e.f. December 24, 2021) (content development and Influencer marketing services)*	U80302HR2010PTC107 239	India	77.19%	74.32%
PT Honasa Consumer Indonesia (incorporated on February 18, 2022)**	Not Applicable	Indonesia	100.00%	100.00%
Honasa Consumer General Trading L.L.C. (incorporated on June 23, 2022)	Not Applicable	UAE	100.00%	-
Bhabani Blunt Hairdressing Private Limited (acquired w.e.f. March 16, 2022) (hair styling salon and academy)	U93020MH2004PTC148 187	India	100.00%	100.00%
B:Blunt Spratt Hairdressing Private Limited (acquired w.e.f. March 16, 2022) (hair styling salon and academy)(100% subsidiary of Bhabani Blunt Hairdressing Private Limited)(hair styling salon and academy)	U93000KA2011PTC058 323	India	100.00%	100.00%

*The Holding Company has a commitment to purchase the remaining shares from the minority shareholders, the commitment is accounted as liability, Refer Note 45.

** The subsidiary is not operational, has no transactions and infusion of capital has not yet been completed.

1.1 Basis of preparation

Consolidated financial statements of the Group as at and for the year ended March 31, 2023 are prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules 2015, (as amended from time to time) and other accounting principles generally accepted in India, along with the presentation requirements of Division II of Schedule III to the Act (Ind-AS compliant Schedule III as applicable to the consolidated financial statements).

These Consolidated Financial Statements have been prepared on a going concern basis.

The Consolidated 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.

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

The Consolidated Financial Statements are presented in Indian Rupee (Rs.). All the values are rounded off to the nearest millions, upto two decimal places except when otherwise indicated.

1.2 Basis of Consolidation

The Consolidated financial statements comprises of the financial information of the Holding Company and its subsidiaries as at March 31, 2023.

Control is achieved when the Holding Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Holding Company controls an investee if and only if the Holding Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Holding Company has less than a majority of the voting or similar rights of an investee, the Holding Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

1.2 Basis of Consolidation (Continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to the consolidated financial statements to ensure conformity with the group's accounting policies.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of Profit and Loss resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the summary statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities
- Recognise that distribution of shares of subsidiary to Holding Company in Holding Company's capacity as owners

2 Significant accounting policies

2.1 Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be 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.

Deferred tax assets are classified as non-current assets.

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 Group classifies all other liabilities as non-current.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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 Group has identified twelve months as its operating cycle.

2.2 Foreign currency translation

(i) Functional and presentation currency:

Items included in the Consolidated Financial Statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Indian Rupee (Rs.). For each entity the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity, such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

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).

2.3 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 Group 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 Consolidated 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 Consolidated Financial Statements on a recurring basis, the Group 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.

2.4 Business combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.

- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit or loss or OCI, as appropriate

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss.

If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS.

Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Liability for Non-Controlling Interests

Liability for put option issued to non-controlling interests which do not grant present access to ownership interest to the Group is recognised at present value of the redemption amount and is reclassified from equity. At the end of each reporting period, the non-controlling interests subject to put option is derecognised and the difference between the derecognised and present value of the redemption based on the valuation, which is recorded as a financial liability, is accounted for as an equity transaction.

2.5 Property, plant and equipment

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, net of accumulated impairment loss, if any. 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 Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the consolidated statement of profit and loss as incurred.

The Group 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.

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	5
Plant and Machinery	3 to 8	15
Furniture and fixtures	10	10
Computer & peripherals	3 to 6	3 to 6

Leasehold improvements are amortized on a straight line basis over the remaining period of the lease or estimated useful life of the assets, whichever is lower.

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 consolidated statement of profit and loss when the asset is derecognized.

The useful lives have been determined based on managements' judgement, based on technical assessment, which in certain instances are different from those specified by Schedule II to the Act, 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.

2.6 Intangible assets

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 the consolidated statement of 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 consolidated 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 consolidated statement of profit and loss, when the asset is derecognised.

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

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Franchise agreements	5 years	Straight Line	Acquired
	3 years	Straight Line	Acquired
Trademark	5-7 years	Straight Line	Acquired
Brand	Indefinite*	No Amortisation	Acquired
Design and Formulation	0.5 - 1 year	Straight Line	Acquired
Software	1-10 years	Straight Line	Acquired
Goodwill	Indefinite*	No Amortisation	Acquired

* Tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

2.7 Impairment of non-financial assets

The Group 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 Group 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 groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group'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 Group 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 Group 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 Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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

Impairment is determined for goodwill and brand by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill and brand relate to. 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.

2.8 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.

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2.9 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 Group 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. Revenue is measured at amount of "Transaction Price" as per Ind AS 115.

Revenue from sale of services

Revenue from Hair Styling services is recognised on rendering services. Revenue from franchises is recognised as per the terms of the agreements. The amount recognised is at the predetermined price, the collection of which is reasonably certain. Revenue from educating students in hair styling is recognised on a time proportion basis. Revenue from listing services is received in the form of fees which is recognised prorate over the subscription / advertising agreement, usually ranging between one to twelve months.

Variable consideration

If the consideration in a contract includes a variable amount (discounts and incentives), the Group 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 Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group 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 Group 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 Group 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.

Customer wallet points

The Group has a wallet points programme, which allows customers to accumulate points that can be redeemed for subsequent purchase. The wallet points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of points by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on each reporting date and any adjustments to the contract liability balance are charged against revenue.

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 consolidated 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 Group 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 2.13 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 Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.10 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

	Useful lives (years)
Buildings	2-9 years
Computer & Peripherals	3 years

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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects 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.

2.10 Leases (Continued)

In calculating the present value of lease payments, the Group 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.

Short-term leases and leases of low-value assets

The Group 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 Group 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 Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the consolidated statement of profit and loss and are not deferred. The Group 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 Group operates the following post-employment schemes:

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

Defined benefit plans - 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.

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 consolidated statement of changes in equity and in the balance sheet. Such accumulated re-measurement balances are never reclassified into the consolidated 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 the consolidated statement of 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 Group has no obligation, other than the contribution payable. The Group recognizes contribution payable to these schemes as an expenditure, when an employee renders the related service.

2.12 Employee share based payments

The Stock option plan of the Group is classified as equity settled transaction based on the constructive obligation for settlement of option in equity.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using a Black-Scholes model.

That cost is recognised, together with a corresponding increase in share based payment reserve in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The Holding Company's employees are granted share appreciation rights (SAR) settled in cash upto May 30, 2022 and w.e.f. May 31, 2022 the scheme is modified as equity settled scheme. The liability for the share appreciation rights is measured, initially and at the end of each reporting period until settled, at the fair value of the SAR by applying an option pricing model, taking into account the terms and conditions on which the SAR were granted, and the extent to which the employees have rendered services to date.

When the terms of a cash-settled award are modified, the equity-settled share-based payment transaction is measured by reference to the fair value of the equity instruments granted at the modification date, the liability for the cash-settled share-based payment transaction as at the modification date is derecognised on that date and the difference between the carrying amount of the liability derecognised and the amount of equity recognised on the modification date is recognised immediately in the consolidated statement of profit and loss.

Subsequently w.e.f. December 15, 2022, SAR Scheme was further amended and rechristened by the Holding Company to Employee stock options plan 2021 (ESOP scheme 2021) ("December 2022 Amendment") to redesignate the erstwhile SAR as ESOP with a fixed conversion ratio. When the terms the equity-settled share-based payment transaction are modified, pre-modification valuation and post modification valuation is compared and if the value of post modification is lower than pre-modification, then the cost would be recognised based on original plan, however if the value of post modification is higher than pre-modification, then the original cost would continue to be accounted and for the additional fair value to the extent of vested options recognised in the statement of profit and loss and to the extent of unvested options, additional fair value is accounted over the remaining vesting period.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.13 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 and, 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 Group 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)

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 consolidated statement of profit and loss. The losses arising from impairment are recognised in the consolidated 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 Group 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 consolidated statement of profit and loss.

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 Group 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 consolidated statement of profit and loss.

De-recognition

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

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure. The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. The application of simplified approach does not require the Group 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 Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e., all cash shortfalls), discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the consolidated statement of profit and loss. This amount is reflected under the head 'other expenses' in the consolidated statement of profit and loss.

For assessing increase in credit risk and impairment loss, the Group 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 Group'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 consolidated 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 Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the consolidated statement of profit and loss.

After initial recognition, gains and losses are recognised in the consolidated 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 consolidated statement of profit and loss.

De-recognition

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 consolidated statement of profit and loss.

2.13 Financial instruments (Continued)

Reclassification of financial assets and liabilities

The Group 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 Group either begins or ceases to perform an activity that is significant to its operations. If the Group 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 Group 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 consolidated 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.

2.14 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

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 Group 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 Group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

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 a 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 and 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 consolidated 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.

2.15 Segment reporting

Identification of segments

An operating segment is a component of the Group 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 Group), whose operating results are regularly reviewed by the Group'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 Group are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group's operating businesses are organized and managed on a single segment considering the entire beauty and personal care products and related services 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 Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

The Board of directors is the Chief Operating Decision Maker (CODM) and monitors the operating results of Group as a whole for the purpose of making decisions about resource allocation and performance assessment.

2.16 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. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.17 Provisions

Provisions are recognized when the Group 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 Group 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.

2.18 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

2.19 Cash and cash equivalents

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

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.21 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated 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 Group's exposure to risks and uncertainties includes:

- Capital management (Note 44)
- Financial risk management objectives and policies (Note 43)
- Sensitivity analysis disclosures (Notes 36 and 42).

The Group bases its assumptions and estimates on parameters available when the consolidated 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 Group. 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 consolidated financial statements are as below.

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 Group 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 Group uses the most likely amount methodology to determine the variable consideration.

The Group 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 Group's past experience regarding these amounts may not be representative of actual amounts in the future.

Leases

The Group 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 Group 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 Group 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 Group 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 Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates), when available and makes entity-specific estimates, wherever required.

Impairment of financial assets

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 Group's historical credit loss experience and forecast of economic conditions may not be representative of the actual default in the future.

Impairment of non 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 Group 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. These estimates are most relevant to goodwill recognised by the Group.

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.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 40.

Business combination

In accounting for business combinations, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets acquired (including useful life estimates), liabilities assumed, and contingent consideration assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Consolidated 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.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

2.22 Standards or Amendments issued

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023 to amend the following Ind AS which are effective from April 01, 2023:

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

Based on preliminary assessment, the Group does not expect these amendments to have any significant impact on its consolidated financial statements.

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

3(a). Property, plant and equipment ('PPE')

	Computer and peripherals	Furniture and fixtures	Office equipments	Plant and machinery	Leasehold Improvements	Total
Gross Block						
Cost or valuation						
At April 01, 2021	1.73	3.76	3.24	5.50	-	14.23
Additions	0.19	7.00	2.75	4.13	-	14.07
Acquisition (Refer note-45)	0.39	20.71	4.67	0.57	-	26.34
Disposals	-	(1.03)	(0.39)	-	-	(1.42)
At March 31, 2022	2.31	30.44	10.27	10.20	-	53.22
April 01, 2022	2.31	30.44	10.27	10.20	-	53.22
Additions	1.80	53.14	14.83	1.12	45.22	116.11
Additions through acquisition (Refer note 45)	0.09	-	0.02	0.04	-	0.15
Disposals	-	-	-	-	-	-
At March 31, 2023	4.20	83.58	25.12	11.36	45.22	169.48
Accumulated depreciation						
At April 01, 2021	0.69	0.61	0.89	0.78	-	2.97
Charge for the year	0.69	2.00	1.87	3.00	-	7.56
Disposals	-	(0.77)	(0.25)	-	-	(1.02)
At March 31, 2022	1.38	1.84	2.51	3.78	-	9.51
April 01, 2022	1.38	1.84	2.51	3.78	-	9.51
Charge for the year	1.07	11.77	5.03	3.72	4.13	25.72
Disposals	-	-	-	-	-	-
At March 31, 2023	2.45	13.61	7.54	7.50	4.13	35.23
Net book value						
At March 31, 2022	0.93	28.60	7.76	6.42	-	43.71
At March 31, 2023	1.75	69.97	17.58	3.86	41.09	134.25

3(b). Capital work in progress*

	Amount in Capital work in progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-
As at March 31, 2023					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-

*There are no overdue or cost overrun projects compared to its original plan and no capital work in progress which are temporarily suspended, on the above mentioned reporting dates.

As at April 01, 2021	
Add: Additions during the year	-
Less: Capitalised during the year	-
As at March 31, 2022	-
As at April 01, 2022	-
Add: Additions during the year	54.64
Less: Capitalised during the year	(54.64)
As at March 31, 2023	-

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

4(a). Goodwill*

Goodwill acquired pertains to the following:

	As at March 31, 2023	As at March 31, 2022
Acquisition of business:		
B-Blunt Business Purchase (Refer note 45)	8.89	8.89
Acquisition of subsidiary		
Just4Kids Services Private Limited (Refer note 45)	1,360.63	1,360.63
Bhabani Blunt Hairdressing Private Limited (Refer note 45)	363.38	363.38
Fusion Cosmeceutics Private Limited (Refer note 45)	155.48	-
Less: Provision for impairment on Just4Kids Services Private Limited (Refer note 7)	(1,360.63)	-
	527.75	1,732.90

* Refer note 7 for impairment testing of Goodwill

4(b). Intangible assets

	Brand*	Design and Formulation	Software	Trademarks	Franchise agreements	Non-compet agreement	Total
Cost							
At April 01, 2021	-	-	-	0.01	-	-	0.01
Additions	-	-	0.55	-	-	-	0.55
Acquisitions(Refer Note-45)	820.80	20.50	22.17	206.18	4.40	43.20	1,117.25
Disposals	-	-	-	-	-	-	-
At March 31, 2022	820.80	20.50	22.72	206.19	4.40	43.20	1,117.81
April 01, 2022	820.80	20.50	22.72	206.19	4.40	43.20	1,117.81
Additions	-	-	18.83	-	-	-	18.83
Acquisitions (Refer Note-45)	168.49	-	-	-	-	-	168.49
Disposals	-	-	-	-	-	-	-
At March 31, 2023	989.29	20.50	41.55	206.19	4.40	43.20	1,305.13
Accumulated Amortisation/Impairment							
At April 01, 2021	-	-	-	0.01	-	-	0.01
Amortisation	-	1.01	0.62	8.22	0.04	0.63	10.52
Disposals	-	-	-	-	-	-	-
At March 31, 2022	-	1.01	0.62	8.23	0.04	0.63	10.53
April 01, 2022	-	1.01	0.62	8.23	0.04	0.63	10.53
Amortisation	-	19.49	6.27	30.51	0.88	14.39	71.54
Disposals	-	-	-	-	-	-	-
Impairment (Refer note 7)	-	-	19.14	167.20	-	-	186.34
At March 31, 2023	-	20.50	26.03	205.94	0.92	15.02	268.41
Net book value							
At March 31, 2022	820.80	19.49	22.10	197.96	4.36	42.57	1,107.28
At March 31, 2023	989.29	-	15.52	0.25	3.48	28.18	1,036.72

* Refer note 7 for impairment testing of brand

5. Intangible assets under development*

	Amount
At April 01, 2021	-
- Asset additions	18.83
- Capitalised during the year	-
At March 31, 2022	18.83
April 01, 2022	18.83
- Asset additions	-
- Capitalised during the year	(18.83)
At March 31, 2023	-

Intangible assets under development

	Amount in intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2022					
Projects in progress	18.83	-	-	-	18.83
Projects temporarily suspended	-	-	-	-	-
Total	18.83	-	-	-	18.83
As at March 31, 2023					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-

*There are no overdue or cost overrun projects compared to its original plan and no Intangible assets under development which are temporarily suspended, on the above mentioned reporting dates.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

6. Right-of-use assets and lease liabilities

(a) Group as a lessee

The Group has lease contracts for office premises, warehouses, retail stores, computer and peripherals used in its operations. The lease term of the lease contracts are ranging from 2 years to 9 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group has applied exemptions as per paragraph 6 of Ind AS 116 with respect to short term leases/low value leases.

