

INDEPENDENT AUDITOR'S REPORT

To the Members of 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 Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, 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, 2022, its profit including other comprehensive income/(loss), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

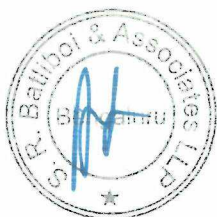
We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial 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.

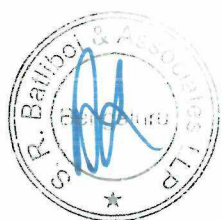
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to 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.



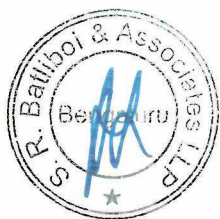
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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) The provisions of section 197 read with Schedule V of the Act relating to managerial remuneration are not applicable to the Company for the year ended March 31, 2022; 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 to 38 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;



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- iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 8 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- 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(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; 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.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per **Rajeev Kumar**

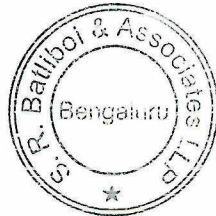
Partner

Membership Number: 213803

UDIN: 22213803AQMGSII139

Place: Bengaluru

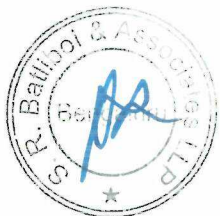
Date: August 31, 2022



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 Private 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:

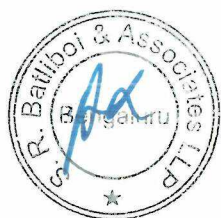
- (i) (a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (a)(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) All property, plant and equipment and investment properties 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, 2022.
- (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 46 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, 2022 and no material discrepancies were noticed in respect of such confirmations.
- (b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) During the year, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans, investments and guarantees to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.
- (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.
- (d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.



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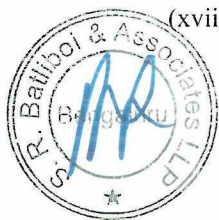
- (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) The Company has not granted any loans or advances 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 service 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 46 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) The Company did not raise any loan funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to 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.



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- (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 complied with provisions of sections 42 of the Act in respect of the preferential allotment / private placement of shares during the year. The funds raised, have been used for the purposes for which the funds were raised.
- (xi) (a) No fraud by the Company or no material 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 188 of Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.
- (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.



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- (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 32(ii) to the standalone financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of the Act. This matter has been disclosed in note 32(i) to the standalone financial statements.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

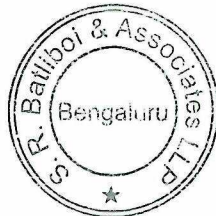

per Rajeev Kumar
Partner

Membership Number: 213803

UDIN: 22213803AQMGSII139

Place: Bengaluru

Date: August 31, 2022



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 Private 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 Private Limited (“the Company”) as of March 31, 2022 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.



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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, 2022, 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



per Rajeev Kumar
Partner

Membership Number: 213803

UDIN: 22213803AQMGSI1139

Place: Bengaluru

Date: August 31, 2022



Honasa Consumer Private Limited
Standalone Balance Sheet as at March 31, 2022
(All amounts in Rs millions, except as otherwise stated)

Notes	As at March 31, 2022	As at March 31, 2021	As at April 01, 2020
Assets			
Non-current assets			
Property, plant and equipment	3 17.73	11.26	4.15
Goodwill	4 8.89	-	-
Intangible assets	5 531.02	-	0.01
Right-of-use assets	7 419.88	199.60	2.34
Intangible assets under development	6 18.83	-	-
Investments in subsidiaries	8 2,021.86	-	-
Financial assets			
i. Other financial assets	9 764.72	60.61	3.12
Income tax assets (net)	10 33.43	1.52	0.57
	3,816.36	272.99	10.19
Current assets			
Inventories	11 645.81	413.47	136.71
Financial assets			
i. Investments	8 3,293.28	1,644.26	1,243.28
ii. Trade receivables	12 647.67	338.43	106.06
iii. Cash and cash equivalents	13 246.27	97.59	19.16
iv. Bank balances other than cash and cash equivalents	14 538.90	109.95	244.99
v. Other financial assets	9 41.45	4.48	7.84
Other current assets	15 289.65	145.22	38.29
	5,703.03	2,753.40	1,796.33
Total assets	9,519.39	3,026.39	1,806.52
Equity and liabilities			
Equity			
Equity share capital	16 0.13	0.13	0.13
Instruments entirely in the nature of equity	17 17,929.36	-	-
Other equity	18 (10,808.14)	(17,651.56)	(4,371.93)
Total equity	7,121.35	(17,651.43)	(4,371.80)
Non-current liabilities			
Financial liabilities			
i. Borrowings	19 -	19,539.99	5,927.56
ii. Lease liabilities	7 401.23	185.88	0.10
iii. Other financial liabilities	20 41.02	-	-
Provisions	21 21.65	9.55	3.24
Deferred tax liabilities (net)	24 31.72	14.20	-
	495.62	19,749.62	5,930.90
Current liabilities			
Financial liabilities			
i. Trade payables	23		
(a) Total outstanding due to micro enterprises and small enterprises	33.97	121.27	76.97
(b) Total outstanding due to creditors other than micro enterprises and small enterprises.	1,595.92	682.15	142.04
ii. Lease liabilities	7 39.32	17.43	0.22
iii. Other financial liabilities	20 107.80	45.13	10.72
Provisions	21 22.34	9.46	2.57
Other current liabilities	22 103.07	52.76	14.90
	1,902.42	928.20	247.42
Total liabilities	2,398.04	20,677.82	6,178.32
Total equity and liabilities	9,519.39	3,026.39	1,806.52

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

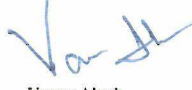
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI firm registration number: 101049W/E300004

per Rajeev Kumar
Partner
Membership no.: 213803

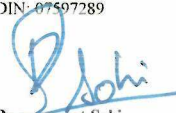




For and on Behalf of Board of Directors of
Honasa Consumer Private Limited
CIN: U74999DL2016PTC306016


Varun Alagh
Director
DIN: 07597289



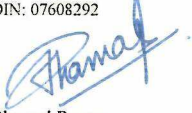
Ramanpreet Sohi
Chief Financial Officer

Ghazal Alagh
Director
DIN: 07608292



Dhanraj Dagar
Company Secretary
Membership no.: ACS 33308



Place: Bengaluru
Date: August 31, 2022

Place: Gurugram
Date: August 31, 2022

Honasa Consumer Private Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2022
(All amounts in Rs millions, except as otherwise stated)

	Notes	March 31, 2022	March 31, 2021
Income			
Revenue from operations	25	9,317.56	4,599.90
Other income	26	206.80	121.11
Total income (I)		9,524.36	4,721.01
Expenses			
Purchases of traded goods	27	3,045.04	1,607.77
Increase in inventories of traded goods	28	(214.13)	(280.71)
Employee benefits expense	29	720.25	277.59
Depreciation and amortization expenses	30	56.49	17.12
Finance costs	31	28.54	9.75
Other expenses	32	5,594.34	2,723.15
Change in fair valuation of preference shares	19	-	13,612.43
Change in fair value of derivative liability	20	15.80	-
Total expenses (II)		9,246.33	17,967.10
Profit/(Loss) before tax (III = I-II)		278.03	(13,246.09)
Tax expenses			
Current tax	24	62.21	61.89
Deferred tax charge	24	17.14	14.17
Total tax expenses (IV)		79.35	76.06
Profit/(Loss) for the year (V = III-IV)		198.68	(13,322.15)
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement gains on defined benefit plans	35	1.49	0.11
Income tax effect on above	24	(0.38)	(0.03)
Other comprehensive income/(loss) for the year, net of tax (VI)		1.11	0.08
Total comprehensive income/(loss) for the year, net of tax attributable to equity holders (VII = V+VI)		199.79	(13,322.07)
Earnings per equity share			
Basic			
Equity shares, Nominal value of Rs 10 each		0.67	(98.35)
Equity shares, Nominal value of Rs 100 each		0.67	(98.35)
Diluted			
Equity shares, Nominal value of Rs 10 each		0.66	(98.35)
Equity shares, Nominal value of Rs 100 each		0.67	(98.35)