(b) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Buildings	Computer and Peripherals	Total
Cost			
At April 01, 2021	202.44	11.30	213.74
Additions	249.78	18.56	268.34
Additions on Acquisition (Refer Note-45)	115.07	-	115.07
Disposals	-	-	-
At March 31, 2022	567.29	29.86	597.15
April 01, 2022	567.29	29.86	597.15
Additions	396.66	49.49	446.15
Disposals	-	-	-
At March 31, 2023	963.95	79.35	1,043.30
Accumulated Depreciation			
At April 01, 2021	12.40	1.74	14.14
Charge for the year	43.05	7.82	50.87
Disposal	-	-	-
At March 31, 2022	55.45	9.56	65.01
April 01, 2022	55.45	9.56	65.01
Charge for the year	129.65	22.73	152.38
Disposal	-	-	-
At March 31, 2023	185.10	32.29	217.39
Net book value			
At March 31, 2022	511.84	20.30	532.14
At March 31, 2023	778.85	47.06	825.91

(c) Set out below are the carrying amounts of lease liabilities and the movements during the year:

Carried at amortised cost

	As at March 31, 2023	As at March 31, 2022
Non current		
Lease liabilities	739.38	497.96
Total non-current lease liabilities (A)	739.38	497.96
Current		
Lease liabilities	146.43	62.47
Total current lease liabilities (B)	146.43	62.47
Total lease liabilities (C=A+B)	885.81	560.43

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

6. Right-of-use assets and lease liabilities (continued)

(d) Following are the amounts recognised in Profit and loss account:

	As at March 31, 2023	As at March 31, 2022
Depreciation of right-of-use-assets	152.38	50.87
Interest expense on lease liability	55.65	25.75
Rent expenses for short term lease (included in other expenses)	34.87	8.28
	242.90	84.90

(e) Impact on Statement of cash flow (decrease)

Lease payments (Including interest portion)	153.88	52.99
	153.88	52.99
Payment of principal portion of lease liabilities	98.23	27.24
Payment of interest portion of lease liabilities	55.65	25.75
	153.88	52.99

(f) Movement in lease liabilities for year ended March 31, 2023 and March 31, 2022:

	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	560.43	203.31
Add: Additions	423.92	264.84
Add: Acquisition (Refer note 45)	-	119.54
Add: Interest on lease liability	55.65	25.75
Less: Payment of lease liabilities	(153.88)	(52.99)
Less: Reduction in liability on account of rent concession	(0.31)	(0.02)
Balance at the end of the year	885.81	560.43

(g) The table below provides details regarding the contractual maturities of lease liabilities:

	As at March 31, 2023	As at March 31, 2022
Less than one year	201.42	98.81
one to five years	621.75	393.18
more than five years	248.73	238.40
Total	1,071.90	730.39

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7. Impairment testing of goodwill and brand

Carrying amount of goodwill and brand allocated to each of the CGUs:

	Fusion Cosmeceutics Private Limited	Just4Kids Services Private Limited	B Blunt	Total
Intangible assets				
Goodwill (Also Refer note 45)	155.48	1,360.63	372.27	1,888.38
Brand (Also Refer note 45)	168.49	-	820.80	989.29
Less: Provision for impairment*	-	(1,360.63)	-	(1,360.63)
Net Carrying value	323.97	-	1,193.07	1,517.04

The Group tests whether goodwill and indefinite life brand has suffered any impairment on an annual basis or more frequently when there is an indication that the unit may be impaired. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations uses cash flow projections based on financial budgets approved by the management.

The Group assessed the carrying value of its goodwill and indefinite life brand at CGU level to which they are attributable, based on future operational plan, projected cash flows and carried out valuation. Considering the aforesaid valuation, the management is of the view that, the carrying value of its goodwill and indefinite life brand is appropriate for the CGUs- Fusion Cosmeceutics Private Limited and Bblunt.

	Fusion Cosmeceutics Private Limited	Just4Kids Services Private Limited	B Blunt Services Business
Terminal growth rate		5%	5%
Discount rate		16.00%	15.50%
			16.40%

Sensitivity change in assumptions

Except for Just4Kids Services Private Limited above, no impairment was identified as the recoverable value of the CGUs exceeded the carrying value. A sensitivity analysis to a change in the key parameters (revenue growth and discount rate) based on reasonably probable assumptions, did not identify any probable scenarios where the CGUs recoverable amount would fall below their carrying amount.

Impairment (CGU-Just4Kids Services Private Limited):

*In the meeting of Board of Directors held on March 06, 2023, the Management informed and briefed the Board that the business of Just4kids Services Private Limited ("Momspresso") was acquired to expand content and influencer management capabilities and to strengthen content creation capabilities by enabling the access to a large and ready library of the relevant content of Momspresso. However, the performance and profitability of the Company was deteriorating with the business significantly underperforming (vis-à-vis business plan FY 22-23) during Q4 of FY 22-23. Further the business synergies envisaged from the investment could not be realized despite best efforts of the management. The management also presented multiple scenarios with medium term to long term estimates for the acquired business but none of the scenarios demonstrated considerable improvement in profitability profile and any sight of realizing synergies for the core product business. Consequently, the Board of Directors have decided to perform impairment analysis by an independent expert.

Basis, such valuation report, impairment loss attributable to Goodwill is Rs.1,360.63 million, attributable to software Rs.19.14 million and attributable to trademarks Rs.167.20 million respectively has been provided and disclosed as an exceptional item.[Refer note 4(a) and 4(b)]

Computation of impairment :

Particulars	Carrying value	Fair value	Impairment
Assets			
Non-current assets			
Property, plant and equipment	1.11	1.11	-
Goodwill	1,360.63	-	1,360.63
Trademarks	167.20	-	167.20
Software	19.14	-	19.14
Total (A)	1,548.08	1.11	
Current assets			
Cash & Cash Equivalents	172.14	172.14	-
Trade receivables	110.19	110.19	-
Other current assets	16.33	16.33	-
Loans(TDS Receivable)	14.27	14.27	-
Total (B)	312.93	312.93	-
Current Liabilities			
Trade Payables	23.35	23.35	-
Other Liabilities	3.24	3.24	-
Provisions	24.45	24.45	-
Total (C)	51.04	51.04	-
Net Assets= A+B-C	1,809.97	263.00	1,546.97

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

8 Investments

Current

Quoted Bonds and Debentures

	No of units		Amount	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
HDFC Bank Limited Series-1, 8.85%, BD Perpetual	-	200	-	208.65
State Bank Of India Series-1, 9.56%, NCD Perpetual	100	100	111.82	111.82
Total quoted bonds and debentures valued at amortised cost [A]			111.82	320.47

(valued at fair value through profit and loss)

Quoted Mutual Funds

UTI MMMF Direct - Growth	1,675	1,675	4.41	4.17
SBI Magnum Ultra Short Duration Direct - Growth	16,781	16,781	86.57	82.18
SBI Corporate Bond Fund Direct-G	30,08,137	-	40.09	-
SBI CPSE Bond Plus SDL Sep 2026 50:50 Index Fund Direct-G	28,87,580	-	30.08	-
IDFC Banking and PSU Debt Fun - Direct Plan - Growth*	-	60,89,294	-	124.22
HDFC Corporate Bond Direct - Growth	62,98,078	52,09,120	173.95	137.94
ICICI Prudential Corporate Bond Direct - Growth*	82,53,324	70,98,408	214.82	174.52
DSP Short Term Direct - Growth	36,85,984	36,85,984	155.86	149.44
HDFC Short Term Debt Direct - Growth	35,50,981	35,50,981	97.63	93.10
IDFC Bond Short Term Direct - Growth	-	23,54,846	-	115.38
IDFC Dynamic Bond Fund- Direct - Growth	-	33,27,510	-	101.12
Kotak Bond Short-term Direct - Growth	32,13,016	32,13,016	153.34	146.82
Tata Short Term Bond Direct-Growth	-	6,35,243	-	26.86
HDFC Money Market Direct - Growth	24,238	24,238	119.29	112.82
HDFC Floating Rate Debt Direct - Growth	5,91,244	17,90,652	25.05	71.80
HDFC Nifty G-sec Dec 2026 Index Direct-G	38,89,834	-	40.06	-
HDFC Nifty G-Sec Jun 2027 Index Direct-G	29,36,222	-	30.00	-
Axis Banking & PSU Debt Direct - Growth	12,250	12,250	28.04	26.79
Axis Strategic Bond Fund Direct - Growth	37,96,366	42,18,184	95.86	101.21
Kotak Banking and PSU Debt Direct-Growth	-	9,60,450	-	52.13
Kotak Corporate Bond Direct - Growth	29,390	29,390	96.29	92.08
Kotak Money Market Fund Direct-Growth	-	14,946	-	54.11
Kotak Equity Arbitrage Direct-G	9,03,463	-	30.31	-
Kotak Nifty SDL Apr 2027 Top 12 Equal Weight Index Fund Direct-G	19,53,657	-	20.26	-
L&T Triple Ace Bond Direct-Growth*	11,31,887	24,51,157	73.64	154.08
Axis Treasury Advantage Direct-Growth	-	816	-	2.11
ICICI Pru Short Term Direct - Growth	7,65,761	11,94,439	41.63	60.97
ICICI Pru Medium Term Bond Direct-Growth	-	7,87,544	-	30.28
ICICI Prudential Overnight Fund Growth	-	120	-	0.01
ICICI Pru Long Short Fund II	4,99,975	-	81.53	-
Bharat Bond FOF - April 2025 Direct-Growth	-	93,79,196	-	101.51
Bharat Bond FOF - April 2030 Direct - Growth	24,19,384	46,20,515	30.28	53.01
India Grid Trust Invit Fund - Perpetual	1,46,286	1,46,286	19.60	21.53
Powergrid Infrastructure Investment Trust	3,22,385	3,22,385	39.53	43.17
ICICI Prudential Corporate Credit Opportunities AIF I	1,72,765	99,995	38.44	10.00
ICICI Pru Floating Interest Direct-G	65,359	-	25.05	-
Nippon India Money Market Direct-Growth	-	30,178	-	101.11
Nippon India Corporate Bond Direct - Growth	3,16,628	3,16,628	16.50	15.69
Nippon India ETF Nifty SDL - 2026 Maturity - Growth	5,00,000	5,00,000	55.93	54.03
HSBC Ultra Short Duration Fund Direct-Growth	-	73,319	-	80.82
Edelweiss NIFTY PSU Bond Plus SDL Index Fund - 2026 Direct-Growth	-	1,31,46,157	-	141.20
Edelweiss NIFTY PSU Bond Plus SDL Index Fund - 2027 Direct-Growth	-	49,61,989	-	50.65
Edelweiss Credit Plus Fund AIF	2,275	1,500	30.77	15.00
Edelweiss Arbitrage Direct-G	11,57,725	-	20.20	-
Aditya Birla SL Nifty SDL Plus PSU Bond Sep 2026 60:40 Index Fund Direct-Growth	-	49,58,594	-	50.46
Aditya Birla SL Floating rate Direct - Growth	66,889	2,51,530	20.04	71.32
Aditya Birla SL Overnight Fund Direct-G	25,240	-	30.60	-
Aditya Birla SL Corporate Bond Direct-G	3,14,491	-	30.07	-
Aditya Birla SL CRISIL IBX Gilt - April 2026 Index Fund Direct-G	48,33,724	-	50.20	-
Bandhan Corporate Bond Direct-G	6,07,706	-	10.09	-
Bandhan Dynamic Bond Direct-G	9,72,065	-	30.40	-
Bandhan Bond Short Term Direct-G	23,54,846	-	120.17	-
Bandhan Bank	1,492	-	4.05	-
Aditya Birla Sun Life Money Manager Fund	3,538	3,538	6.09	1.06
HDFC low duration fund	-	13,238	-	0.62
Axis Overnight Fund	30	-	0.04	-
SBI Over Night Fund	775	-	2.58	-
HDFC overnight fund	707	28,850	2.58	91.09
Total [B]			2,221.92	2,816.41

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

8 Investments (Continued)

Muthoot Fincorp Limited - Market Linked Debenture - Non Convertible	-	130	-	145.12
Asirvad Microfin Limited MLD	20	20	22.86	21.02
Mahindra & Mahindra Financial Services Ltd NCD TR II 19DEC24 (INE774D07UO2)	100	-	102.78	-
Shriram City Union MLD	80	80	87.09	81.97
Vivriti Capital Pvt Ltd	50	-	53.81	-
Total [C]			266.54	248.11
Total Quoted investments valued at fair value [D=B+C]			2,488.46	3,064.52
Total Quoted investments [E=A+D]			2,600.28	3,384.99
Unquoted other investments				
Beauty Wellness Association India			0.10	0.10
Total Unquoted investments [F]			0.10	0.10
Total Investments [E+F]			2,600.38	3,385.09
Aggregate book value of quoted investments [D]			2,600.28	3,384.99
Aggregate market value of quoted investments [D]			2,600.28	3,384.99
Aggregate value of unquoted investments [F]			0.10	0.10

* Includes an amount of Rs 294.12 million (March 31, 2022: Rs 294.12 million) secured against bank guarantees limit with the bank.

9 Other financial assets

(Unsecured, considered good)

Carried at amortised cost

Non-current

Security deposits

Fixed deposit with maturity of more than 12 months**

Interest accrued

Current

Security deposits

Expense recoverable from shareholders **

Unbilled revenue

Interest accrued

Advance to employees

	As at March 31, 2023	As at March 31, 2022
Security deposits	64.59	22.91
Fixed deposit with maturity of more than 12 months**	713.28	821.84
Interest accrued	12.13	1.41
	790.00	846.16
Security deposits	7.22	7.58
Expense recoverable from shareholders **	197.06	-
Unbilled revenue	14.84	-
Interest accrued	45.73	37.80
Advance to employees	-	0.94
	264.85	46.32

* Includes an amount of Rs 136.73 million (March 31, 2022: Rs 294.12 million) secured against bank guarantees on limits with banks.