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

Rajeev Kumar
per **Rajeev Kumar**
Partner
Membership no.: 213803



For and on Behalf of Board of Directors of
Honasa Consumer Private Limited
CIN: U74999DL2016PTC306016

Varun Alagh
Varun Alagh
Director
DIN: 07597289

Ramanpreet Sohi
Ramanpreet Sohi
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Ghazal Alagh
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DIN: 07608292

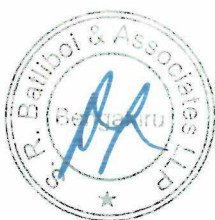
Dhanraj Dagar
Dhanraj Dagar
Company Secretary
Membership no.: ACS 33308

Place: Bengaluru
Date: August 31, 2022

Place: Gurugram
Date: August 31, 2022

Honasa Consumer Private Limited
Standalone Cash flow statement for the year ended March 31, 2022
(All amounts in Rs millions , except as otherwise stated)

	Notes	March 31, 2022	March 31, 2021
Operating activities			
Profit/(Loss) before tax		278.03	(13,246.09)
<i>Adjustments to reconcile profit/(loss) before tax to net cash flows:</i>			
Depreciation of property, plant and equipment		7.40	2.97
Amortisation of intangible assets		1.03	0.01
Depreciation of right-of-use assets		48.06	14.14
Expected credit loss allowance (allowance for bad and doubtful debts)		3.80	2.98
Provision for slow moving inventory		8.91	3.95
Loss on disposal of property, plant and equipment (net)		-	0.12
Share based payments expenses(equity settled- ESOP)		156.45	41.54
Employee stock appreciation rights expense		20.15	-
Fair value gain on investments measured at fair value through profit and loss		(88.08)	(76.64)
Change in fair valuation of preference shares		-	13,612.43
Change in fair value of derivative liability		15.80	-
Gain on sale of investment carried at fair value through profit and loss		(43.11)	(22.21)
Interest income		(65.95)	(19.38)
Finance costs		28.54	9.75
Operating cash flow before working capital changes		371.03	323.57
<i>Movement in working capital:</i>			
Increase in trade receivables		(313.04)	(235.35)
Increase in other financial assets		(11.87)	(10.45)
Increase in trade payables		826.48	584.40
Increase in financial liabilities		8.02	34.41
Increase in provisions		26.47	13.31
Increase in inventories		(213.52)	(280.71)
Increase/ (decrease) in lease liabilities		-	-
Increase in other liabilities		50.31	37.86
Increase in other current assets		(129.50)	(106.94)
		614.38	360.10
Income tax paid		(94.11)	(62.85)
Net cash flow from operating activities (A)		520.27	297.25
Investing activities			
Purchase of property, plant and equipment, including payable for capital goods		(13.88)	(10.20)
Purchase of intangible assets, including payable for capital goods		(12.20)	-
Acquisition of business, net of consideration payable	44	(562.53)	-
Investments in subsidiaries		(1,978.57)	-
(Investment)/Redemption in/from bank deposits		(1,125.43)	81.77
Purchase of current investment		(6,014.48)	(749.86)
Sale proceeds of current investment		4,496.65	447.73
Interest received		28.86	24.51
Net cash flow (used in) investing activities (B)		(5,181.58)	(206.05)
Financing activities			
Proceeds from issuance of equity and preference shares (net)		4,865.24	0.90
ESOP reserve		-	0.00
Payment of principal portion of lease liabilities		(26.72)	(3.92)
Finance cost on lease liabilities		(25.08)	(8.05)
Finance cost other than lease liabilities		(3.46)	(1.70)
Net cash flows from/(used in) financing activities (C)		4,809.98	(12.77)
Net increase in cash and cash equivalents (A+B+C)		148.67	78.43
Cash and cash equivalents at the beginning of the year		97.59	19.16
Cash and cash equivalents at the end of the year		246.26	97.59
Components of cash and cash equivalents			
Balance with banks	14		
- on current accounts		245.85	97.24
- cash on hand		0.42	0.35
Total cash and cash equivalents		246.27	97.59



Honasa Consumer Private Limited
Standalone Cash flow statement for the year ended March 31, 2022
(All amounts in Rs millions , except as otherwise stated)

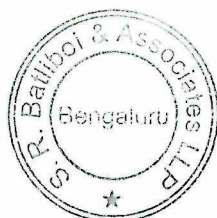
	Opening balance	Cash flows	Non- cash movement	Closing balance
March 31, 2022				
Borrowings- NCCCCPS	19,539.99	-	(19,539.99)	-
Lease liabilities (including interest)	203.31	(51.80)	289.04	440.55
Total liabilities from financing activities	19,743.30	(51.80)	(19,250.95)	440.55
March 31, 2021				
Borrowings- NCCCCPS	5,927.56	-	13,612.43	19,539.99
Leases	0.32	(11.97)	214.96	203.31
Total liabilities from financing activities	5,927.88	(11.97)	13,827.39	19,743.30

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

Rajeev Kumar
per Rajeev Kumar
Partner
Membership no.: 213803



For and on Behalf of Board of Directors of
Honasa Consumer Private Limited
CIN: U74999DL2016PTC306016

Varun Alagh
Varun Alagh
Director
DIN: 07597289
Ramanpreet Sohi
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Ghazal Alagh
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Director
DIN: 07608292
Ramanraj Dagar
Ramanraj Dagar
Company Secretary
Membership no.: ACS 33308

Place: Bengaluru
Date: August 31, 2022

Place: Gurugram
Date: August 31, 2022



Honasa Consumer Private Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2022
(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

As at April 01, 2020

Issued during the year*

As at March 31, 2021

Issued during the year*

As at March 31, 2022

No of shares	Amount
10,207	0.10
18	0.00
10,225	0.10
31	0.00
10,256	0.10

*During the year ended March 31, 2022 and March 31, 2021, the Company has issued 31 and 18 equity shares respectively, to employees on exercise of Employee Share Options.

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

As at April 01, 2020

Issued during the year

As at March 31, 2021

Issued during the year

As at March 31, 2022

290	0.03
-	-
290	0.03
-	-
290	0.03
	0.13

Total equity share capital

b) Instruments entirely in the nature of equity

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

As at April 01, 2020

Class A NCCCPS- Refer note (i) below

Class B NCCCPS- Refer note (i) below

Class C NCCCPS- Refer note (i) below

Class D NCCCPS- Refer note (i) below

Total

Increase during the year

As at March 31, 2021

Reclassified during the year

Class A NCCCPS- Refer note (i) below

Class B NCCCPS- Refer note (i) below

Class C NCCCPS- Refer note (i) below

Class D NCCCPS- Refer note (i) below

Increase during the year

Class E NCCCPS- Refer note (ii) below

Class F NCCCPS- Refer note (iii) below

No of shares	Amount
581	-
1,885	-
4,845	-
4,161	-
11,472	-
-	-
11,472	-
581	989.60
1,885	3,210.68
4,845	8,252.38
4,161	7,087.33
902	0.01
839	0.01
13,213	19,540.01
	1,610.65
13,213	17,929.36

Less: Reclassified to securities premium as per Companies Act, 2013 (Refer note (i) below)

As at March 31, 2022

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 as at April 01, 2020 and year ended March 31, 2021 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 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, 19 and 43.

Note (ii): The Company has issued 902 Class E NCCCPS of Rs 10 during the year at a premium of Rs 2.24 million per share.

Note (iii): The Company has issued 839 Class F NCCCPS of Rs 10 during the year at a premium of Rs 3.39 million per share.

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Honasa Consumer Private Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2022
(All amounts in Rs millions, except as otherwise stated)

c) Other equity

	Attributable to equity holders of the Company			Total equity
	Reserves and Surplus			
	Retained earnings (Note 18)	Securities premium (Note 18)	Employee Stock Option Reserve (Note 18)	
As at April 01, 2020				
Loss for the year	(4,397.91)	18.76	7.22	(4,371.93)
Other comprehensive income/(loss)	(13,322.15)	-	-	(13,322.15)
Re-measurement of the net defined benefit liability/asset, net of tax effect	0.08	-	-	0.08
Total comprehensive income/(loss)	(13,322.07)	-	-	(13,322.07)
Add: Share based payment expenses (Refer note 39)	-	-	41.54	41.54
Less: Transferred to securities premium on exercise of stock options	-	0.42	(0.42)	-
Add: Premium received on issue of equity shares	-	0.90	-	0.90
As at March 31, 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 of the net defined benefit liability/asset, net of tax effect	1.11	-	-	1.11
Total comprehensive income/(loss)	199.79	-	-	199.79
Add: Premium towards NCCPS on reclassification from liability to equity (refer note 17)	-	1,610.65	-	1,610.65
Add: Premium received on issue of NCCPS	-	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: Share based payment expenses (Refer note 39)	-	-	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




per Rajeev Kumar
Partner
Membership no.: 213803



Place: Bengaluru
Date: August 31, 2022

For and on Behalf of Board of Directors of
Honasa Consumer Private Limited
CIN: U74999DL2016PTC306016


Varun Alagh
Director
DIN: 07597289

Rajanpreet Sohi
Chief Financial Officer


Ghazal Alagh
Director
DIN: 07608292

Dhanraj Dagar
Company Secretary
Membership no.: ACS 33308

Place: Gurugram
Date: August 31, 2022



Honasa Consumer Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022

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

1 Corporate Information

Honasa Consumer Private Limited ('the Company') was incorporated under the provisions of the Companies Act, 2013 ('the Act') on September 16, 2016 in New Delhi. The Company is engaged in the trading of variety of beauty care products such as baby care, skin care, hair and other related products which are manufactured through third party contract manufacturers under the brand name of 'Mamaearth', 'The Derma Co', 'Bblunt', 'Aqualogica' and 'Ayuga'. During the year, the Company has acquired controlling stake in Just4Kids Services Private Limited and Bhabani Blunt Hairdressing Private Limited which are in the business of providing services of content development and influencer marketing as well as rendering of beauty salon and hair styling services.

The Company's Standalone Financial Statements for the year ended March 31, 2022 were approved by Board of Directors on August 31, 2022.

2 Significant accounting policies

2.1 Basis of preparation

The Company has voluntarily adopted Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) with effect from financial year 2021-22 with transition date being April 01, 2020.

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

Upto the year ended March 31, 2021, the Company prepared its standalone financial statements in accordance with the requirements of previous GAAP, which includes standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) ("Previous GAAP"). These Ind-AS Financial Statements are the first standalone financial statements of the Company under Ind-AS. Refer note 43 for an explanation of how the transition from Previous GAAP to Ind-AS has affected the Company's financial position as at March 31, 2021 and April 01, 2020 and financial performance and cash flows for the year ended March 31, 2021.

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.

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

The standalone 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.

2.2 Current versus non-current classification

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

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax liabilities are classified as non-current liabilities.

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

2.3 Foreign currency translation

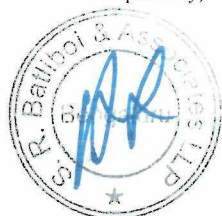
(i) Functional and presentation currency:

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 year end exchange rates are recognised in statement of profit and loss.

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



Honasa Consumer Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022

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

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. 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.

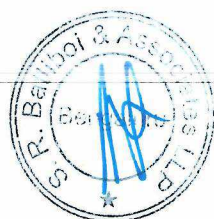
The exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset are charged to the statement of profit and loss.

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

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, based on technical assessment, which in certain instances are different from those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The assets residual values 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 period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

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

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

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Brand	Infinite	No Amortisation	Acquired
Design and Formulation	0.5 - 1 years	Straight Line	Acquired
Software	1-6 years	Straight Line	Acquired
Goodwill	Infinite	No Amortisation	Acquired

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. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

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. An impairment loss is recognised in the statement of profit and loss.

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

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

Revenue from Sale of products

Revenue from the sale of products is recognised at a point in time when control of the products is transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products, 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 recognised net of goods and services tax.



Honasa Consumer Private Limited
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Variable consideration

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

Rights of return

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

Volume rebates

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

Customer wallet points

The Company has a wallet points programme, which allows customers to accumulate points that can be redeemed for subsequent 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. Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section 2.14 Financial instruments – initial recognition and subsequent measurement.

Trade receivables

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

Contract liabilities

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

2.10 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:-

	Useful lives (years)
Office buildings & Warehouses	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.



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Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising of the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses internal rate of return for the assets which were earlier classified under finance lease and incremental borrowing rate for Right of use assets at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.11 Employee Benefits

Short-term obligations

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

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

Post-employment obligations

The company operates the following post-employment schemes:

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

Gratuity obligations

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have term approximating the term of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

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 payments

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 employees stock option 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.

The Company's employees are granted share appreciation rights (SARs), 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.

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.

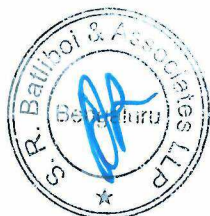
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement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



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Impairment of financial assets

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

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

De-recognition

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.



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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.

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 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.

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. 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.

2.18 Provisions

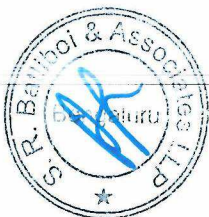
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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, which are subject to an insignificant risk of changes in value.

2.21 Significant accounting judgements, estimates and assumptions

The preparation of the standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

- Capital management Note 42
- Financial risk management objectives and policies Note 40 and 41
- Sensitivity analyses disclosures Notes 35, 40 and 41.

The Company bases its assumptions and estimates on parameters available when the standalone financial statements are prepared. Existing circumstances and assumptions, if any, about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The judgements, estimates and assumptions management has made which have the most significant effect on the amounts recognized in the standalone 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 Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Company uses the most likely amount methodology to determine the variable consideration.

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

Leases

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

The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates), when available and makes entity-specific estimates, wherever required.

Property, plant and equipment

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

Provision for expected credit loss on trade receivables

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

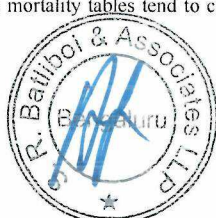
Impairment of non financial assets

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 Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Company.

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.



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

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 39.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the standalone 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 standalone financial instruments.

2.22 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.

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Honasa Consumer Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022

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

2.23 Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022 to amend the following Ind AS which are effective from April 01, 2022.

(i) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

The amendments to Ind AS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs for example direct labour and materials and an allocation of other costs directly related to contract activities for example an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after April 01, 2022. The Company does not expect any significant impact on the standalone financial statements due to these amendments.

(ii) Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI’s “Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards” with the reference to the “Conceptual Framework for Financial Reporting under Indian Accounting Standard” without significantly changing its requirements.

The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately.

It has also been clarified that the existing guidance in Ind AS 103 for contingent assets would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after April 01, 2022. The amendments are not expected to have a material impact on the Company.

(iii) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The amendments are effective for annual reporting periods beginning on or after April 01, 2022. The amendments are not expected to have a material impact on the Company.

(iv) Ind AS 109 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

The amendments are effective for annual reporting periods beginning on or after April 01, 2022. The amendments are not expected to have a material impact on the Company.

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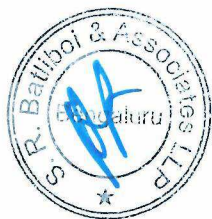
Honasa Consumer Private Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts in Rs millions , except as otherwise stated)

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

	Computer and peripherals	Furniture and fixtures	Office Plant and machinery equipment		Total
Gross Block					
Deemed Cost					
As at April 01, 2020	1.72	1.43	0.83	0.17	4.15
Additions	0.74	2.33	2.41	5.33	10.81
Disposals	(0.73)	-	-	-	(0.73)
As at March 31, 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
Accumulated Depreciation					
As at April 01, 2020	-	-	-	-	-
Charge for the year	0.69	0.61	0.89	0.78	2.97
Disposals	-	-	-	-	-
As at March 31, 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
Net book value					
As at April 01, 2020	1.72	1.43	0.83	0.17	4.15
As at March 31, 2021	1.04	3.15	2.35	4.72	11.26
As at March 31, 2022	0.41	8.22	3.25	5.85	17.73

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. Information regarding gross block of assets, accumulated depreciation has been disclosed by the Company separately as follows:

	Computer and peripherals	Furniture and fixtures	Office Plant and machinery equipment		Total
Cost	2.84	1.69	1.20	0.24	5.97
Accumulated depreciation	(1.12)	(0.26)	(0.37)	(0.07)	(1.82)
Net book value as per previous GAAP/Deemed cost	1.72	1.43	0.83	0.17	4.15