** Expense recoverable from shareholders of Rs. 197.06 million incurred by the Holding Company is towards proposed Initial Public Offering (IPO) of the equity shares held by the selling shareholders. As per the offer agreement with the selling shareholders, these expenses are recoverable in proportion to the shares that are expected to be offered to the public in the offering.

Unbilled revenue ageing schedule

	Less than 6 months	6 months to 1 year	1-2 Years	2-3 Years	More than 3 years	Total
March 31, 2023						
Undisputed unbilled revenue- considered good	14.84	-	-	-	-	14.84
Total	14.84	-	-	-	-	14.84
March 31, 2022						
Undisputed unbilled revenue- considered good	-	-	-	-	-	-
Total	-	-	-	-	-	-

There are no disputed dues for the year ended March 31, 2023 and year ended March 31, 2022.

10 Income tax assets (Net)

Non-current

Advance tax (Net)

	As at March 31, 2023	As at March 31, 2022
Advance tax (Net)	40.87	48.61
	40.87	48.61

11 Other assets

Non-current

Capital advances

	As at March 31, 2023	As at March 31, 2022
Capital advances	4.27	-
	4.27	-

Current

Balance with government authorities

Advance to employees

Prepaid expenses*

Advance to suppliers

Other receivables

Balance with government authorities	212.52	242.22
Advance to employees	3.17	0.88
Prepaid expenses*	74.83	30.82
Advance to suppliers	51.24	51.93
Other receivables	0.51	-
	342.27	325.85

*includes IPO expense of Rs. 32.08 million as at March 31, 2023 carried forward as prepaid expenses pertaining to Holding Company's share and the aforesaid amount will be adjusted with securities premium at the time of issue of shares.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

12 Inventories

(valued at lower of cost and net realizable value)

	As at March 31, 2023	As at March 31, 2022
Traded goods*	1,238.46	671.38
Less: Provision for slow moving inventories**	(99.19)	(12.86)
	1,139.27	658.52

*Traded goods includes goods in transit of Rs 17.68 million as at March 31, 2023 (March 31, 2022: Rs.4.96 million).

**Includes Rs 7 million of provision acquired through Business Transfer agreement with Godrej Consumer Private Limited on March 16, 2022 to acquire its Product business under the brand name Bblunt (refer note 45).

13 Trade receivables

Carried at amortised cost

	As at March 31, 2023	As at March 31, 2022
Trade receivables	1,277.04	727.86
	1,277.04	727.86
Break-up for security details		
Trade receivables		
Unsecured, considered good	1,277.04	727.86
Trade receivables - credit impaired	56.54	16.34
	1,333.58	744.20
Impairment allowance (allowance for bad and doubtful debts)		
Trade receivables - credit impaired	(56.54)	(16.34)
	(56.54)	(16.34)
	1,277.04	727.86
Total trade receivables	1,277.04	727.86
Movement in impairment allowance (allowance for bad and doubtful debts)		
Opening balance	16.34	5.02
Add: Acquisition (Refer note 45)	-	5.98
Add: Charge for the year	48.09	5.34
Less: Reversal/write off during the year	(7.89)	-
Closing balance	56.54	16.34

As at March 31, 2023

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		0-6 months	6 months – 1 year	1 - 2 years	2-3 years	More than 3 years	
Undisputed trade receivables - considered good	1,022.91	254.13	-	-	-	-	1,277.04
Undisputed trade receivable - credit impaired	-	18.82	30.22	6.76	0.74	-	56.54
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
Total	1,022.91	272.95	30.22	6.76	0.74	-	1,333.58
Less: Allowance for bad and doubtful debts	-	(18.82)	(30.22)	(6.76)	-0.74	-	(56.54)
Total trade receivables	1,022.91	254.13	-	-	-	-	1,277.04

As at March 31, 2022

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		0-6 months	6 months – 1 year	1 - 2 years	2-3 years	More than 3 years	
Undisputed trade receivables - considered good	157.23	569.03	1.60	-	-	-	727.86
Undisputed trade receivable - credit impaired	-	2.11	12.30	1.93	-	-	16.34
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
Total	157.23	571.14	13.90	1.93	-	-	744.20
Less: Allowance for bad and doubtful debts	-	(2.11)	(12.30)	(1.93)	-	-	(16.34)
Total trade receivables	157.23	569.03	1.60	-	-	-	727.86

- There are no non-current trade receivables as on March 31, 2023 and March 31, 2022

- No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person, other than those disclosed in Note 35. 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 30-60 days.

14 Cash and cash equivalents

Cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022
Cash in hand	2.33	1.02
Balance with banks		
- on current accounts	80.22	336.43
	82.55	337.45

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

Cash in hand	2.33	1.02
Balance with banks		
- on current accounts	80.22	336.43
Less - Bank overdraft (Refer note 19)	(36.09)	(33.57)
	46.46	303.88

15 Bank balances other than cash and cash equivalents

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

	As at March 31, 2023	As at March 31, 2022
	598.02	539.40
	598.02	539.40

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

16 Share Capital

Equity share capital

a) Authorised share capital

	Equity Shares	
	Numbers	Amount
Equity share capital of Rs. 10 each		
As at April 01, 2021	40,000	0.40
Increase during the year	-	-
As at March 31, 2022	40,000	0.40
As at April 01, 2022	40,000	0.40
Increase during the year	33,99,60,000	3,399.60
As at March 31, 2023	34,00,00,000	3,400.00
Equity share capital of Rs. 100 each		
As at April 01, 2021	580	0.06
Increase during the year	-	-
As at March 31, 2022	580	0.06
As at April 01, 2022	580	0.06
Increase during the year	-	-
As at March 31, 2023	580	0.06
Equity share capital of Rs. 90 each		
As at April 01, 2021	-	-
Increase during the year	-	-
As at March 31, 2022	-	-
As at April 01, 2022	-	-
Increase during the year	290	0.03
As at March 31, 2023	290	0.03

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

	Equity Shares	
	Numbers	Amount
Equity share capital of Rs. 10 each, fully paid up		
As at April 01, 2021	10,225	0.10
Issued during the year*	31	-
As at March 31, 2022	10,256	0.10
As at April 01, 2022	10,256	0.10
Issued during the year- Refer note (i) below	2,92,936	2.93
Bonus Issue during the year- Refer note (ii) below	13,60,32,854	1,360.33
Shares split during the year- Refer note (iii) below*	290	0.00
As at March 31, 2023	13,63,36,336	1,363.36
Equity share capital of Rs. 100 each, fully paid up		
As at April 01, 2021	290	0.03
Issued during the year	-	-
As at March 31, 2022	290	0.03
As at April 01, 2022	290	0.03
Issued during the year	-	-
Share split during the year- Refer note (iii) below	(290)	(0.03)
As at March 31, 2023	-	-
Equity share capital of Rs. 90 each, fully paid up		
As at April 01, 2021	-	-
Issued during the year	-	-
As at March 31, 2022	-	-
As at April 01, 2022	-	-
Issued during the year	-	-
Share split during the year- Refer note (iii) below	290	0.03
As at March 31, 2023	(290)	(0.03)

Notes:

- (i) During the year ended March 31, 2023, the Company issued 292,936 equity shares of Rs.10 each.
(ii) During the year ended March 31, 2023, the Company has issued 136,032,854 bonus shares in accordance with Section 63 of the Act in the ratio of 12,899:1 to all equity shareholders with equity shares of face value of Rs 10 each on May 11, 2022.
(iii) Pursuant to the approval of the shareholders accorded in the Extraordinary General Meeting (EGM) of the Holding Company held on April 28, 2022, each equity share of face value of Rs. 100 per share was split into one equity share of face value of Rs.10 per share and one equity share of face value of Rs.90 per share, with effect from April 28, 2022.
(iv) Pursuant to the approval of the Board of directors on September 13, 2022, equity share of face value of Rs.90 per share was bought back on September 22, 2022 for Rs.90 per share.

c) Terms/rights attached to equity shares

(i) The Holding Company has equity shares having par value of Rs 10 and Rs 100 per share. Each shareholder of equity shares is entitled to have one vote per share. The Holding Company declares and pays dividend in Indian Rupees. The dividend, if any, proposed by Board of Directors is subject to approval in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buyback of shares is possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Holding Company after distribution of all preferential amounts, as proportion to their holdings.

Pursuant to the approval of the shareholders accorded in the Extraordinary General Meeting (EGM) of the Holding Company held on April 28, 2022, each equity share of face value of Rs. 100 per share was split into one equity share of face value of Rs.10 per share and one equity share of face value of Rs.90 per share, with effect from April 28, 2022. Further, pursuant to the approval of the Board of directors on September 13, 2022, equity share of face value of Rs.90 per share was bought back on September 22, 2022 for Rs.90 per share.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

16 Share Capital (Continued)

d) Details of shareholders holding more than 5% shares in the Holding Company:

	As at March 31, 2023		As at March 31, 2022	
	Nos.	Holding %	Nos.	Holding %
Equity shares of Rs. 10 each, fully paid				
Varun Alagh	10,67,37,650	78%	8,282	81%
Ghazal Alagh	1,00,65,200	7%	788	8%
	11,68,02,850		9,070	
Equity shares of Rs. 100/- each fully paid*				
Shilpa Shetty Kundra	-	-	108	37%
Evolve Fund III LTD	-	-	102	35%
Evolve India Coinvest PCC	-	-	68	23%
	-	-	278	

* Refer note (c)(i) above

e) 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 on account of Bonus issue	(Change during the year)	No. of shares at the end of the year	% of total shares	% change during the year
Varun Alagh	8,282	10,68,29,518	(1,00,150)	10,67,37,650	78%	3%
Ghazal Alagh	788	1,01,64,412	(1,00,000)	1,00,65,200	7%	1%

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
Varun Alagh	8,514	(232)	8,282	81%	(3)%
Ghazal Alagh	788	-	788	8%	-

f) Shares reserved for issue under options

For details of shares reserved for issue on conversion of NCCCPS, Refer note 17.

For details of shares reserved for issue against share warrants, Refer note 38 (a).

For details of shares reserved for issue under the employee stock option plan (ESOP) and erstwhile Share appreciation rights (SARs), Refer note 40.

g) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

(i) During the year ended March 31, 2023, the Company has issued bonus shares aggregating to 136,032,854 in accordance with Section 63 of the Act in the ratio of 12,899:1 to all equity shareholders with equity shares of face value of Rs 10 each on May 11, 2022.

(ii) Pursuant to the approval of the Board of directors on September 13, 2022, 290 equity shares of face value of Rs. 90 per share were bought back on September 22, 2022 for Rs 90 per share.

17 Instrument entirely in the nature of equity

Preference shares

a) Authorised share capital

0.001% Non-Cumulative Compulsorily Convertible Preference Shares ("NCCCPS") of Rs. 10 each

As at April 01, 2021

	NCCCPS	
	Numbers	Amount
Class A NCCCPS	5,839	0.06
Class B NCCCPS	1,885	0.02
Class C NCCCPS	4,845	0.05
Class D NCCCPS	4,161	0.04
Increase during the year		
Class E NCCCPS	10,000	0.10
Reclassified from Class E to Class F		
Class E NCCCPS	(5,000)	(0.05)
Class F NCCCPS	5,000	0.05
As at March 31, 2022	26,730	0.27

As at April 01, 2022

Class A NCCCPS	5,839	0.06
Class B NCCCPS	1,885	0.02
Class C NCCCPS	4,845	0.05
Class D NCCCPS	4,161	0.04
Class E NCCCPS	5,000	0.05
Class F NCCCPS	5,000	0.05
Increase during the year	-	-
As at March 31, 2023	26,730	0.27

ii) Issued, subscribed and fully paid up shares

As at March 31, 2021

	NCCCPS	
	Numbers	Amount
Reclassified during the year	11,472	-
Class A NCCCPS- Refer note (i) below	581	989.60
Class B NCCCPS- Refer note (i) below	1,885	3,210.68
Class C NCCCPS- Refer note (i) below	4,845	8,252.38
Class D NCCCPS- Refer note (i) below	4,161	7,087.33
Increase during the year		
Class E NCCCPS- Refer note (ii) below	902	0.01
Class F NCCCPS - Refer note (ii) below	839	0.01
	13,213	19,540.01

Less: Reclassified to securities premium as per the Act

	13,213	17,929.36
As at March 31, 2022	13,213	17,929.36
As at April 01, 2022	13,213	17,929.36
Increase during the year	-	-
As at March 31, 2023	13,213	17,929.36

17 Instrument entirely in the nature of equity (continued)

Note (i): In respect of Non-Cumulative Compulsorily convertible preference shares ('NCCCPS'), the NCCCPS holders of the Company, in terms of the shareholders agreement, had exit rights including requiring the Company to buy back shares held by them. Accordingly, on transition to Ind AS, since the redemption feature is conditional upon an event not under the control of the issuer, and may require entity to deliver cash, which issuer cannot avoid, NCCCPS are classified as liability at fair value and the change in fair value of liability of has been recognized as an expense in the Statement of Profit and Loss. Further, subsequently on April 01, 2021, the Company and the NCCCPS holders have agreed to waive the buy-back rights granted to the NCCCPS holders under the shareholders agreement. Hence, the fair value of NCCCPS liability amounting to Rs 19,539.99 million has been classified from borrowings to instruments entirely in the nature of equity to the extent of Rs. 17,929.34 million and Rs. 1,610.65 million representing securities premium on the NCCCPS has been reclassified to other equity.

Note (ii): The Company has issued 902 Class E NCCCPS of Rs.10 at a premium of Rs.2.24 million per share and 839 Class F NCCCPS of Rs.10 at a premium of Rs.3.39 million per share during the year ended March 31, 2022.

(iii) Terms/rights attached to NCCCPS

The Holding Company has issued NCCCPS - Class A, B, C, D, E & F shares of Rs. 10 each fully paid-up. NCCCPS Class A, B, C, D, E & F shares carry a minimum preferential dividend @ 0.001% p.a. proportionately for the period for which the shares are being held and it shall be paid in preference to any dividend or distribution payable upon shares of any other class. Each holder of NCCCPS Class A, B, C, D, E & F shares is entitled to vote at each meeting of the holders of the Equity shares to the extent of such proportion of the total voting rights, as they would have been entitled assuming full conversion of the NCCCPS Class A, B, C, D, E & F shares. The holders of the NCCCPS shall be entitled to exercise voting rights on an as if converted basis i.e., assuming conversion of the NCCCPS in the manner set out in the shareholders agreement.