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4. Goodwill

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

	As at March 31, 2022	As at March 31, 2021	As at April 01, 2020
B-Blunt Business Purchase (Refer note 44)	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, 2022	As at March 31, 2021	As at April 01, 2020
Terminal growth rate	5%	-	-
Discount rate	17.3%	-	-
Royalty rate	7.0%	-	-

5. Intangible assets

Deemed Cost

	Brand*	Design and Formulation*	Software	Trademarks	Total
As at April 01, 2020	-	-	-	0.01	0.01
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at March 31, 2021	-	-	-	0.01	0.01
Additions	-	-	0.55	-	0.55
Acquisition of business (Refer note 44)	511.00	20.50	-	-	531.50
Disposals	-	-	-	-	-
As at March 31, 2022	511.00	20.50	0.55	0.01	532.06

Accumulated Amortisation

As at April 01, 2020	-	-	-	-	-
Amortisation	-	-	-	0.01	0.01
Disposals	-	-	-	-	-
As at March 31, 2021	-	-	-	0.01	0.01
Amortisation	-	1.01	0.02	-	1.03
Disposals	-	-	-	-	-
As at March 31, 2022	-	1.01	0.02	0.01	1.04

Net book value

As at April 01, 2020	-	-	-	0.01	0.01
As at March 31, 2021	-	-	-	-	-
As at March 31, 2022	511.00	19.49	0.53	-	531.02

*Brand, Design and Formulation were acquired as a part of B-Blunt business purchase agreement with Godrej Consumer Product Limited (Refer note 44)



Honasa Consumer Private Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2022
(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 leases.

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

	Land and Building	Computer and Peripherals	Total
Cost			
As at April 01, 2020	2.34	-	2.34
Additions	200.10	11.30	211.40
Disposals	-	-	-
As at March 31, 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
Depreciation			
As at April 01, 2020	-	-	-
Charge for the year	12.40	1.74	14.14
Disposal	-	-	-
As at March 31, 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
Net book value			
As at April 01, 2020	2.34	-	2.34
As at March 31, 2021	190.04	9.56	199.60
As at March 31, 2022	399.58	20.30	419.88

(c) Set out below are the carrying amounts of lease liabilities and the movements during the year:

Carried at amortised cost

	March 31, 2022	March 31, 2021	April 01, 2020
Non current			
Lease liabilities	401.23	185.88	0.10
Total non-current lease liabilities	401.23	185.88	0.10
Current			
Lease liabilities	39.32	17.43	0.22
Total current lease liabilities	39.32	17.43	0.22

(d) Following are the amounts recognised in Profit and loss account:

	March 31, 2022	March 31, 2021
Depreciation	(48.06)	(14.14)
Interest expense on lease liability	(25.08)	(8.05)
Rent expenses for short term lease (included in other expenses)	(6.02)	(8.29)
	(79.16)	(30.48)

(e) Impact on Statement of cash flow(increase/(decrease))

	March 31, 2022	March 31, 2021
Lease payments (including interest portion)	51.80	11.97
	51.80	11.97
Payment of principal portion of lease liabilities	26.72	3.92
Payment of interest portion of lease liabilities	25.08	8.05
	51.80	11.97

(f) Movement in lease liabilities for year ended March 31, 2022 and March 31, 2021:

	March 31, 2022	March 31, 2021
Balance at the beginning of the year	203.31	0.32
Add: Additions	263.96	206.91
Add: Interest	25.08	8.05
Less: Payment of lease liabilities	(51.80)	(11.97)
Balance at the end of the year	440.55	203.31

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

	March 31, 2022	March 31, 2021	April 01, 2020
Less than one year	61.17	31.38	0.24
one to five years	277.37	142.38	0.10
more than five years	232.14	153.31	-
Total	570.68	327.07	0.34



March 31, 2022 March 31, 2021 April 01, 2020

8 Investments

Non-current

(valued at cost unless stated otherwise)

Investment in subsidiaries*

Unquoted:

54,634 equity shares (March 31, 2021: Nil; April 01, 20: Nil) of Rs 10 each in Just4Kids Services Private Limited (refer note a)	1,237.17	-	-
20,829 equity shares (March 31, 2021: Nil; April 01, 20: Nil) of Rs 10 each in Bhabani Blunt Hairdressing Private Limited (refer note b)	784.69	-	-
	2,021.86	-	-
Aggregated amount of unquoted investments	2,021.86	-	-
Aggregated amount of impairment in value of investments	-	-	-

*Includes share based payment expenses on options granted to employees of Just4Kids Services Private Limited amounting to Rs 10.57 million and employees of Bhabani Blunt Hairdressing Private Limited amounting to Rs 0.72 million.

Name of entity	Nature	Country of incorporation	Date of acquisition	Ownership interest held by Company in %		
				March 31, 2022	March 31, 2021	April 01, 2020
Just4Kids Services Private Limited	Subsidiary	India	December 24, 2021	74.32%	-	-
Bhabani Blunt Hairdressing Private Limited	Subsidiary	India	March 16, 2022	100.00%	-	-

Note a

i) On December 24, 2021, the Company has 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 54,634 equity shares at a consideration of Rs 939.97 million and further, committed subscription amount of Rs 500 million out of which Rs 250 million has been infused as at March 31, 2022. 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. 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, 2021, the company has acquired entire equity shares of Bhabani Blunt Hair Dressing Private Limited by virtue of a Share Purchase and Share Subscription Agreement. The Company has 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, 2022. 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 has 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 44).

iii) Following are the details of the funds invested by the Company to Intermediaries for further investment 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	Amount of fund further invested by such Intermediaries to Ultimate Beneficiaries (In Rs million)	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

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8 Investments (Continued)

Current

(valued at amortised cost)

Unquoted Other Investments

	No of units			Amount		
	March 31, 2022	March 31, 2021	April 01, 2020	March 31, 2022	March 31, 2021	April 01, 2020
CFSL Commercial Paper	-	-	400	-	-	184.38
Total Unquoted investments				-	-	184.38

Quoted Bonds and Debentures

HDFC Bank Limited Sr-1 8.85 BD Perpetual Fvrs	200	-	-	208.65	-	-
State Bank of India Series 1 9.56 NCD Perpetual Fvrs	100	-	-	111.82	-	-
Total quoted bonds and debentures valued at amortised cost				320.47	-	-

(valued at fair value through profit and loss)

Quoted Mutual Funds

Kotak Money Market Fund Direct - Growth	-	12,005	15,297	-	41.82	50.68
UTI MMMF Direct - Growth	1,675	1,675	26,806	4.17	4.01	60.79
Aditya Birla SL Savings Direct - Ultra Short term	-	143,477	143,477	-	61.24	57.51
SBI Magnum Ultra Short Duration Direct - Growth	16,781	16,781	13,578	82.18	79.19	60.83
IDFC Banking and PSU Debt Fun - Direct Plan - Growth*	6,089,294	6,089,294	6,089,294	124.22	118.99	109.39
HDFC Corporate Bond Direct - Growth	5,209,120	4,446,937	4,446,937	137.94	111.99	102.65
ICICI Prudential Corporate Bond Direct - Growth*	7,098,408	7,098,408	7,098,408	174.52	166.86	152.69
DSP Short Term Direct - Growth	3,685,984	3,685,984	3,685,984	149.44	143.18	132.46
HDFC Short Term Debt Direct - Growth	3,550,981	2,011,797	4,464,425	93.10	50.19	102.18
IDFC Bond ShortTerm Direct - Growth	2,354,846	2,354,846	2,354,846	115.38	110.35	102.11
IDFC Dynamic bond fund- Direct - Growth	3,327,510	-	-	101.12	-	-
Kotak Bond Short-term Direct - Growth	3,213,016	2,550,009	2,550,009	146.82	110.87	102.29
Tata Short Term Bond Direct - Growth	635,243	1,114,192	-	26.86	45.07	-
HDFC Money Market Direct - Growth	24,238	24,238	-	112.82	108.44	-
HDFC Floating Rate Debt Direct - Growth	1,790,652	-	-	71.80	-	-
HDFC Ultra Short Term Fund Direct - Growth	-	4,341,031	-	-	51.83	-
Axis Banking & PSU Debt Direct - Growth	12,250	12,250	-	26.79	25.70	-
Axis Strategic Bond Fund Direct - Growth	4,218,184	-	-	101.21	-	-
Kotak Banking and PSU Debt Direct - Growth	960,450	774,560	-	52.13	39.91	-
Kotak Corporate Bond Direct - Growth	29,390	10,038	-	92.08	29.96	-
Kotak Money Market Fund Direct - Growth	14,946	-	-	54.11	-	-
L&T Triple Ace Bond Direct-Growth*	2,451,157	1,330,969	-	154.08	79.38	-
Axis Treasury Advantage Direct - Growth	816	816	-	2.11	2.03	-
ICICI Pru Short Term Direct - Growth	1,194,439	206,717	-	60.97	10.05	-
ICICI Pru Medium Term Bond Direct - Growth	787,544	-	-	30.28	-	-
ICICI Prudential Overnight Fund Growth	120	-	-	0.01	-	-
Bharat Bond FOF - April 2025 Direct - Growth	9,379,196	4,710,982	-	101.51	48.21	-
Bharat Bond FOF - April 2030 Direct - Growth	4,620,515	4,620,515	-	53.01	50.08	-
India Grid Trust Invit Fund - Perpetual	146,286	146,286	-	21.53	20.51	-
Powergrid Infrastructure Investment Trust	322,385	-	-	43.17	-	-
ICICI Prudential Corporate Credit Opportunities AIF I	99,995	-	-	10.00	-	-
UTI Liquid Cash Direct - Growth	-	-	7,789	-	-	25.32
Nippon India Money Market Direct - Growth	30,178	-	-	101.11	-	-
Nippon India Corporate Bond Direct - Growth	316,628	-	-	15.69	-	-
Nippon India ETF Nifty SDL - 2026 Maturity - Growth	500,000	-	-	54.03	-	-
HSBC Ultra Short Duration Fund Direct - Growth	73,319	-	-	80.82	-	-
Edelweiss NIFTY PSU Bond Plus - 2026 Direct - Growth	13,146,157	-	-	141.20	-	-
Edelweiss NIFTY PSU Bond Plus - 2027 Direct - Growth	4,961,989	-	-	50.65	-	-
Edelweiss Credit Plus Fund AIF	1,500	-	-	15.00	-	-
Aditya Birla SL Nifty SDL Plus PSU Bond Sep 2026	4,958,594	-	-	50.46	-	-
Aditya Birla SL Floating rate Direct - Growth	251,530	-	-	71.32	-	-
Aditya Birla Sun Life Money Manager Fund	3,538	-	-	1.06	-	-

Quoted Bonds and Debentures

Muthoot Fincorp Limited - Market Linked Debenture	130	130	-	145.12	134.40	-
Asirvad Microfin Limited MLD	20	-	-	21.02	-	-
Shriram City Union MLD	80	-	-	81.97	-	-
Total Quoted investments valued at Fair value through profit and loss				2,972.81	1,644.26	1,058.90

Total Quoted investments

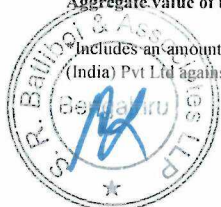
				3,293.28	1,644.26	1,058.90
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Total Investments

				3,293.28	1,644.26	1,243.28
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Aggregate book value of quoted investments				3,293.28	1,644.26	1,058.90
Aggregate market value of quoted investments				3,293.28	1,644.26	1,058.90
Aggregate value of unquoted investments				-	-	184.38

Includes an amount of Rs 294.12 million (March 31, 2021: Nil; April 01, 2020: Nil) at cost 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.



Honasa Consumer Private Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts in Rs millions, except as otherwise stated)

9 Other financial assets (Unsecured, considered good)	March 31, 2022	March 31, 2021	April 01, 2020
<i>Carried at amortised cost</i>			
Non-current			
Security deposits	13.56	7.34	3.12
Fixed deposit with maturity of more than 12 months**	749.75	53.27	-
Interest Accrued	1.41	-	-
	764.72	60.61	3.12
Current			
Security deposits	3.96	3.37	1.36
Interest Accrued	37.49	1.11	6.48
	41.45	4.48	7.84

*Includes an amount of Rs 56.47 million (March 31, 2021: Rs 14.27 million; April 01, 2020: Nil) 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 TLG India Pvt Ltd.

Includes an amount of Rs 113.85 million (March 31, 2021: Nil; April 01, 2020: Nil) secured against overdraft facility with HDFC Bank.

10 Income tax assets (net)

Non-current			
Advance tax (net)	33.43	1.52	0.57
	33.43	1.52	0.57

11 Inventories

(valued at lower of cost and net realizable value)

Traded goods*	658.67	417.42	136.71
Less: Provision for slow moving inventories	(12.86)	(3.95)	-
	645.81	413.47	136.71

*Traded goods includes goods in transit of Rs 4.96 million (March 31, 2021: Rs 8.33 million; April 01, 2020: Rs 4.74 million)

12 Trade receivables

Carried at amortised cost

Trade receivables	647.67	338.43	106.06
	647.67	338.43	106.06
Break-up for security details			
Trade receivables			
Unsecured, considered good	647.67	338.43	106.06
Trade receivables - credit impaired	8.82	5.02	2.04
	656.49	343.45	108.10
Provision for bad and doubtful debts			
Trade receivables - credit impaired	(8.82)	(5.02)	(2.04)
	(8.82)	(5.02)	(2.04)
	647.67	338.43	106.06

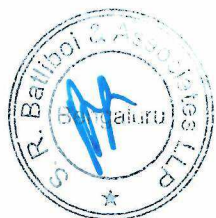
Total Trade receivables

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	1-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	352.42	295.25	-	-	-	647.67
Undisputed Trade receivable - credit impaired	-	-	4.01	4.81	-	8.82
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-
Total	352.42	295.25	4.01	4.81	-	656.49
Less: Provision for bad and doubtful debts	-	-	(4.01)	(4.81)	-	(8.82)
Total Trade receivables	352.42	295.25	-	-	-	647.67

As at March 31, 2021

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		0-6 months	6 months - 1 year	1-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	126.27	212.16	-	-	-	338.43
Undisputed Trade receivable - credit impaired	-	-	5.02	-	-	5.02
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-
Total	126.27	212.16	5.02	-	-	343.45
Less: Provision for bad and doubtful debts	-	-	(5.02)	-	-	(5.02)
Total Trade receivables	126.27	212.16	-	-	-	338.43



Honasa Consumer Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022

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

12 Trade receivables (Continued)

As at April 01, 2020

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		0-6 months	6 months – 1 year	1-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	44.71	61.35	-	-	-	106.06
Undisputed Trade receivable – credit impaired	-	-	2.04	-	-	2.04
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	-
Total	44.71	61.35	2.04	-	-	108.10
Less: Provision for bad and doubtful debts	-	-	(2.04)	-	-	(2.04)
Total Trade receivables	44.71	61.35	-	-	-	106.06

- There are no non-current trade receivables as on March 31, 2022 (March 31, 2021 : Nil, April 01, 2020: Nil).

- 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 34. 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.

Movement in Provision for bad and doubtful debts

	March 31, 2022	March 31, 2021
Opening balance	5.02	2.04
Add: Charge for the year	3.80	2.98
Less: Bad debts written off during the year	-	-
Closing balance	8.82	5.02

13 Cash and cash equivalents

Cash and cash equivalents

	March 31, 2022	March 31, 2021	April 01, 2020
Cash in hand	0.42	0.35	0.11
Balance with banks			
- on current accounts	245.85	97.24	19.05
	246.27	97.59	19.16

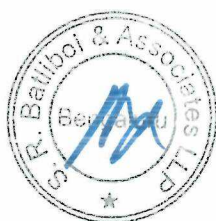
14 Bank balances other than cash and cash equivalents

Deposits with remaining maturity of more than three months but less than or equal to twelve months	538.90	109.95	244.99
	538.90	109.95	244.99

15 Other assets

Current

Balance with government authorities	215.49	51.74	23.82
Advance to employees	0.70	6.50	-
Prepaid expenses	20.96	18.63	0.44
Advance to suppliers	51.88	68.35	14.03
Other receivables	0.62	-	-
	289.65	145.22	38.29



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16 Share Capital

Equity share capital

a) Authorised share capital

Equity share capital of Rs 10 each

As at April 01, 2020	40,000	0.40
Increase during the year	-	-
As at March 31, 2021	40,000	0.40
Increase during the year	-	-
As at March 31, 2022	40,000	0.40

Equity Shares	
Numbers	Amount
40,000	0.40
-	-
40,000	0.40
-	-
40,000	0.40

Equity share capital of Rs 100 each

As at April 01, 2020	580	0.06
Increase during the year	-	-
As at March 31, 2021	580	0.06
Increase during the year	-	-
As at March 31, 2022	580	0.06

580	0.06
-	-
580	0.06
-	-
580	0.06

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

Equity share capital of Rs 10 each, fully paid up

As at April 01, 2020	10,207	0.10
Issued during the year*	18	0.00
As at March 31, 2021	10,225	0.10
Issued during the year**	31	0.00
As at March 31, 2022 (i)	10,256	0.10

Equity Shares	
Numbers	Amount
10,207	0.10
18	0.00
10,225	0.10
31	0.00
10,256	0.10

Equity share capital of Rs 100 each, fully paid up

As at April 01, 2020	290	0.03
Issued during the year	-	-
As at March 31, 2021	290	0.03
Issued during the year	-	-
As at March 31, 2022 (ii)	290	0.03

290	0.03
-	-
290	0.03
-	-
290	0.03

Total (i)+(ii)

* Represents amount of Rs 180.
** Represents amount of Rs 310.