Each holder of NCCCPS Class A, B, C, D, E & F shares may convert the shares at the option of the holder into 1 equity share (post bonus 12,900 equity shares) of the Holding Company at the earlier of the following events:

- 1) Anytime at the option of the holder
- 2) Immediately upon the expiry of 20 years from the date of allotment; or
- 3) Qualified Initial Public Offering (IPO) as acceptable to the holder.

In the event of liquidation of the Company before conversion, the holder of NCCCPS Class A, B, C, D, E & F shares would be paid prior and in preference to any payment or distribution to equity share holders.

During the year ended March 31, 2023, the Company has issued bonus shares in accordance with Section 63 of the Act in the ratio of 12,899:1 to all equity shares of Rs 10 each on May 11, 2022. Consequently, each holder of NCCCPS Class A, B, C, D, E & F shares conversion ratio is changed to 12,900:1.

(iv) Details of shareholders holding more than 5% shares in the Holding Company:

	As at March 31, 2023		As at March 31, 2022	
	Nos.	Holding %	Nos.	Holding %
Class A NCCCPS of Rs. 10 each, fully paid				
Suhail Sameer	116	20%	116	20%
SCI Investments VI	209	36%	209	36%
Sofina Ventures S.A.	64	11%	64	11%
Sequoia Capital Global Growth Fund III – U.S./India Annex Fund, L.P.	33	6%	33	6%
Kanwaljit Singh (Managing trustee of Fireside Venture Trust)	108	19%	108	19%
	530		530	
Class B NCCCPS of Rs. 10 each, fully paid				
Fireside Ventures Investment Fund-I	199	11%	199	11%
SCI Investments VI	454	24%	454	24%
Sofina Ventures S.A.	1,062	56%	1,062	56%
	1,715		1,715	
Class C NCCCPS of Rs. 10 each, fully paid				
Fireside Ventures Investment Fund-I	1,780	37%	1,780	37%
Stellaris Venture Partners	1,764	36%	1,764	36%
Rishabh Mariwala	642	13%	642	13%
Sofina Ventures S.A.	252	5%	252	5%
	4,438		4,438	
Class D NCCCPS of Rs. 10 each, fully paid				
SCI Investments VI	3,346	80%	3,346	80%
Fireside Ventures Investment Fund-I	363	9%	363	9%
Stellaris Venture Partners	363	9%	363	9%
	4,072		4,072	
Class E NCCCPS of Rs. 10 each, fully paid				
SCI Investments VI	82	9%	82	9%
Sofina Ventures S.A.	656	73%	656	73%
Evolve Fund III LTD	164	18%	164	18%
	902		902	
Class F NCCCPS of Rs. 10 each, fully paid				
Sequoia Capital Global Growth Fund III – U.S./India Annex Fund, L.P.	839	100%	839	100%
	839		839	

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18 Other equity

	As at March 31, 2023	As at March 31, 2022
Securities premium	5,194.55	6,504.71
Retained earnings	(18,932.66)	(17,585.30)
Share based payment reserve	504.92	207.34
Capital redemption reserve	0.03	-
Foreign currency translation reserve	(0.55)	-
	(13,233.71)	(10,873.25)
(a) Securities premium		
Opening balance	6,504.71	20.08
Add: Premium on issue of equity shares	58.81	6.26
Add: Premium on issue of NCCCPS	-	4,863.85
Add: Premium towards NCCCPS on modification from liability to equity (Refer note 17)	-	1,610.65
Less: Transaction cost on issue of shares	(12.71)	(4.87)
Add: Transferred to securities premium on exercise of stock options	4.07	8.74
Less: Utilised on issue of bonus share	(1,360.33)	-
Closing balance	5,194.55	6,504.71
(b) Retained earnings		
Opening balance	(17,585.30)	(17,719.98)
Add:(Loss)/profit for the year	(1,428.09)	157.15
Add: Other comprehensive income	3.32	1.03
Less: Change in fair value of non-controlling interest liability (Refer note 45)	331.87	(10.79)
Less: Reclass for Non-controlling interest (Refer note 45)	(47.91)	(12.71)
Less: Transfer to capital redemption reserve on buyback of shares	(0.03)	-
Less: Excess payment over carrying value of non controlling interests	(206.52)	-
Closing balance	(18,932.66)	(17,585.30)
(c) Share based payment reserve		
Opening balance	207.34	48.34
Add: Share based payment expense for the year (Refer note 40)	273.91	167.74
Add: On account of modification of stock appreciation rights liability to equity (Refer note 40)	27.74	-
Less: Transferred to securities premium on exercise of stock options	(4.07)	(8.74)
Closing balance	504.92	207.34
(d) Capital redemption reserve		
Opening balance	-	-
Add: Transfer from retained earnings	0.03	-
Closing balance	0.03	-
(e) Foreign currency translation reserve		
Opening balance	-	-
Add: Impact of translation of foreign subsidiary	(0.55)	-
Closing balance	(0.55)	-

Nature and purpose of reserves

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 Act.

b) **Retained earnings:**

Retained earnings are the profits/(loss) that the Group has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Consolidated Statement of Profit and Loss.

c) **Share based payment reserve:**

Share based payment reserve is used to recognise the fair value of equity-settled share based payment transactions with employees.

Stock appreciation rights ('SAR') were considered as cash settled till May 30, 2022. With effect from May 31, 2022, the Group has removed the cash settlement option and these SARs would be settled through issuance of equity shares, pursuant to this modification the plan is treated as equity settled and hence on the date of modification the differential between fair value as on previous reporting date and as on the date of modification in scheme has been charged to Consolidated Statement of Profit and Loss. The fair value as on the date of modification has been transferred to Share based payment reserve. The scheme was further converted to ESOP Scheme 2021 (Refer note 40)

d) **Capital redemption reserve:**

The capital redemption reserve represents the reserve created by the Holding Company on buy back of equity shares.

e) **Foreign currency translation reserve:**

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

19 Borrowings

Current

Carried at amortised cost

Bank overdraft*

Unsecured loans

	As at March 31, 2023	As at March 31, 2022
	36.09	33.57
	-	2.29
	36.09	35.86

* The aforesaid bank overdraft is secured by Fixed deposits with HDFC bank and Kotak Mahindra bank and is repayable on demand. The facility carries interest @ FD rate+0.25% to 0.50% p.a.

20 Other financial liabilities

Non Current

Carried at fair value

Non-controlling interest liability*

Stock appreciation rights (Refer note 40)**

	As at March 31, 2023	As at March 31, 2022
	-	589.79
	-	9.02
	-	598.81

Current

Carried at fair value

Stock appreciation rights (Refer note 40)**

Non-controlling interest liability*

	-	11.13
	253.29	-
	253.29	11.13

Carried at amortised cost

Employee benefits payable

Security deposits

Consideration payable (Refer note 45)

Payable for capital goods

Other payables

	101.60	88.86
	1.68	-
	-	20.53
	6.10	7.18
	10.66	1.83
	120.04	118.40
	373.33	129.53

*During the year ended March 31, 2022, the Company has acquired 74.32% shareholding in Just4Kids Services Private Limited for a consideration of Rs 944.58 million. Pursuant to the Shareholders Agreement between the Holding Company and existing shareholders of Just4kids Services Private Limited, both the parties have the obligation to purchase and sell the remaining shares of the existing shareholders at a pre-agreed valuation. At the end of each reporting period, the non-controlling interests subject to put option is derecognised and the difference between the derecognised and present value of the redemption based on the valuation, which is recorded as a financial liability, is accounted for as an equity transaction. Accordingly, the Group has recognised the present value of future obligation amounting to Rs 579.00 million as a financial liability as on date of acquisition. The group has fair valued the obligation and has a fair valuation loss of Rs.10.79 million during the year ended March 31, 2022 in equity in respect of the Non-controlling interests liability. Further, the Group has settled NCI liability of Rs 4.63 million during the year ended March 31, 2023.

The Holding company has entered into a non binding term sheet with NCI holders to acquire the remaining stake at net cash balance of Just4kids Services Private Limited as at the closing date. Hence, the Group has accounted for the NCI liability as at reporting date as equivalent to the estimated settlement and has reversed the NCI liability of Rs. 331.87 million during the year ended March 31, 2023 through retained earnings in respect of the Non-controlling interests liability.

** Stock appreciation rights were considered as cash settled till May 30, 2022. However w.e.f. May 31, 2022, the Holding Company has made modifications to the scheme and the scheme is now accounted for as an equity settled share based payments scheme. The differential between fair value as on previous reporting date and as on the date of modification in scheme has been included in the Consolidated Statement of profit and loss. The fair value as on the date of modification has been transferred to Share based payment reserve. (Refer note 18)

21 Provisions

Non-current

Provision for Gratuity (Refer note 36)

	As at March 31, 2023	As at March 31, 2022
	60.61	35.54
	60.61	35.54

Current

Provision for Gratuity (Refer note 36)

Provision for Leave benefits

	1.99	1.68
	38.35	22.21
	40.34	23.89

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

22 Other liabilities

	As at March 31, 2023	As at March 31, 2022
Current		
Statutory dues payable	121.21	61.83
Advance from customers	44.91	38.94
Deferred revenue	22.64	19.93
	188.76	120.70
	Advance from customers	Deferred revenue
Movement during the year		
Balance as at April 01, 2021	15.32	11.81
Arising during the year	38.94	14.49
Utilised during the year	(15.32)	(11.81)
Balance as at March 31, 2022	38.94	19.93
Balance as at April 01, 2022	38.94	19.93
Arising during the year	44.91	22.64
Utilised during the year	(38.94)	(19.93)
Balance as at March 31, 2023	44.91	22.64

23 Trade payables

Carried at amortised cost

	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises (MSME)	86.59	34.99
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,880.13	1,668.53
	1,966.72	1,703.52

There are no non-current trade payables as on March 31, 2023 and March 31, 2022

The amount due to Micro, small and medium enterprise in the "Micro, small and medium Enterprise Development Act, 2006" (MSMED) has been determined to the extent such parties have been identified on the basis of information available with the Group. The disclosure relating to micro, small and medium enterprises are as under:

Particulars	March 31, 2023	March 31, 2022
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period:		
Principal amount due to micro and small enterprises	84.24	33.82
Interest due on the above	2.35	1.17
Total	86.59	34.99
(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	1.18	0.22
(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 MSMED Act, 2006	2.35	1.17

The above disclosures are provided by the Group based on the information available with the Group 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 Group's credit risk management processes, refer to Note 43.

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

	Current but not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2023						
(i) Undisputed dues - MSME	-	86.59	-	-	-	86.59
(ii) Undisputed dues - Others	783.57	1,094.28	2.28	-	-	1,880.13
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	783.57	1,180.87	2.28	-	-	1,966.72
As at March 31, 2022						
(i) Undisputed dues - MSME	-	34.99	-	-	-	34.99
(ii) Undisputed dues - Others	501.87	1,164.13	2.53	-	-	1,668.53
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	501.87	1,199.12	2.53	-	-	1,703.52

24 Income tax liability (Net)

	As at March 31, 2023	As at March 31, 2022
Current		
Income tax liability (net of advance tax)	39.38	-
	39.38	-

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

25 Tax expense (net)

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

a) Statement of Profits and Losses*Profit or loss section*

	Year ended March 31, 2023	Year ended March 31, 2022
Current income tax:		
Current tax	171.78	64.11
Deferred tax:		
Relating to origination and reversal of temporary differences	(72.52)	15.85
Total tax expense	99.26	79.96

b) Other comprehensive income/(loss)*Deferred tax related to items recognised in OCI during the year:*

	Year ended March 31, 2023	Year ended March 31, 2022
Deferred tax charge on remeasurements of defined benefit plans	1.02	0.34
Tax expense charged to OCI	1.02	0.34

c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

	Year ended March 31, 2023	Year ended March 31, 2022
Accounting (Loss)/profit before income tax	(1,410.40)	224.39
Applicable tax rate in India	25.17%	25.17%
Computed tax (credit)/charge	(355.00)	56.48
Impact of income taxable at lower rate	(2.17)	-
Deferred tax asset not recognised in subsidiaries	103.15	12.79
Expenses not deductible under income tax	407.13	7.59
Deferred tax liabilities written back on assets impaired (Refer note 7)	(55.12)	-
Others	1.27	3.10
Income tax expense reported in the Consolidated Statement of Profit and Loss	99.26	79.96

d) Deferred tax relates to the following:

	As at March 31, 2023	As at March 31, 2022
Deferred tax liability		
Investments - Fair value	51.74	50.64
Property, plant and equipment and Intangible Assets: Impact of difference between tax depreciation allowed under the Income Tax Act and depreciation/amortisation charged for financial reporting	32.06	74.03
Movement on account of Written down value of Intangible assets (Refer Note - 45)	7.97	-
	91.77	124.67
Deferred tax asset		
Allowance for bad and doubtful debts	12.59	2.22
Provision for Gratuity	15.98	7.18
Provision for leave encashment	9.53	5.59
Provision for bonus	0.66	0.58
Provision for deferred revenue	5.70	5.02
Leases, net	5.28	3.24
Provision for slow moving inventory	26.66	2.05
Security deposits, net	6.14	0.73
Brought forward losses and unabsorbed depreciation	35.22	12.46
	117.76	39.07
	(25.99)	85.60
Less: Deferred tax not recognised (Refer note (i) below)	40.09	-
Net Deferred tax liability	14.10	85.60

Notes:

(i) No deferred tax asset has been recognised in certain subsidiaries in the absence of reasonable certainty that sufficient future taxable income will be available in the foreseeable future against which such deferred tax can be utilized.

(ii) The Group 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.