10,546	0.13
--------	------

c) Terms/rights attached to equity shares

i) The Company has two class of 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 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 of the Company, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) The equity shares Nil (March 31, 2021: 916, April 01, 2020: 686) were redeemable at the option of the holder and therefore they are considered as a puttable instrument. These equity shares meet the conditions of equity classification as per Ind AS 32 and are therefore, classified and accounted for as equity.

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

	March 31, 2022		March 31, 2021		April 01, 2020	
	Nos.	Holding %	Nos.	Holding %	Nos.	Holding %
Equity shares of Rs 10 each, fully paid						
Varun Alagh	8,282	81%	8,514	82%	8,514	83%
Ghazal Alagh	788	8%	788	8%	1,000	10%
	9,070		9,302		9,514	
Equity shares of Rs 100/- each fully paid						
Shilpa Shetty Kundra	108	37%	290	100%	290	100%
Evolve Fund III Ltd	102	35%	-	-	-	-
Evolve India Coinvest PCC	68	23%	-	-	-	-
	278		290		290	

e) Details of shares held by promoters:

Equity shares of Rs 10 each, fully paid
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%	-



16 Share Capital (continued)
As at March 31, 2021

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Varun Alagh	8,514	-	8,514	82%	-
Ghazal Alagh	1,000	(212)	788	8%	-21%

As at April 01, 2020

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	9,000	(486)	8,514	83%	-5%
Ghazal Alagh	1,000	-	1,000	10%	-

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 17.

For details of shares reserved for issue against share warrants refer note 37.

For details of shares reserved for issue under the employee stock option plan (ESOP), refer note 39.

g) The Company has not issued any bonus or issued shares for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date. Refer note 49(a) for bonus shares issued subsequent to the year ended March 31, 2022.

17 Instrument entirely in the nature of equity

Preference shares

i) Authorised share capital

0.001% Non-Cumulative Compulsorily Convertible Preference Shares ("NCCCPS") of Rs 10 each

As at April 01, 2020

	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
As at March 31, 2021	16,730	0.17
Increase during the year	-	-
Class E NCCCPS	5,000	0.05
Class F NCCCPS	5,000	0.05
As at March 31, 2022	26,730	0.27

ii) Issued, subscribed and fully paid up shares

NCCCPS of Rs 10 each

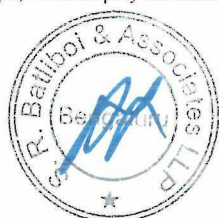
As at April 01, 2020

Class A NCCCPS- Refer note (i) below	581	-
Class B NCCCPS- Refer note (i) below	1,885	-
Class C NCCCPS- Refer note (i) below	4,845	-
Class D NCCCPS- Refer note (i) below	4,161	-
Total	11,472	-
Increase during the year	-	-
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 (iii) below	839	0.01
	13,213	19,540.01
Less: Reclassified to securities premium as per Companies Act, 2013 (Refer note (i) below)		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 as at April 01, 2020 and year ended March 31, 2021 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 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 during the year at a premium of Rs 2.24 million per share.

Note (iii): The Company has issued 839 Class F NCCCPS of Rs 10 during the year at a premium of Rs 3.39 million per share.



17 Instrument entirely in the nature of equity (continued)

(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 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.

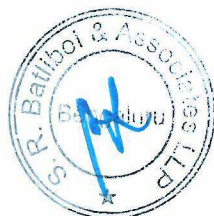
In the event of liquidation of the Company before conversion, the holder of NCCCPS Class A, B, C, D, E & F shares would be paid prior and in preference to any payment or distribution to equity share holders.

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

	March 31, 2022		March 31, 2021		April 01, 2020	
	Nos.	Holding %	Nos.	Holding %	Nos.	Holding %
Class A NCCCPS of Rs 10 each, fully paid						
Fireside Ventures Trust	108	19%	141	24%	254	44%
Suhail Sameer	116	20%	116	20%	116	20%
SCI Investments VI	209	36%	209	36%	186	32%
Sofina Ventures S.A.	64	11%	64	11%	-	-
Sequoia Capital Global Growth Fund III - U.S./India Annex Fund, L.P.	33	6%	-	-	-	-
	530		530		556	
Class B NCCCPS of Rs 10 each, fully paid						
Fireside Ventures Investment Fund I	199	11%	199	10%	1,347	72%
Kunal Bahl	-	-	-	-	269	14%
Rohit Kumar Bhansal	-	-	-	-	269	14%
SCI Investments VI	454	24%	454	24%	-	-
Sofina Ventures S.A.	1,062	56%	1,062	56%	-	-
	1,715		1,715		1,885	
Class C NCCCPS of Rs 10 each, fully paid						
Fireside Ventures Investment Fund I	1,780	37%	1,780	37%	1,780	37%
Stellaris Venture Partners India I	1,764	36%	1,764	36%	2,131	44%
Rishabh Mariwala	642	13%	642	13%	734	15%
Sofina Ventures S.A.	252	5%	252	5%	-	-
	4,438		4,438		4,645	
Class D NCCCPS of Rs 10 each, fully paid						
SCI Investments VI	3,346	80%	3,346	80%	3,346	80%
Fireside Ventures Investment Fund I	363	9%	363	9%	363	9%
Stellaris Venture Partners India I	363	9%	363	9%	363	9%
	4,072		4,072		4,072	
Class E NCCCPS of Rs 10 each, fully paid						
SCI Investments VI	82	9%	-	-	-	-
Sofina Ventures S.A.	656	73%	-	-	-	-
Evolve Fund III Ltd	164	18%	-	-	-	-
	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					

18 Other equity

	March 31, 2022	March 31, 2021	April 01, 2020
Securities premium	6,504.71	20.08	18.76
Retained earnings	(17,520.19)	(17,719.98)	(4,397.91)
Employee stock option reserve	207.34	48.34	7.22
	(10,808.14)	(17,651.56)	(4,371.93)
Securities premium			
Opening Balance	20.08	18.76	338.79
Add: Premium on issue of equity shares	6.26	0.90	0.38
Add: Premium on issue of Class D NCCCPS	-	-	1,290.24
Add: Premium on issue of Class E and F NCCCPS	4,863.85	-	-
Less: Premium towards NCCCPS on classification from equity to liability (refer note 17)	-	-	(1,610.65)
Add: Premium towards NCCCPS on reclassification from liability to equity (refer note 17)	1,610.65	-	-
Less: Transaction cost on issue of shares	(4.87)	-	-
Add: Transferred to securities premium on exercise of stock options	8.74	0.42	-
Closing balance	6,504.71	20.08	18.76



Honasa Consumer Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022

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

18 Other equity (continued)

Retained earnings

Opening Balance	(17,719.98)	(4,397.91)
Add: Profit/(loss) for the year	198.68	(13,322.15)
Add: Other comprehensive income	1.11	0.08
Closing balance	(17,520.19)	(17,719.98)

Employee stock option outstanding

Opening Balance	48.34	7.22
Add: Share based payment expenses (Refer note 39)	156.45	41.54
Add: Options granted to subsidiaries employees	11.29	-
Less: Transferred to securities premium on exercise of stock options	(8.74)	(0.42)
Closing balance	207.34	48.34

Securities premium:

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

Retained earnings :

Retained earnings are the profits/(loss) that the Company 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 Statement of Profit and Loss.

Employee stock option outstanding :

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



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Honasa Consumer Private Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts in Rs millions , except as otherwise stated)

19 Borrowings

	March 31, 2022	March 31, 2021	April 01, 2020
Non Current			
<i>Carried at fair value</i>			
Non- Cumulative Compulsorily Convertible Preference Shares(NCCCPS) - (Refer note below)	-	19,539.99	5,927.56
	-	19,539.99	5,927.56

Note:

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 as at April 01, 2020 and year ended March 31, 2021 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 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.

20 Other financial liabilities

	March 31, 2022	March 31, 2021	April 01, 2020
Non Current			
<i>Carried at fair value</i>			
Derivative liability*	32.00	-	-
Stock appreciation rights (refer note 39)	9.02	-	-
	41.02	-	-
Current			
<i>Carried at fair value</i>			
Derivative liability*	15.80	-	-
Stock appreciation rights (refer note 39)	11.13	-	-
	26.93	-	-
<i>Carried at amortised cost</i>			
Employee benefits payable	53.16	45.13	10.72
Consideration payable (Refer Note 44)	20.53	-	-
Payable for capital goods	7.18	-	-
	80.87	45.13	10.72
	107.80	45.13	10.72

*During the year ended March 31, 2022, the Company has 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 profit and loss account.

21 Provisions

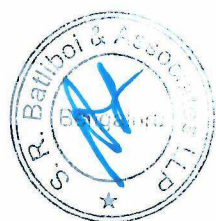
	March 31, 2022	March 31, 2021	April 01, 2020
Non-current			
Provision for Gratuity (Refer Note 35)	21.65	9.55	3.24
	21.65	9.55	3.24
Current			
Provision for Gratuity (Refer Note 35)	0.13	0.04	-
Provision for Leave benefits	22.21	9.42	2.57
	22.34	9.46	2.57

22 Other liabilities

Current			
Statutory dues payable	51.79	25.63	8.76
Advance from customers	31.35	15.32	3.03
Deferred revenue	19.93	11.81	3.11
	103.07	52.76	14.90

Movement during the year - Deferred Revenue

Balance as at April 01, 2020	3.11
Arising during the year	11.81
Utilised during the year	(3.11)
Balance as at March 31, 2021	11.81
Arising during the year	19.93
Utilised during the year	(11.81)
Balance as at March 31, 2022	19.93



23 Trade payables

Carried at amortised cost

	March 31, 2022	March 31, 2021	April 01, 2020
Total outstanding dues of micro enterprises and small enterprises	33.97	121.27	76.97
Total outstanding dues of creditors other than micro enterprises and small	1,595.92	682.15	142.04
	1,629.89	803.42	219.01

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

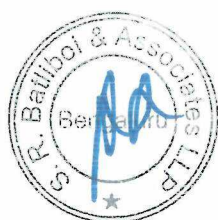
The amount due to Micro, small and medium enterprise as per the "Micro, small and medium Enterprise Development Act, 2006" (MSMED) has been determined to the extent such parties have been identified on the basis of information available with the company. The disclosure relating to micro, small and medium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

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each			
Principal amount due to micro and small enterprises	32.80	120.32	76.87
Interest due on the above	1.17	0.95	0.10
Total	33.97	121.27	76.97
(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 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	0.22	0.85	0.04
(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	1.17	0.95	0.10

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors/ suppliers.

- (a) Trade payables are non-interest bearing and are generally settled up to 60 days
(b) For explanations on the Company's credit risk management processes, refer to Note 40.
(c) Trade payables (outstanding for following periods 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, 2022						
(i) MSME	-	33.97	-	-	-	33.97
(ii) 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
As at March 31, 2021						
(i) MSME	-	121.27	-	-	-	121.27
(ii) Others	172.02	508.99	1.14	-	-	682.15
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	172.02	630.26	1.14	-	-	803.42
As at April 01, 2020						
(i) MSME	-	76.97	-	-	-	76.97
(ii) Others	35.31	106.73	-	-	-	142.04
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	35.31	183.70	-	-	-	219.01



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Honasa Consumer Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022

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

24 Tax expense (net)

The major components of income tax expense for the year ended March 31, 2022 and March 31, 2021 are:

a) Standalone statement of profit and loss

Profit or loss section

	March 31, 2022	March 31, 2021
Current income tax:		
Current tax	62.21	61.89
Deferred tax:		
Relating to origination and reversal of temporary differences	17.14	14.17
Total tax expense	79.35	76.06

b) Other comprehensive income/(loss)

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

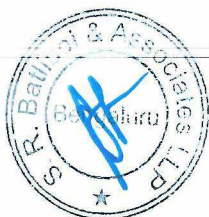
	March 31, 2022	March 31, 2021
Net loss/ (gain) on remeasurements of defined benefit plans	0.38	0.03
Tax (income) / expense charged to OCI	0.38	0.03

c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2021:

	March 31, 2022	March 31, 2021
Accounting profit/ (loss) before income tax	278.03	(13,246.09)
Applicable India's statutory income tax rate	25.17%	25.17%
Computed tax charge/(credit)	69.98	(3,334.04)
Deferred tax asset not recognised in previous years	-	(18.49)
Expenses not deductible under income tax (Including change in fair valuation of preference shares)	7.54	3,426.58
Others	1.82	2.00
Income tax expense reported in the standalone statement of profit and loss	79.35	76.05

d) Deferred tax relates to the following:

	March 31, 2022	March 31, 2021	April 01, 2020
Deferred tax liability			
Investments	47.58	25.41	6.13
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	-	-
	59.12	25.41	6.13
Deferred Tax Asset			
Provision for bad & doubtful debts	2.22	1.26	0.51
Provision for gratuity	5.48	2.41	0.81
Provision for leave encashment	5.59	2.37	0.65
Provision for bonus	0.58	0.27	-
Provision for Customer Credits	5.02	2.97	0.78
Brought forward losses and unabsorbed depreciation	-	-	20.80
Provision for slow moving inventory	3.24	-	-
Right of use asset, net	5.20	0.93	0.52
Notional interest income on security deposits	0.07	0.03	-
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	0.55
	27.40	11.21	24.62
	31.72	14.20	(18.49)
Less: Deferred tax not recognised (Refer note (i) below)			18.49
Net deferred tax liability	31.72	14.20	-



Honasa Consumer Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022

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

24 Tax expense (net) (continued)

Notes:

(i) No deferred tax asset has been recognised upto April 01, 2020 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 Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

e) Reconciliation of deferred tax liabilities (net):

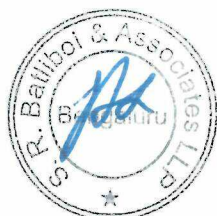
	March 31, 2022	March 31, 2021
Opening balance as of April 01	14.20	-
Tax income/(expense) during the period		
- recognised in statement of profit and loss	17.14	14.17
- recognised in OCI	0.38	0.03
Closing balance as at March 31	<u>31.72</u>	<u>14.20</u>

f) Movement for the year ended March 31, 2022

	March 31, 2021	Recognised in statement of profit and loss	Recognised in OCI	March 31, 2022
Deferred tax liability				
Investments	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
	<u>25.41</u>	<u>33.71</u>	<u>-</u>	<u>59.12</u>
Deferred Tax Asset				
Provision for bad & 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 Customer Credits	2.97	2.05	-	5.02
Provision for slow moving inventory	-	3.24	-	3.24
Right of use asset, net	0.93	4.27	-	5.20
Interest Income on security deposits	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)	-	-
Total	<u>11.21</u>	<u>16.57</u>	<u>(0.38)</u>	<u>27.40</u>
Net Deferred tax liability	<u>14.20</u>	<u>17.14</u>	<u>0.38</u>	<u>31.72</u>

g) Movement for the year ended March 31, 2021

	April 01, 2020	Recognised in statement of profit and loss	Recognised in OCI	March 31, 2021
Deferred tax liability				
Investments	6.13	19.28	-	25.41
	<u>6.13</u>	<u>19.28</u>	<u>-</u>	<u>25.41</u>
Deferred Tax Asset				
Provision for bad & doubtful debts	0.51	0.75	-	1.26
Provision for gratuity	0.81	1.63	(0.03)	2.41
Provision for leave encashment	0.65	1.72	-	2.37
Provision for bonus	-	0.27	-	0.27
Provision for Customer Credits	0.78	2.19	-	2.97
Brought forward losses and unabsorbed depreciation	20.80	(20.80)	-	-
Right of use asset, net	0.52	0.41	-	0.93
Interest Income on security deposits	-	0.03	-	0.03
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	0.55	0.42	-	0.97
Total	<u>24.62</u>	<u>(13.38)</u>	<u>(0.03)</u>	<u>11.21</u>
Deferred tax	<u>(18.49)</u>	<u>32.66</u>	<u>0.03</u>	<u>14.20</u>
Less: Deferred tax not recognised	<u>(18.49)</u>	<u>18.49</u>		
Net Deferred tax liability	<u>-</u>	<u>14.17</u>	<u>0.03</u>	<u>14.20</u>



Honasa Consumer Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022

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

25 Revenue from operations

	March 31, 2022	March 31, 2021
Sale of products	9,317.56	4,599.90
Revenue from contract with customers	9,317.56	4,599.90
Sale of products (net of Goods and Service Tax and discounts/promotion offers)		
Traded goods	9,317.56	4,599.90
	9,317.56	4,599.90

25.1 Details of disaggregation of revenue

The Company derives its major revenue from sale of baby care, skin care, hair and other related products, which is a single line of business.