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

(All amounts in Rs. millions, except as otherwise stated)

25 Tax expense (net) (Continued)

e) Reconciliation of deferred tax liabilities (net):

	Year ended March 31, 2023	Year ended March 31, 2022
Opening balance	85.60	14.20
Tax income/(expense) during the year		
- recognised in Consolidated Statement of Profit and Loss	(72.52)	15.85
- recognised in OCI	1.02	0.34
- Acquisition (Refer note 45)	-	55.21
Closing balance	14.10	85.60

f) Movement for the year ended March 31, 2023

	April 01, 2022	Additions from acquisition (Refer note 45)	Recognised in profit or loss	Recognised in OCI	March 31, 2023
Deferred tax liability					
Investments - Fair value	50.64	-	1.10	-	51.74
Property, plant and equipment and Intangible Assets: Impact of difference between tax depreciation allowed under the Income Tax Act and depreciation/amortisation charged for financial reporting	74.03	-	(41.97)	-	32.06
Movement on account of Written down value of Intangible assets	-		7.97	-	7.97
	124.67	-	(32.90)	-	91.77
Deferred tax asset					
Allowance for bad and doubtful debts	2.22	-	10.37	-	12.59
Provision for Gratuity	7.18	-	9.82	(1.02)	15.98
Provision for leave encashment	5.59	-	3.94	-	9.53
Provision for bonus	0.58	-	0.08	-	0.66
Provision for deferred revenue	5.02	-	0.68	-	5.70
Brought forward losses and unabsorbed depreciation	2.05	-	33.17	-	35.22
Leases, net	3.24	-	2.04	-	5.28
Provision for slow moving inventory	0.73	-	25.93	-	26.66
Security deposits, net	12.46	-	(6.32)	-	6.14
Total	39.07	-	79.71	(1.02)	117.76
Less: Deferred tax not recognised (Refer note (i) above)			40.09		40.09
Net Deferred tax (asset)/liability	85.60	-	(72.52)	1.02	14.10

g) Movement for the year ended March 31, 2022

	April 01, 2021	Additions from acquisition (Refer note 45)	Recognised in profit or loss	Recognised in OCI	March 31, 2022
Deferred tax liability					
Investments - Fair value	25.41	3.06	22.17	-	50.64
Property, plant and equipment and Intangible Assets: Impact of difference between tax depreciation allowed under the Income Tax Act and depreciation/amortisation charged for financial reporting	-	64.68	9.35	-	74.03
	25.41	67.74	31.52	-	124.67
Deferred tax asset					
Allowance for bad and doubtful debts	1.26	-	0.96	-	2.22
Provision for Gratuity	2.41	1.66	3.45	(0.34)	7.18
Provision for leave encashment	2.37	-	3.22	-	5.59
Provision for bonus	0.27	-	0.31	-	0.58
Provision for deferred revenue	2.97	-	2.05	-	5.02
Brought forward losses and unabsorbed depreciation	-	12.65	(0.19)	-	12.46
Leases, net	0.93	(2.42)	3.54	-	2.05
Provision for slow moving inventory	-	-	3.24	-	3.24
Security deposits, net	0.03	0.64	0.06	-	0.73
Property, plant and equipment and Intangible Assets: Impact of difference between tax depreciation allowed under the Income Tax Act and depreciation/amortisation charged for financial reporting	0.97	-	(0.97)	-	-
	11.21	12.53	15.67	(0.34)	39.07
Net Deferred tax (asset)/liability	14.20	55.21	15.85	0.34	85.60

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

26 Revenue from operations

	March 31, 2023	March 31, 2022
Sale of products	14,255.12	9,318.74
Sale of services	672.36	115.91
Revenue from operations	14,927.48	9,434.65
<u>Sale of products (net of Goods and Service Tax)</u>		
Traded goods	14,255.12	9,318.74
	14,255.12	9,318.74
<u>Sale of services (net of Goods and Service Tax)</u>		
Content creation and influencer marketing	367.80	101.12
Hair care	304.56	14.79
	672.36	115.91

26.1 Details of disaggregation of revenue

The Group derives its major revenue from sale of baby care, skin care, hair care and other related products and services, which is a single line of business.

26.2 Contract balances

	As at March 31, 2023	As at March 31, 2022
Trade receivables	1,277.04	727.86
Contract assets		
Unbilled revenue (Refer note 9)	14.84	-
Contract Liabilities		
Advance from customers (Refer note 22)	44.91	38.94
Deferred revenue (Refer note 22)	22.64	19.93

26.3 Timing of revenue recognition

	March 31, 2023	March 31, 2022
Revenue recognised at a point in time	14,255.12	9,318.74
Revenue recognised over a period of time	672.36	115.91
Revenue from contract with customers	14,927.48	9,434.65

26.4 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

	March 31, 2023	March 31, 2022
Revenue as per contracted price	15,963.87	9,909.50
Adjustments		
Claims and rebates	(1,033.67)	(466.73)
Deferred revenue	(2.72)	(8.12)
Revenue from contract with customers	14,927.48	9,434.65

26.5 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 Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or lesser.

27 Other income

	March 31, 2023	March 31, 2022
Interest income on:		
Investments	72.22	54.41
Deposits with bank	34.19	11.45
Income tax refund	1.35	-
Unwinding of discount on security deposits	2.26	0.73
Fair value gain on investments measured at FVTPL	17.12	88.84
Gain on sale of investments measured at FVTPL	77.41	43.46
Foreign exchange gain (net)	0.50	-
Others	20.65	9.91
	225.70	208.80

28 Purchases of traded goods

	March 31, 2023	March 31, 2022
Purchases (traded goods)	5,024.23	3,047.68
	5,024.23	3,047.68

29 (Increase) in inventories of traded goods

	March 31, 2023	March 31, 2022
Inventories at the beginning of the year	671.38	417.42
Inventory acquired during the year from:		
- Acquisition (Refer note 45)	10.18	40.67
	681.56	458.09
Inventories at the end of the year	1,238.46	671.38
	1,238.46	671.38
(Increase) in inventories of traded goods	(556.90)	(213.29)

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

30 Employee benefits expenses

	March 31, 2023	March 31, 2022
Salaries, wages and bonus	1,278.31	560.61
Contribution to provident fund and other funds (Refer note 36)	19.56	10.41
Gratuity (Refer note 36)	31.03	14.40
Share based payments expenses (equity settled) (Refer note 40)	273.91	167.75
Share based payments expenses (cash settled) (Refer note 40)	7.59	20.15
Staff welfare expenses	38.40	15.14
	1,648.80	788.46

31 Depreciation and amortisation expense

	March 31, 2023	March 31, 2022
Depreciation of property, plant and equipment	25.72	7.56
Depreciation of right-of-use-assets	152.38	50.87
Amortisation of intangible assets	71.54	10.52
	249.64	68.95

32 Finance costs

	March 31, 2023	March 31, 2022
Interest on		
Lease liabilities	55.65	25.75
Borrowings from bank	5.37	0.49
Others	-	0.56
Bank charges	5.61	3.25
	66.63	30.05

33 Other expenses

	March 31, 2023	March 31, 2022
Advertisement expense	5,302.78	3,914.74
Freight and forwarding charges	1,442.41	919.07
Software support expenses	260.93	128.22
Sales Commission	442.28	286.88
Packaging materials and other consumables	219.14	137.71
Content creation expense	53.39	17.20
Influencer expense	104.72	25.58
Activation expenses	39.35	-
Power and fuel	8.35	1.83
Rent (Refer note 6)	34.87	8.28
Rates and taxes	5.16	12.03
Contract Labour charges	106.11	62.97
Insurance	5.99	2.77
Repairs and maintenance	23.42	6.06
Travelling and conveyance	78.13	26.51
Communication costs	3.43	1.89
Printing and stationery	3.49	0.36
Legal and professional charges (Refer note (i) below)	231.76	94.57
Bad Debts	-	3.85
Payment gateway charges	16.44	16.84
Research and insights expense	35.34	7.69
Loss on sale/disposal of PPE	-	0.40
Foreign exchange fluctuation loss (net)	0.95	3.03
Provision for slow moving inventory	79.33	8.91
Corporate social responsibility expenses (Refer note (ii) below)	3.15	1.44
Allowance for bad and doubtful debts	48.09	5.34
Miscellaneous expenses	27.80	3.04
Directors sitting fees	7.40	-
	8,584.21	5,697.21

(i) Payment to auditor (included under legal and professional charges)

Audit fee paid to statutory auditors of Standalone and Consolidated financial statements	5.50	3.50
Audit fees relating to subsidiary companies	1.10	1.10
Other services fees relating to subsidiary companies	0.07	0.04
Reimbursement of expenses	-	0.02
Other services (Certification fees and other IPO related services)	20.00	-
Other adjustments *	(20.00)	-
	6.67	4.66

* Refer note 9 and 11 for share issue expenses.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

33 Other expenses (Continued)

(ii) Details of CSR Expenditure

Consequent to the requirements of section 135 and Schedule VII of the Act the Company is required to contribute 2% of its average net profits during the immediately three preceding financial years in pursuance of its Corporate Social Responsibility ('CSR') policy.

The Group has incurred Rs 3.15 million in the year ended March 31, 2023 (March 31, 2022: Rs 1.44 million) towards various schemes of corporate social responsibility as prescribed under Section 135 of the Act

Disclosures in accordance with Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities

Particulars	March 31, 2023		March 31, 2022	
	In cash	Yet to be paid in cash	In cash	Yet to be paid in cash
a) Gross amount required to be spent by the Group during the year	-	-	3.15	1.44
b) Amount approved by the Board to be spent during the year	3.15	-	3.15	1.44
c) Amount spent during the year ended March 31, 2023				
i) Construction/acquisition of assets	-	-	-	-
ii) On purposes other than above	3.15	-	-	-
d) Amount spent during the year ended March 31, 2022				
i) Construction/acquisition of assets	-	-	-	-
ii) On purposes other than above	1.44	-	-	-

Details of ongoing project and other than ongoing project for the year ended March 31, 2023 (Consolidated)

In case of Section 135(6) (Ongoing project)					
Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing balance
With Company	In separate CSR Unspent A/C		From Company's bank A/C	From separate CSR unspent A/C	With Company/In separate CSR unspent A/C
-	-	-	-	-	-

In case of Section 135(5) (Other than ongoing project)				
Opening balance	Amount deposited in Specified Fund of Schedule VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	3.15	3.15	-

Details of ongoing project and other than ongoing project for the year ended March 31, 2022

In case of Section 135(6) (Ongoing project)					
Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing balance
With Company	In separate CSR Unspent A/C		From Company's bank A/C	From separate CSR unspent A/C	With Company/In separate CSR unspent A/C
-	-	-	-	-	-

In case of Section 135(5) (Other than ongoing project)				
Opening balance	Amount deposited in Specified Fund of Schedule VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	1.44	1.44	-

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

Notes to the Consolidated Financial Statements for the year ended March 31, 2023*(All amounts in Rs. millions, except as otherwise stated)***34 Earnings/(loss) per share**

Basic Earnings/(loss) per share ('EPS') amounts are calculated by dividing the Consolidated Profit/(loss) for the period attributable to equity holders of the Holding Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the Consolidated Profit/(loss) attributable to equity holders of the Holding Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS

	March 31, 2023	March 31, 2022
(Loss)/Profit after tax attributable to equity holders of the Parent (a)	(1,428.09)	157.15
Equity shares of Rs. 10 each	(1,428.09)	155.15
Equity shares of Rs. 100 each	-	1.99
Weighted average number of shares outstanding during the year for basic EPS (b)		
Equity shares of Rs. 10 each	30,66,44,272	29,18,25,532
Equity shares of Rs. 100 each	-	37,41,000
Weighted average number of shares outstanding during the year for diluted EPS (c)*		
Equity shares of Rs. 10 each	31,44,47,560	29,75,40,878
Equity shares of Rs. 100 each	-	37,41,000
Basic earnings/(loss) per share (in Rs.) (a/b)		
Equity shares of Rs. 10 each	(4.66)	0.53
Equity shares of Rs. 100 each	-	0.53
Diluted earnings/(loss) per share (in Rs.) (a/c)*		
Equity shares of Rs. 10 each	(4.66)	0.52
Equity shares of Rs. 100 each	-	0.53
Equity share reconciliation for EPS - Face value Rs. 10		
Equity shares of Rs. 10 each	13,61,96,572	13,19,94,532
Equity shares of Rs. 100 each	-	
NCCCPS as equity	17,04,47,700	15,98,31,000
Total considered for basic EPS	30,66,44,272	29,18,25,532
Add: Employee stock options	78,03,288	57,15,346
Total considered for diluted EPS	31,44,47,560	29,75,40,878
Equity share reconciliation for EPS - Face value Rs.100		
Equity shares of Rs. 100 each	-	37,41,000

a) During the year ended March 31, 2023, the Holding Company has issued bonus shares to the shareholders at conversion ratio of 12,899: 1. The weighted average number of shares for the year ended March 31, 2022 have been adjusted to reflect the impact of bonus issue as per Ind AS 33. Equity shares with face value of Rs.10 and Rs.100 rank paripassu and does not have differential voting rights.

b) During the year ended March 31, 2023, the Holding Company has split Rs.100 face value equity share to Rs.10 each and Rs.90 each on May 11, 2022. The Holding Company has issued bonus shares to the shareholders at same conversion ratio of 12,899: 1, considering they rank paripassu to the Rs.10 face value equity shares. The Equity shares of Rs.90 each are non-voting shares and the Holding Company has subsequently bought back the same on September 22, 2022.

*Employee stock options are anti-dilutive in nature during the year ended March 31, 2023.

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35 Related party disclosures

Note 1(b) of Significant accounting policies forming part of Consolidated Financial Statements provides the information about the Group's structure including the details of the subsidiaries. Names of related parties and related party relationship, irrespective of whether transaction have occurred or not is given below:

Entities where control exists

Just4Kids Services Private Limited (w.e.f. December 24, 2021)	Subsidiary
Bhabani Blunt Hairdressing Private Limited (w.e.f. March 16, 2022)	Subsidiary
Bblunt Spratt Hair dressing Private Limited (w.e.f. March 16, 2022)	Subsidiary of subsidiary
PT Honasa Consumer Indonesia (w.e.f. February 18, 2022)	Subsidiary
Honasa Consumer General Trading L.L.C. (w.e.f. June 23, 2022)	Subsidiary
Fusion Cosmeceutics Private Limited (w.e.f. April 06, 2022)	Subsidiary

Key management personnel (KMP) of Holding company

Directors

Varun Alagh	Director and Chief Executive Officer
Ghazal Alagh	Director
Ishaan Mittal	Director
Vivek Gambhir (w.e.f. March 24, 2021)	Independent Director
Namita Gupta (w.e.f. June 08, 2022)	Independent Director
Rahul Chowdhri (Resigned w.e.f. June 08, 2022)	Director
Subramaniam Somasundaram (w.e.f. February 11, 2022)	Independent Director
Vettakkorumakankav Siva Subramaniam Sitaram (Resigned w.e.f. October 20, 2022)	Director

Other KMP

Raman Preet Sohi (w.e.f. July 26, 2022)	Chief Financial Officer
Dhanraj Dagar (w.e.f. May 11, 2022)	Company Secretary

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 period-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not recorded any impairment of receivables relating to amounts owed by related parties as at March 31, 2023 and March 31, 2022. This assessment is undertaken at each financial period 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.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant period:

Nature of transactions	March 31, 2023	March 31, 2022
Reimbursement of expenses		
Varun Alagh	0.78	0.06
Ghazal Alagh	0.17	-
	0.95	0.06
Remuneration paid*		
Varun Alagh	14.98	11.31
Ghazal Alagh	9.98	7.43
Ramanpreet Sohi	10.94	-
Dhanraj Dagar	2.09	-
	37.99	18.74

*The remuneration to the Key Management Personnel does not include provision made for gratuity and leave benefits as they are determined on an actuarial basis for the Group as a whole.

Directors sitting fees

Vivek Gambhir	2.20	-
Namita Gupta	2.20	-
Subramaniam Somasundaram	3.00	-
	7.40	-

Share based payment expenses

Ramanpreet Sohi	1.02	-
Dhanraj Dagar	0.62	-
	1.64	-

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

	As at March 31, 2023	As at March 31, 2022
Expense payable		
Varun Alagh	0.02	-
	0.02	-
Other receivables		
Ghazal Alagh	0.07	-
	0.07	-
No. of Employee Stock Options Outstanding		
Ramanpreet Sohi	4,38,600	-
Dhanraj Dagar	4,955	-
	4,43,555	-

36 Employee benefits plan

(i) Defined contribution plans - Provident Fund, ESI and labour welfare fund

The Group makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. During the year, the Group recognised Rs. 19.56 million (March 31, 2022: Rs. 10.41 million) towards such contributions in the Consolidated Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

(ii) Defined benefit plans (unfunded):

The Group 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 benefit plan for qualifying employees.

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

Interest risk	The plan exposes the Group 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 Group 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.
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 Group has used certain mortality and attrition assumptions in valuation of the liability. The Group 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.

	As at March 31, 2023	As at March 31, 2022
Current	1.99	1.68
Non-current	60.61	35.54
	62.60	37.22

The following table sets out movement in defined benefits liability and the amount recognised in the consolidated 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	37.22	-	37.22
Acquisition (Refer note 45)	0.49	-	0.49
Amount recognised in Statement of Profit and Loss:			
Current service cost	28.40	-	28.40
Interest cost on benefit obligation	2.63	-	2.63
Total amount recognised in statement of profit and loss	31.03	-	31.03
Benefits paid	(1.78)	-	(1.78)
Remeasurement			
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	9.99	-	9.99
Experience adjustments	(14.35)	-	(14.35)
Total amount recognised in other comprehensive income	(4.36)	-	(4.36)
Contributions by employer	-	-	-
As at March 31, 2023	62.60	-	62.60

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2022:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 01, 2021	9.59	-	9.59
Acquisition related obligation (Refer note 45)	14.60	-	14.60
Amount recognised in Statement of Profit and Loss:			
Current service cost	13.65	-	13.65
Interest cost on benefit obligation	0.75	-	0.75
Total amount recognised in statement of profit and loss	14.40	-	14.40
Benefits paid	-	-	-
Remeasurement			
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	(1.51)	-	1.51
Experience adjustments	0.14	-	0.14
Total amount recognised in other comprehensive income	(1.37)	-	(1.37)
Contributions by employer	-	-	-
As at March 31, 2022	37.22	-	37.22

36 Employee benefits plan (Continued)

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

	As at March 31, 2023	As at March 31, 2022
Discount rate	7.20% - 7.50%	5.66% - 7.22%
Future salary increases	7% - 10%	7% - 10%
Normal retirement age	58-60 years	58-60 years
Attrition / withdrawal (per annum)	1% - 10%	1% - 10%
Mortality	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

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

Sensitivity Level	As at March 31, 2023		As at March 31, 2022		
	Impact on defined benefit obligation				
	Increase	Decrease	Increase	Decrease	
Discount rate	0.5% increase / decrease	(2.46)	6.50	(6.25)	7.73
Future salary increase	0.5% increase / decrease	5.30	(1.66)	7.30	(5.94)
Attrition rate	0.5% increase / decrease	(0.82)	2.73	(1.32)	1.37

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 year) has been applied as when calculating the defined benefit liability recognised in the Consolidated 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 4 to 20 years (March 31, 2022: 4 years to 16.92 years). The expected maturity analysis of undiscounted gratuity is as follows:

	As at March 31, 2023	As at March 31, 2022
Within the next 12 months	1.99	1.68
Between 2 and 5 years	9.29	8.37
Beyond 5 years	230.76	27.17

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37 Segment information

The Group is principally engaged in trading of variety of beauty and personal care products and related services with products across baby care, skin care, hair and other personal care categories, which are manufactured through third party contract manufacturers under the brand name of 'Mamaearth', 'The Derma Co', 'BBlunt', 'Aqualogica', 'Ayuga' and 'Dr.Sheth's' and services comprises of beauty salon and hair styling services (under the trademark 'BBlunt') as well as content development and influencer marketing (with its online platform 'Momspresso.com'). The Company, together with its subsidiaries, sells its products and services primarily in India. The Board of Directors being the Chief Operating Decision Maker ('CODM') evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by industry classes. All operating segment results are reviewed regularly by CODM to make decisions about resources to be allocated to the segments and assess their performance. CODM believes that these are governed by same set of risks and returns hence, CODM reviews them as one component. Further, the economic environment in which the Group operates is significantly similar and not subject to materially different risk and rewards. The revenues, total expenses and net profit/(loss) as per the Consolidated Statement of Profit and Loss represents the revenue, total expenses and net profit/(loss) of the sole reportable segment.

Geographical Information

The operations of the Group are managed on a worldwide basis and they operate in two principal geographical areas of the world, in India and outside India. The following table describes the segment information of the Group.

The Group's revenue from operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Year ended March 31, 2023	Year ended March 31, 2022
(i) The amount of revenue from external customers broken down by location of customers is shown below:		
India	14,611.14	9,155.35
Outside India	316.34	279.30
	14,927.48	9,434.65

(ii) The non-current assets of the Group are located in the country of domicile i.e. India. Hence no specific disclosures have been made. The overseas subsidiaries do not have any non current assets outside India as at the reporting date.

38 Commitments

a) The Holding Company has entered into a celebrity endorsement agreement ('Agreement') dated April 04, 2018 with Shilpa Shetty Kundra ('Celebrity') and an addendum to the Agreement dated May 30, 2020. As per the first addendum, the Holding Company is obliged to issue a warrant certificate of Rs 10 million to the celebrity against the services to be provided by the celebrity. The celebrity at her sole discretion shall be entitled to exercise the warrant on expiry of the term of the agreement or on earlier termination of the agreement. The warrant subscription price is based on the price equivalent to the fair value of the equity share of the Holding Company as on the date of exercise of the warrant. Basis further negotiation, the Celebrity and the Holding Company have agreed to issue additional share warrants certificate of Rs 20.47 million with respect to agreement dated May 30, 2020 with similar terms as per the earlier warrant certificate.

The Holding Company has also entered into a second addendum in the financial year ended March 31, 2022. As per the addendum, the Holding Company is obliged to issue the shares worth Rs 30 million against the services to be provided by the celebrity. The share subscription price is based on the price equivalent to the fair value of the Holding Company as on the date of exercise.

The Holding Company has settled the said commitment during the year ended March 31, 2023 by issuing the equity shares (Refer note 16) and there are no outstanding share warrants as at March 31, 2023.

b) Refer note 17 for NCCCPS related commitments

c) Refer note 20 for Non-controlling interest commitments

d) Refer note 6 for lease commitments

39 Contingent liabilities

	As at March 31, 2023	As at March 31, 2022
Claims against the Group not acknowledged as debts*	1,001.25	-
Bank guarantee**	201.99	279.40
Disputed statutory demands pending before the Appellate Authorities #	9.05	9.05

*RSM General Trading LLC ('RSM'), an overseas distributor of the Company has filed a case against the Company on the ground that the Distributorship Agreement between RSM and the Company has been terminated illegally by the Company without complying with provisions of the Distributorship Agreement and RSM has claimed damages to the tune of AED 45,000,000 (equivalent to Rs 1,001.25 million) citing various reasons such as loss of future business opportunities, moral damage, recovery towards damaged inventory etc. The matter is in the court of UAE for hearing. The management, basis legal opinion, is of the view that there are no merits in the aforesaid case and is hopeful of favourable decision. Accordingly, no provision has been made in this regard against the claim.

* The Group has certain disputes, lawsuits and claims, which arise in from time to time in the ordinary course of business. The Group believes these matters are not expected to have material impact on the consolidated financial statements.

**Includes Bank Guarantees issued in favour of Hewlett Packard Financial Services (India) Pvt Ltd against laptops taken on lease amounting to Rs 48.79 million (March 31, 2022: 31.20 million), performance guarantees issued in favour of The Deputy General Manager - Canteen Stores Department amounting to Rs 153.20 million (March 31, 2022: Rs 33.40 million) and performance guarantees issued in favour of TLG India Private Limited Nil (March 31, 2022: Rs 214.80 million)

Represents demands raised by Income tax and service tax authorities pending before appellate authorities.

40 Share based payments

A. Employee Share Option Plan (ESOP) of the Holding Company

Employees Stock Option Plan 2018

On August 02, 2018, the Board of Directors approved the equity settled "Honasa Consumer Private Limited Employees Stock Option Plan 2018" for issue of stock options to various employees of the holding company. According to the scheme, the employees will be entitled to options, subject to their continued employment with the Group. There would be graded vesting on annual basis for the next 4 years. The contractual life (comprising the vesting period and the exercise period) of options granted is from the date of such grant till the resignation of the employee. The other relevant terms of the grant are as below:

Class of Share	Equity Shares Rs. 10 each (as amended vide board meeting held on August 02, 2018).
Ownership	Legal and Beneficial Ownership
Vesting Pattern	Four-year vesting term and vest at the rate of 25% in the first year and 6.25% each quarter from the first quarter of the second year and become fully exercisable, subject to employee being in the employment of the Holding Company.
Exercise Price	Exercisable at an exercise price of Rs 25,788, Rs 54,512 and Rs 263,566 per option. During the year ended March 31, 2023, the Company has issued bonus shares [Refer note 16], pursuant to bonus issue, exercise price has been reduced to Rs. 2, Rs. 4.23 and Rs. 20.43 respectively. Exercise price for the grant made during the year ended March 31, 2023 is Rs. 262.41
Economic Benefits / Voting Rights	The holders of the equity shares will be entitled to the economic benefits of holding these shares only after the completion of the various vesting terms mentioned above and shall acquire voting rights as a shareholder of the Holding Company (as approved by the shareholders at the meeting held on August 13, 2018).

Movements during the year

The following are the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year:

Particulars	March 31, 2023		March 31, 2022	
	No. of options	WAEP	No. of options	WAEP
Outstanding at the beginning of the year*	75,33,600	15.74	429	1,76,661.96
Granted during the year	10,60,424	163.01	193	2,63,565.86
Forfeited during the year	(4,80,558)	34.10	(7)	2,63,565.86
Exercised during the year	(62,501)	20.43	(31)	-
Outstanding at the end of the year	80,50,965	34.00	584	2,02,985.66
Exercisable at the end of the year	47,61,713	13.20	204	1,42,427.36
Weighted Average Remaining Contractual Life	4.42 years		5.17 years	

The weighted average fair value of the options granted during the year is Rs 78.41 (March 31, 2022: 0.76 million) (Refer note 16)

*Change in opening number of options and WAEP on account of bonus issue [Refer note 16].

Share appreciation rights (SAR) [equity settled effective May 31, 2022 and cash settled upto May 30, 2022]

On September 30, 2021 the board of directors approved the Honasa Consumer Private Limited Share Appreciation Rights Plan 2021 for issue of appreciation rights to the permanent employees of the Company. The Company's employees are granted share appreciation rights (SARs), to be settled in cash. The liability for the share appreciation rights is measured, initially and at the end of each reporting period until settled, at the fair value of the SARs by applying an option pricing model, taking into account the terms and conditions on which the SARs were granted, and the extent to which the employees have rendered services to date.

Stock appreciation rights were considered as cash settled till May 30, 2022. With effect from May 31, 2022, the Group has removed the cash settlement option and these SARs would be settled through issuance of equity shares, pursuant to this modification the plan is treated as equity settled and hence on the date of modification the differential between fair value as on previous reporting date and as on the date of modification in scheme has been charged to Consolidated statement of profit and loss. The change in fair value of Rs 27.74 million upto the date of modification has been transferred to share based payment reserve.

Pursuant to the resolutions passed by the board of directors and the shareholders of the Company on December 15, 2022 and December 17, 2022, respectively, the share appreciation rights (SARs) Scheme was amended and rechristened by the Company to Employee stock options plan 2021 (ESOP scheme 2021) ("December 2022 Amendment"). Except for the adjustments made to the number of stock options and the ratio for conversion of the ESOPs into Equity Shares on account of the December 2022 Amendment and the bonus shares issuance dated May 11, 2022, all other terms of the SARs granted under the SAR Scheme (now rechristened as ESOP scheme 2021), including date of grant, vesting schedule, and the exercise price remained the same.

The carrying amount of the liability relating to the SARs at March 31, 2023 was Nil (March 31, 2022: Rs. 20.15 million). The number of SARs vested as at March 31, 2023 was Nil (March 31, 2022 : Nil)

Movements during the year

The following are the number and WAEP of, and movements in, equity settled SAR during the year:

Particulars	March 31, 2023		March 31, 2022	
	No. of options	WAEP	No. of options	WAEP
Outstanding at the beginning of the year	-	-	-	-
Transferred during the year*	5,97,915	10.00	-	-
Forfeited during the year	(49,278)	10.00	-	-
Exercised during the year	-	-	-	-
Less: transferred to ESOP scheme 2021	(5,48,637)	10.00	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-
Weighted Average Remaining Contractual Life	0.58 years			

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

*on account of SAR scheme modification from cash settled to equity settled.

40 Share based payments (Continued)

Employees Stock Option Plan 2021

Pursuant to the resolutions passed by the board of directors and the shareholders of the Company on December 15, 2022 and December 17, 2022, respectively, the share appreciation rights (SARs) Scheme was amended and rechristened by the Company to Employee stock options plan 2021 (ESOP scheme 2021) ("December 2022 Amendment"). Except for the ratio for conversion of the ESOPs into Equity Shares on account of the December 2022 Amendment and the bonus shares issuance dated May 11, 2022, all other terms of the SARs granted under the SAR Scheme (now rechristened as ESOP scheme 2021), including date of grant, vesting schedule, and the exercise price remained the same. The contractual life (comprising the vesting period and the exercise period) of options granted is from the date of such grant till the resignation of the employee. The other relevant terms of the grant are as below:

Class of Share	Equity Shares (as amended vide board meeting held on December 17, 2022).
Ownership	Legal and beneficial Ownership
Vesting Pattern	Two-year vesting term and vest at the rate of 40% in the first year and 60% in second year and become fully exercisable, subject to employee being in the employment of the Company.
Exercise Price	Exercisable at an exercise price of Rs 10 per option.
Economic Benefits / Voting Rights	The holders of the equity shares will be entitled to the economic benefits of holding these shares only after the completion of the various vesting terms mentioned above and shall acquire voting rights as a shareholder of the Company (as approved by the shareholders at the meeting held on December 17, 2022).

Movements during the year

The following are the number and WAEP of, and movements in, share options during the year:

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	No. of options	WAEP	No. of options	WAEP
Outstanding at the beginning of the year	-	-	-	-
Modified during the year*	5,48,637	10.00	-	-
Forfeited during the year	(71,911)	10.00	-	-
Exercised during the year	-	-	-	-
Less: transferred to ESOP scheme 2021	4,76,726	10.00	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	2,13,108	10.00	-	-
Weighted Average Remaining Contractual Life	0.58 years		-	

* Modified during the year represents the change of SAR scheme to ESOP scheme 2021

The fair value of the stock options and SAR are estimated using Black Scholes valuation model and Monte Carlo simulation model respectively considering the following inputs:

	Year ended March 31, 2023		Year ended March 31, 2022	
	ESOP-2018	ESOP-2021	ESOP-2018	SAR*
Weighted average fair values at the measurement date	78.41	327.87	0.76	1.42
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	45.00%	45.00%	45.00%	45.00%
Risk-free interest rate (%)	7.06%-7.50%	6.80%	6.21% - 6.72%	4.37% - 4.98%
Expected life of the options/SARs granted (in years)	6.35	0.60	7.00	1.15
	297.71	337.21	1.92	2.13

Further, SAR has been modified to ESOP 2021 as described above

The expected life of the share options and SARs is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

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40 Share based payments (Continued)

B. The promoters of Just4Kids Services Private Limited are entitled to retention bonus from the Holding Company in the following manner:

Particulars	Total Shares	Vesting period
- Three equity shares to each Promoters of Just4Kids Services Private Limited*	1,16,100	2 years
- Equity shares equity shares worth Rs 10.83 million to each Promoters of Just4Kids Services Private Limited**	38,700	4 years

* Pre bonus entitled for 9 equity shares of Rs.10 each, adjusted for bonus issue.

** Pre bonus entitled for 3 equity shares of Rs.10 each, adjusted for bonus issue.

Movements during the year

The following are the movements in share options during the year:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	No. of shares	No. of shares
Outstanding at the beginning of the year*	154,800	-
Granted during the year	-	12,000
Forfeited during the year	-	-
Exercised during the year	-	-
Modification during the year**	26,037	-
Outstanding at the end of the year	1,80,837	12,000
Exercisable at the end of the year	-	-
Weighted Average Remaining Contractual Life	2.5 years	-

* During the year ended March 31, 2023, the Holding Company has issued bonus shares in accordance with Section 63 of the Act in the ratio of 12,899:1 to all equity shares of Rs 10 each on May 11, 2022, consequently there has been a corresponding increase in the number of shares entitlement.

** Amended via Memorandum of Understanding ('MOU') executed at 20th October, 2022, wherein rights to retention bonus granted previously via share subscription and purchase agreement have been removed and fresh grants of 60,279 options each have been agreed, with exercise price of Rs. 10 per share.

C. The promoters of Bhabani Blunt Hairdressing Private Limited are entitled to retention bonus from the Holding Company in the following manner:

Particulars	Total Shares	Vesting period	Exercise Price
- Two equity shares to CEO of Bhabani Blunt Private Limited*	25,800	2 years	20.39
- Three Equity shares to CEO of Bhabani Blunt Private Limited*	38,700	4 years	20.39

Movements during the year

The following are the movements in share options during the year:

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	No. of shares	WAEP	No. of shares	WAEP
Outstanding at the beginning of the year*	64,500	20	-	-
Granted during the year	-	-	5	2,63,000.00
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	64,500	20	5	2,63,000.00
Exercisable at the end of the year	-	-	-	-
Weighted Average Remaining Contractual Life	2 years		3 years	

*During the year ended March 31, 2023, the Holding Company has issued bonus shares in accordance with Section 63 of the Act in the ratio of 12,899:1 to all equity shares of Rs 10 each on May 11, 2022, consequently there has been a corresponding increase in the number of shares entitlement.

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40 Share based payments (Continued)

The expense recognised for employee services received by the Holding Company during the year is shown in the following table:

	Year ended March 31, 2023	Year ended March 31, 2022
Expense arising from equity-settled share-based payment transactions	273.91	167.75
Expense arising from cash-settled share-based payment transactions	7.59	20.16
Total expense arising from share-based payment transactions	281.50	187.91

41 Employee Share Option Plan (ESOP) of the Subsidiary Company

Just4Kids Services Private Limited

The Subsidiary Company instituted the Employee Stock Option and Share Plan 2012 to grant equity - based incentives to its eligible employees. According to the Scheme 2012, the employee selected by the committee headed by the Managing Director from time to time will be entitled to stock options, subject to satisfaction of the prescribed vesting conditions, viz. continuing employment up to date of vesting. The equity shares covered under the scheme shall vest over a period of three years; vesting shall vary based on the meeting of the performance criteria. The Option holder may exercise their vested options at any moment after the earliest applicable vesting date and prior to the completion of seven years from the date of vesting of options. The contractual life (comprising the vesting period and the exercise period) of options granted is 10-11 years.

The relevant terms of the grants are below:

Scheme 1

Class of Share	Equity Share
Vesting terms	Three-year vesting term and vest at the rate of 33.33% in the first year, 33.33% in the second year and 33.33% in the third year, subject to employee being in the employment of the Company.
Exercise Price	Exercisable at an exercise price of Rs.10 per option.

Scheme 2

Class of Share	Equity Share
Vesting terms	Four-year vesting term and vest at the rate of 10% in the first year, 30% in the second year, 30% in the third year and 30% in the fourth year subject to employee being in the employment of the Company.
Exercise Price	Exercisable at an exercise price of Rs. 10 per option.

Movement during the year

The following are the number, WAEP and movements in share options post acquisition:

	March 31, 2023			
	Scheme I		Scheme II	
	No. of options	WAEP (Rs)	No. of options	WAEP (Rs)
Outstanding at the date of acquisition/beginning of the year	335	10.00	301	2,787.00
Granted during the year	-	Not Applicable	-	Not Applicable
Forfeited during the year	-	-	-	-
Exercised during the year	-	Not Applicable	-	Not Applicable
Outstanding at the end of the year	335	10.00	301	2,787.00
Exercisable at the end of the year	335	10.00	301	2,787.00
Weighted average remaining contractual life	0.2 Years		0.2 Years	

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2023*	March 31, 2022
Expected dividend yield	-	-
Expected Annual Volatility of Shares	-	0.01%
Risk-free interest rate (%)	-	5.85%
Exercise price (INR) - Scheme I	-	10.00
Exercise price (INR) - Scheme II	-	2,787.00
Expected life of the options granted (in years) - Scheme I	-	5-10 Years
Expected life of the options granted (in years) - Scheme II	-	5-11 Years

* There are no new grants during the year ended March 31, 2023.

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016

Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

42 Financial instruments- accounting classification and fair value measurement

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

	As at March 31, 2023	As at March 31, 2022
Measured at fair value through statement of profit and loss ('FVTPL')		
Investment in mutual funds and Bonds (Level 1)	2,488.46	3,064.52
Total financial assets measured at FVTPL	2,488.46	3,064.52
Measured at amortised cost		
Investment in bonds and commercial paper	111.92	320.57
Trade receivables	1,277.04	727.86
Cash and cash equivalents	82.55	337.45
Bank balances other than cash and cash equivalents	598.02	539.40
Other financial assets	1,054.85	892.48
Total financial assets measured at amortised cost	3,124.38	2,817.76
Total financial assets	5,612.84	5,882.28

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

	As at March 31, 2023	As at March 31, 2022
Measured at fair value through statement of profit and loss ('FVTPL')		
Other financial liabilities	253.29	609.94
Total financial liabilities measured at FVTPL	253.29	609.94
Measured at amortised cost		
Lease liabilities	885.81	560.43
Trade payables	1,966.72	1,703.52
Borrowings	36.09	35.86
Other financial liabilities	120.04	118.40
Total financial liabilities measured at amortised cost	3,008.66	2,418.21
Total financial liabilities	3,261.95	3,028.15

iii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
March 31, 2023				
Financial assets and liabilities measured at fair values				
Investment in mutual funds and bonds	2,488.46	-	-	2,488.46
Total financial asset measured at fair value	2,488.46	-	-	2,488.46
Non-controlling interests liability	-	-	253.29	253.29
Total financial liabilities measured at fair value	-	-	253.29	253.29
March 31, 2022				
Financial assets and liabilities measured at fair values				
Investment in mutual funds and bonds	3,064.52	-	-	3,064.52
Total financial asset measured at fair value	3,064.52	-	-	3,064.52
Non-controlling interests liability	-	-	589.79	589.79
Stock Appreciation Rights	-	-	20.16	20.16
Total financial liabilities measured at fair value	-	-	609.95	609.95

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

Particulars	March 31, 2023		March 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Other non-current financial assets	790.00	790.00	846.16	846
Financial Liabilities				
Lease liability	739.38	739.38	497.96	497.96
Other non-current financial liabilities	-	-	598.81	598.81

42 Financial instruments- accounting classification and fair value measurement (Continued)

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 Group 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 Group 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(current), other financial liability (current), lease liabilities (current) and advance to employees approximates their fair value largely due to short-term maturities of these instruments.

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.

Valuation techniques and significant unobservable inputs - Level 3

March 31, 2023

Type	Valuation technique	Significant unobservable inputs	Sensitivity analysis
Non-controlling interests liability	Estimated settlement based on revised term sheet	Estimated settlement based on revised term sheet	Increase/(decrease) in estimated settlement by 5% would result in increase/(decrease) in NCI liability by Rs 12.66 million/(Rs 12.66 million).

March 31, 2022

Type	Valuation technique	Significant unobservable inputs	Sensitivity analysis
Non-controlling interests liability	Estimated Revenue multiple	Estimated revenue	Increase/(decrease) in revenue by 5% would result in increase/(decrease) in NCI liability by Rs 28.72 million/(Rs 28.72 million).

External valuers are involved for valuation of Level 3 valuation as described above. The Group management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

Below is the reconciliation of fair value measurements categorised within level 3 of the fair value hierarchy:

	Stock Appreciation Rights	Borrowings - NCCPS	Non-controlling interests liability
As at April 01, 2021			
Charge to Profit and Loss	-	19,539.99	-
Additions (Refer note - 20)	20.15	-	-
Accounted in equity	-	-	589.79
As at March 31, 2022	20.15	-	589.79
As at April 01, 2022	20.15	-	589.79
Charge to Profit and Loss	7.59	-	-
Accounted in equity (Refer note 40)	(27.74)	-	(331.87)
Paid during the year	-	-	(4.63)
As at March 31, 2023	-	-	253.29

43 Financial risk management

Objective and policies

The Group's principal financial liabilities comprise of borrowings, lease obligation, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group'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 Group's activities exposes it to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies and risk objectives. The Group reviews and agrees on 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, 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 Group does not have any significant borrowings, the impact of change in interest rate is not significant.

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

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

43 Financial risk management (Continued)

The Group's exposure in foreign currency at the end of reporting year :

Particulars	As at March 31, 2023		As at March 31, 2022	
	FC	Rs	FC	Rs
AED				
<u>Liability</u>				
Trade payables	(0.15)	(3.29)	(0.01)	(0.47)
<u>Assets</u>				
Trade receivables	-	-	0.80	20.50
Net exposure on foreign currency risk	(0.15)	(3.29)	0.80	20.03
EUR				
<u>Liability</u>				
Trade payables	(0.01)	(0.74)	-	-
	(0.01)	(0.74)	-	-
QAR				
<u>Assets</u>				
Trade receivables	0.42	9.40	-	-
	0.42	9.40	-	-
GBP				
<u>Liability</u>				
Trade payables	0.00	0.00	-	-
<u>Assets</u>				
Trade receivables	0.00	0.01	-	-
Net exposure on foreign currency risk	0.00	0.01	-	-
USD				
<u>Liability</u>				
Trade Payables	(0.16)	(13.01)	-	-
<u>Assets</u>				
Trade receivables	0.23	18.95	0.26	19.42
Net exposure on foreign currency risk	0.07	5.94	0.26	19.42
CAD				
<u>Assets</u>				
Trade receivables	0.01	0.87	-	-
	0.01	0.87	-	-

Sensitivity (impacting profit/loss before tax):

		As at	
		March 31, 2023	March 31, 2022
AED	Increases by 5%	(0.16)	1.00
	Decreases by 5%	0.16	(1.00)
EUR	Increases by 5%	(0.04)	-
	Decreases by 5%	0.04	-
QAR	Increases by 5%	0.47	-
	Decreases by 5%	(0.47)	-
GBP	Increases by 5%	0.00	-
	Decreases by 5%	(0.00)	-
USD	Increases by 5%	0.30	0.97
	Decreases by 5%	(0.30)	(0.97)
CAD	Increases by 5%	0.04	-
	Decreases by 5%	(0.04)	-

iii. Price risk

The Group invests surplus funds in liquid mutual funds. The Group is exposed to market price risk arising from uncertainties about future values of the investment. The Group manages the equity price risk through investing surplus funds in liquid mutual funds on a short term basis.

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 Group 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 Group include security deposits for leased assets.

The Group 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 senior management.

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

	March 31, 2023	March 31, 2022
Trade receivables (refer note (i) below)	1,277.04	727.86
Other financial assets (refer note (ii) below)	1,054.85	892.48
Cash and cash equivalents	82.55	337.45
Bank balances other than cash and cash equivalents	598.02	539.40

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

Notes to the Consolidated Financial Statements for the year ended March 31, 2023*(All amounts in Rs. millions, except as otherwise stated)***43 Financial risk management (Continued)****i) Trade receivables**

Customer credit risk is managed by the Group subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. To manage this, the Group 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 Group creates allowance for all trade receivables based on lifetime expected credit loss model (ECL). The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

The following table summarises the change in the loss allowance

	March 31, 2023	March 31, 2022
Opening balance	16.34	5.02
Allowance made during the year (net)	48.09	5.34
Reversal/write off during the year	(7.89)	-
Acquisition (Refer note - 45)	-	5.98
Closing balance	56.54	16.34

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.

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance the Group's operations. Typically the Group ensures that it has sufficient cash on demand to meet expected short term operational expenses. The Group 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 Group's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

Particulars	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2023					
Borrowings	36.09	-	-	-	36.09
Lease liabilities	-	201.42	621.75	248.73	1,071.90
Trade payables	-	1,966.72	-	-	1,966.72
Other financial liabilities	-	373.33	-	-	373.33
	36.09	2,541.47	621.75	248.73	3,448.04
As at March 31, 2022					
Borrowings	35.86	-	-	-	35.86
Lease liabilities	-	98.81	393.18	238.40	730.39
Trade payables	-	1,703.52	-	-	1,703.52
Other financial liabilities	-	129.53	598.81	-	728.34
	35.86	1,931.86	991.99	238.40	3,198.11

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

Notes to the Consolidated Financial Statements for the year ended March 31, 2023*(All amounts in Rs. millions, except as otherwise stated)***44 Capital management**

For the purpose of the Group's capital management, capital includes issued equity capital, Non-Cumulative Compulsorily Convertible Preference Shares, securities premium, all other equity reserves attributable to the shareholders of the Group and borrowings. The primary objective of the Group's capital management is to maintain a strong capital base to ensure sustained growth in business and to maximize the shareholders value.

The Group 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 Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The group includes within net debt, interest bearing borrowings, trade and other payables, other financial liabilities, lease liabilities less cash and cash equivalents, bank balances other than cash and cash equivalents, fixed deposits and current investments.

Particulars	March 31, 2023	March 31, 2022
Borrowings	36.09	35.86
Trade Payables	1,966.72	1,703.52
Other financial liability	373.33	728.34
Lease liability	885.81	560.43
Less : Cash and cash equivalents	(82.55)	(337.45)
Less : Other bank balances	(598.02)	(539.40)
Less: Fixed deposit with maturity of more than 12 months	(713.28)	(821.84)
Less: Current investments	(2,600.38)	(3,385.09)
Net adjusted debt (A)	(732.28)	(2,055.62)
Equity	6,059.01	7,056.24
Total equity capital (B)	6,059.01	7,056.24
Total debt and equity (C)=(A)+(B)	5,326.73	5,000.62
Gearing ratio (A)/(C)**	-	-

** Disclosed as nil for year ended March 31, 2023 and March 31, 2022 since the same is negative as the Group is funded majorly through own funds and equity investments.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets terms and 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 and March 31, 2022.

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

45 Business combinations and Business Acquisition

Acquisitions during the year ended March 31, 2023

A. Acquisition of Subsidiary - Fusion Cosmeceutics Private Limited

On April 06, 2022, the Holding Company acquired 65.49% of the voting shares of Fusion Cosmeceutics Private Limited ('Fusion'), a company based in India, with the strategic objective of acquiring the brand Dr.Sheth's. The Holding Company acquired this business for achieving inorganic growth through the brand Dr. Sheth's owned by Fusion, and hence the management concluded this transaction to be a business combination as per Ind AS 103.

(i) The Group had conducted the fair valuation on the date of acquisition and accordingly have recognised the following assets and liabilities on the acquisition date:

	Purchase price allocated
Property, plant and equipment	0.15
Intangible assets	168.49
Cash and cash equivalents	2.06
Trade receivables	4.42
Inventories	10.18
Other assets	5.75
Total assets (a)	191.05
Trade payables	16.77
Borrowings	52.36
Provisions	2.94
Other liabilities	6.11
Total liabilities (b)	78.18
Net assets acquired (a-b)	112.87

(ii) Goodwill arising on acquisition:

Particulars	Amount
Purchase consideration	141.23
Non-controlling Interest	127.12
Less: Carrying amount of net assets acquired	(112.87)
Goodwill arising on acquisition	155.48

(iii) Nature of consideration and terms of payment:

The fair value of purchase consideration is Rs. 141.23 million. The details are as follows:

Nature of consideration and terms of payment	Amount
Cash consideration	141.23
	141.23

On December 9, 2022, the Company further acquired balance 34.51% stake of 650,534 shares for a consideration of Rs.300 million in accordance with the share purchase agreement and hence the loss on acquisition of NCI has been adjusted in other equity as below:

Particulars	Amount
Non-Controlling Interest on acquisition	127.12
Less: Non-Controlling Interest loss for the period till the date of balance acquisition	(33.64)
Net Non-Controlling Interest as on the date	93.48
Consideration paid	300.00
Loss on acquisition of NCI	(206.52)

(iv) From the date of acquisition, Fusion contributed Rs. 270.54 million of revenue from operations and loss of Rs.153.01 million to consolidated profit/loss of the Group. The impact on the Group's revenue from operations and the consolidated profit before tax is not considered material if the combination had taken place at the beginning of year ended March 31, 2023 considering the acquisition date of April 06, 2022.

The goodwill of Rs.155.48 million comprises the fair value of expected synergies arising from acquisition. Goodwill is allocated entirely to the CGU of business owned under the brand 'Dr. Sheth's'. None of the goodwill and intangible assets recognized on business combination are deductible for income tax purposes.

B. Incorporation of Subsidiary - Honasa Consumer General Trading L.L.C.

On June 23, 2022, the Holding Company incorporated Honasa Consumer General Trading L.L.C., a company based in UAE. The Holding company subscribed to the 100% share capital and invested an amount of Rs 2.34 million during FY 22-23.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

Notes to the Consolidated Financial Statements for the year ended March 31, 2023*(All amounts in Rs. millions, except as otherwise stated)***45 Business combinations and Business Acquisition (continued)****Acquisitions during the year ended March 31, 2022****C. Acquisition of Subsidiary - Just4Kids Services Private Limited**

On December 24, 2021, the Holding Company acquired 74.32% of the voting shares of Just4Kids Services Private Limited, a company based in India, with the strategic objective of increasing the presence of "content to commerce" platforms. The company owns mymoney.com which is the largest platforms for nano influencers & momspresso.com which is one of India's largest women content platform. The Holding Company acquired this business to gain the synergies and the customers base of Just4Kids Services Private Limited, and hence the management concluded this transaction to be a business combination as per Ind AS 103.

(i) The Group had conducted the fair valuation on the date of acquisition and accordingly have recognised the following assets and liabilities on the acquisition date:

	<u>Purchase price allocated</u>
Property, plant and equipment	0.30
Intangible assets	227.80
Cash and cash equivalents	31.18
Trade receivables	60.62
Investments	0.61
Other assets	18.43
Total assets (a)	338.94
Trade payables	12.76
Borrowings	52.27
Provisions	8.02
Other liabilities	45.61
	118.66
Deferred tax liability	57.33
Total liabilities (b)	175.99
Net assets acquired (a-b)	162.95

(ii) Goodwill arising on acquisition:

Particulars	<u>Amount</u>
Purchase consideration	1,523.58
Less: Carrying amount of net assets acquired	(162.95)
Goodwill arising on acquisition	1,360.63

(iii) Nature of consideration and terms of payment:

The fair value of purchase consideration is Rs 1,523.59 million. The details are as follows:

Nature of consideration and terms of payment	<u>Amount</u>
Cash consideration	944.58
Financial liability [refer note below]	579.00
	1,523.58

Note:

The obligation to acquire remaining stake in Just4Kids Services Private Limited has been recorded as financial liability amounting to Rs 579.00 million. The Group recorded transferred identifiable assets (tangible and intangible) basis a fair valuation. Consequent to this business acquisition, Just4kids Services Private Limited results were consolidated effective December 24, 2021. Pending acquisition of remaining stake, the Group has attributed the profit and each component of OCI (if any) to Non Controlling Interest, which is included in financial liability for future acquisition. This financial liability has been measured at the date of acquisition, basis a fair valuation report, in accordance with Ind AS 109. At the end of each reporting period, the non-controlling interests subject to put option is derecognised and the difference between the derecognised and present value of the redemption based on the valuation, which is recorded as a financial liability, is accounted for as an equity transaction.

Based on discussion of the Board of Directors during the year, the Holding company has entered into a non binding term sheet with NCI holders to acquire the remaining stake at net cash balance of Just4kids Services Private Limited as at the closing date, subsequent to the year ended March 31, 2023. Hence, the Group has accounted for the NCI liability as at reporting date as equivalent to the estimated settlement based on independent valuation report and has reversed the NCI liability of Rs. 331.87 million during the year ended March 31, 2023 through retained earnings in respect of the Non-controlling interests liability.

(iv) The goodwill of Rs 1,360.63 million comprises the fair value of expected synergies arising from acquisition. Goodwill is allocated entirely to the content development CGU. None of the goodwill and intangible assets recognized on business combination are deductible for income tax purposes.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

45 Business combinations and Business Acquisition (continued)

D. Acquisition of Subsidiary - Bhabani Blunt Hairdressing Private Limited and Acquisition of Business - Godrej Consumer Private Limited

On March 16, 2022, the Holding Company acquired 100% of the voting shares of Bhabani Blunt Hairdressing Private Limited, a company based in India, which is India's premier hair styling salon and academy ("Service Business"). The Holding Company acquired this business to have presence in salon market and develop adjacent product categories, and hence the management concluded this transaction to be a business combination as per Ind AS 103. Bhabani Blunt Hairdressing Private Limited has a subsidiary called B:Blunt-Spratt Hairdressing Private Limited.

The Holding Company had also entered into Business Transfer agreement with Godrej Consumer Private Limited on March 16, 2022 to acquire its "Product Business" under the brand name B-Blunt which constitutes a business together with acquisition of aforementioned service business.

(i) The Holding Company had conducted the fair valuation on the date of acquisition and accordingly have recognised the following assets and liabilities on the acquisition date:

	Purchase price allocated
Property, plant and equipment	26.03
Intangible assets	889.46
Right of use asset	115.07
Loans	12.97
Tax assets	30.67
Inventories	40.67
Advance to suppliers	15.53
Cash and cash equivalents	64.36
Trade receivables	2.95
Investments	0.10
Other assets	2.68
Total assets (a)	1,200.49
Lease liabilities	119.54
Provisions	6.58
Trade payables	6.69
Other liabilities	60.94
	193.75
Deferred tax liability	11.98
Total liabilities (b)	205.73
Net assets acquired (a-b)	994.76

(ii) Goodwill arising on acquisition:

Particulars	Amount
Purchase consideration	1,367.03
Less: Carrying amount of net assets acquired	(994.76)
Goodwill arising on acquisition	372.27

(iii) Nature of consideration and terms of payment:

The fair value of purchase consideration is Rs 1,367.03 million. The details are as follows:

Nature of consideration and terms of payment	Amount
Cash consideration	
- Service business	783.97
- Product business*	583.06
	1,367.03

(iv) From the date of acquisition upto March 31, 2022, Bhabani Blunt Hairdressing Private Limited and B:Blunt Spratt Hairdressing Private Limited contributed Rs. 15.97 million of revenue and Rs. 4.20 million to loss of the Group. If the combination had taken place at the beginning of year ended March 31, 2022, the Group's revenue would have been Rs. 9,655.23 million and the restated profit before tax would have been Rs. 166.40 million.

The goodwill of Rs. 372.27 million comprises the fair value of expected synergies arising from acquisition. Goodwill is allocated entirely to the CGU of business under the brand Bblunt. None of the goodwill and intangible assets recognized on business combination are deductible for income tax purposes. The intangible assets recognised pertaining to Product Business are tax deductible.

*Consideration to the extent of Rs. 20.53 million which was outstanding as on March 31, 2022 has been settled during the year ended March 31, 2023.

E. Incorporation of Subsidiary - PT Honasa Consumer Indonesia

On February 18, 2022, the Holding Company incorporated PT Honasa Consumer Indonesia, a company based in Indonesia. The total cost incurred for incorporation amounts to Rs. 1.03 million. There are no other material transactions incurred during the year ended March 31, 2023.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(All amounts in Rs. millions, except as otherwise stated)

46. Statutory Group Information

As at March 31, 2023

Name of the Entity in the Group	Country of Incorporation	Relationship as at March 31, 2023	Net Asset (total Assets minus total liabilities)		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
			% of consolidated net assets	Amount	% of consolidated profit and loss	Amount	% of consolidated other comprehensive income	Amount	% of total comprehensive income	Amount
Parent										
Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)	India	-	103.46%	6,268.78	79.86%	(1,205.56)	83.63%	2.34	79.85%	(1,203.22)
Subsidiaries										
Fusion Cosmeceutics Private Limited	India	Subsidiary	(1.49)%	(90.04)	10.14 %	(153.01)	8.73%	0.24	10.14 %	(152.77)
Just4Kids Services Private Limited	India	Subsidiary	4.33%	262.48	13.92 %	(210.09)	2.70 %	0.08	13.94 %	(210.01)
Bhabani Blunt Hairdressing Private Limited	India	Subsidiary	2.38%	143.97	0.58 %	(8.73)	6.83%	0.19	0.57%	(8.54)
B:Blunt Spratt Hairdressing Private Limited	India	Subsidiary	0.90%	54.47	(1.31)%	19.83	17.45%	0.49	(1.35)%	20.32
PT Honasa Consumer Indonesia	Indonesia	Subsidiary	0.00%	-	0.00 %	-	0.00%	-	0.00%	-
Honasa Consumer General Trading L.L.C.	UAE	Subsidiary	(0.11)%	(6.86)	0.57 %	(8.66)	0.00%	-	0.57%	(8.66)
Adjustment arising on consolidation			(9.47)%	(573.79)	(3.76)%	56.56	(19.34)%	(0.55)	(3.72)%	56.01
TOTAL			100.00%	6,059.01	100.00%	(1,509.66)	100.00%	2.79	100.00%	(1,506.87)

As at March 31, 2022

Name of the Entity	Country of Incorporation	Relationship as at March 31, 2022	Net Asset (total Assets minus total liabilities)		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
			% of consolidated net assets	Amount	% of consolidated profit and loss	Amount	% of consolidated other comprehensive income	Amount	% of total comprehensive	Amount
Parent										
Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)	India	-	100.93%	7,121.35	137.57%	198.68	107.48%	1.11	137.34%	199.79
Subsidiaries										
Just4Kids Services Private Limited	India	Subsidiary	2.75%	194.36	(34.02)%	(49.14)	4.32%	0.05	(33.74)%	(49.09)
Bhabani Blunt Hairdressing Private Limited	India	Subsidiary	2.08%	146.87	(1.52)%	(2.18)	(0.67)%	0.00	(1.50)%	(2.18)
B:Blunt Spratt Hairdressing Private Limited	India	Subsidiary	0.48%	34.14	(1.40)%	(2.02)	(11.13)%	(0.12)	(1.47)%	(2.14)
PT Honasa Consumer Indonesia	Indonesia	Subsidiary	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Adjustment arising on consolidation			(6.24)%	(440.48)	(0.63)%	(0.91)	0.00%	0.00	(0.63)%	(0.91)
TOTAL			100.00%	7,056.24	100.00%	144.43	100.00%	1.04	100.00%	145.47

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)

CIN: U74999DL2016PLC306016

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

(All amounts in Rs. millions, except as otherwise stated)

47. Other statutory information

- (i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group does not have any transactions with companies struck off.
- (iii) The Group does not
- (iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial period.
- (v) The Group has 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 Group has 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 Group 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 Group has 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).
- (viii) The Group is in compliance with number of layers of companies, as prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

48. There are no events after the reporting period that are required to be disclosed in the consolidated financial statements.

49. 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 Group 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.

50. Absolute amounts less than Rs 5,000 are appearing in the financial statements as "0.00" due to presentation in millions.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI firm registration number: 101049W/E300004

For and on Behalf of Board of Directors of

Honasa Consumer Limited

(formerly known as Honasa Consumer Private Limited)

Sd/-
per **Raiveev Kumar**
Partner
Membership no.: 213803

Sd/-
Varun Alagh
Director & Chief Executive Officer
DIN: 07597289

Sd/-
Ghazal Alagh
Director
DIN: 07608292

Sd/-
Raman Preet Sohi
Chief Financial Officer

Sd/-
Dhanrai Dagar
Company Secretary
Membership no.: ACS 33308

Place: Bengaluru
Date: July 25, 2023

Place: Gurugram
Date: July 25, 2023