25.2 Contract balances

a) Contract Assets

	March 31, 2022	March 31, 2021	April 01, 2020
Trade receivables	647.67	338.43	106.06

b) Contract Liabilities

Advance received from customers	31.35	15.32	3.03
Deferred revenue	19.93	11.81	3.11
	51.28	27.13	6.14

25.3 Timing of revenue recognition

	March 31, 2022	March 31, 2021
Goods transferred at a point in time	9,317.56	4,599.90
Revenue from contract with customers	9,317.56	4,599.90

25.4 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

	March 31, 2022	March 31, 2021
Revenue as per contracted price	9,804.22	4,739.81
Adjustments		
Claims and rebates	(466.73)	(128.10)
Deferred revenue	(19.93)	(11.81)
Revenue from contract with customers	9,317.56	4,599.90

25.5 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.

26 Other income

	March 31, 2022	March 31, 2021
Interest income on:		
Investments	54.41	15.10
Deposits with bank	10.83	4.03
Unwinding of discount on security deposits	0.71	0.25
Foreign exchange fluctuation gain (net)	-	1.76
Fair value gain on investments measured at FVTPL	88.08	76.64
Gain on sale of investments measured at FVTPL	43.11	22.21
Others	9.66	1.12
	206.80	121.11

27 Purchases of traded goods

	March 31, 2022	March 31, 2021
Purchases (traded goods)	3,045.04	1,607.77
	3,045.04	1,607.77

28 Increase in inventories of traded goods

	March 31, 2022	March 31, 2021
Inventories at the beginning of the year	417.42	136.71
Inventories acquired during the year from:		
- Acquisition * (Refer note 44)	27.12	-
	444.54	136.71
Inventories at the end of the year	658.67	417.42
	658.67	417.42
(Increase) in inventories of traded goods	(214.13)	(280.71)

* Net of Rs 15.55 million which has been transferred to vendor for contract manufacturing



Honasa Consumer Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022

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

29 Employee benefits expense

	March 31, 2022	March 31, 2021
Salaries, wages and bonus	504.86	215.69
Contribution to provident fund and other funds (Refer note 35)	10.18	4.88
Gratuity (Refer note 35)	13.68	6.46
Share based payments expenses(equity settled- ESOP) (Refer note 39)	156.45	41.54
Employee stock appreciation rights expense (Refer note 39)	20.15	-
Staff welfare expenses	14.93	9.02
	720.25	277.59

30 Depreciation and amortisation expense

	March 31, 2022	March 31, 2021
Depreciation of property, plant and equipment	7.40	2.97
Depreciation of right-of-use-assets	48.06	14.14
Amortisation of intangible assets	1.03	0.01
	56.49	17.12

31 Finance costs

	March 31, 2022	March 31, 2021
Interest on		
Lease liabilities	25.08	8.05
Others	0.21	1.16
Bank charges	3.25	0.54
	28.54	9.75

32 Other expenses

	March 31, 2022	March 31, 2021
Advertisement expense	3,906.51	1,779.38
Freight and forwarding charges	919.07	543.53
Sales Commission	285.71	134.29
Packaging materials and other consumables	137.50	83.73
Software support expenses	117.04	48.28
Contract Labour charges	62.97	59.41
Legal and professional charges*	74.62	30.45
Travelling and conveyance	26.11	9.07
Payment gateway charges	16.80	11.37
Rates and taxes	10.75	0.93
Provision for slow moving inventory	8.91	3.95
Rent	6.02	8.29
Repairs and maintenance	5.60	3.56
Provision for bad and doubtful debts	3.80	2.98
Foreign exchange fluctuation loss (net)	3.06	-
Insurance	2.77	1.00
Communication costs	1.84	1.04
Power and fuel	1.57	0.80
Corporate social responsibility expenses - Refer note (i) below	1.44	-
Printing and stationery	0.33	0.77
Loss on sale/disposal of PPE	-	0.12
Miscellaneous expenses	1.92	0.20
	5,594.34	2,723.15

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

Statutory audit fee (excluding goods and services tax)	3.50	2.20
Reimbursement of expenses	0.02	0.01
	3.52	2.21

(i) Details of CSR Expenditure

Consequent to the requirements of section 135 and Schedule VII of the Companies Act, 2013 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 1.44 million (March 31, 2021: Nil) towards various schemes of corporate social responsibility as prescribed under Section 135 of the Companies Act, 2013, as approved by the Board of Directors.

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

Particulars	For the year ended		For the year ended
	March 31, 2022		March 31, 2021
a) Gross amount required to be spent by the Company during the year	1.44		-
b) 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
c) Amount spent during the year ended March 31, 2021	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of assets	-	-	-
ii) On purposes other than above	-	-	-



32 Other expenses (continued)

Details of ongoing project and other than 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
-	-	-	-	-	-	-

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	-

33 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

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:

Profit/(loss) after tax attributable to equity holders of the Company (a)	198.68	(13,322.15)
Equity shares of Rs 10 each	196.18	(12,954.20)
Equity shares of Rs 100 each	2.51	(367.94)
Weighted average number of shares outstanding during the year for basic EPS (b)		
Equity shares of Rs 10 each (refer note (a) below)	291,825,532	131,709,000
Equity shares of Rs 100 each (refer note (a) and (c) below)	3,741,000	3,741,000
Weighted average number of shares outstanding during the year for diluted EPS (c)		
Equity shares of Rs 10 each (refer note (a) below)	297,540,878	281,871,922
Equity shares of Rs 100 each (refer note (a) and (c) below)	3,741,000	3,741,000
Basic earnings/(loss) per share (in Rs) (a/b)		
Equity shares of Rs 10 each	0.67	(98.35)
Equity shares of Rs 100 each	0.67	(98.35)
Diluted earnings/(loss) per share (in Rs) (a/c)		
Equity shares of Rs 10 each	0.66	(98.35)
Equity shares of Rs 100 each	0.67	(98.35)
Equity share reconciliation for EPS		
Equity shares of Rs 10 each	131,994,532	131,709,000
NCCCPs as equity	159,831,000	-
Total considered for basic EPS	291,825,532	131,709,000
Add: ESOP options	5,715,346	2,174,122
Add: NCCCPs	-	147,988,800
Total considered for diluted EPS	297,540,878	281,871,922
Equity share reconciliation for EPS - Face value Rs.100		
Equity shares of Rs. 100 each (refer note (c) below)	3,741,000	3,741,000

Notes:

a) Subsequent to the year end, the Company has issued bonus shares in accordance with Section 63 of the Companies Act, 2013 in the ratio of 12,899:1 on May 11, 2022. The weighted average number of shares 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 pari passu and does not have differential voting rights.

b) Employee share options and NCCCPs are anti-dilutive in nature during the year end March 31, 2021.

c) 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 pasu to the Rs.10 face value equity shares. The split of Rs 100 face value equity shares is considered as non-adjusting event and hence EPS is computed by providing the effect of bonus to both the class of equity shares. The Equity shares of Rs.90 is each would be non-voting shares and the Company is proposing to buy-back these shares subsequently.



34 Related party disclosures

a) Names of related parties and description of relationships:

<i>Name of Related party where control exists:</i>	Nature of relationship
Just4Kids Services Private Limited (w.e.f. December 24, 2021) (Refer note 8)	Subsidiary
Bhabani Blunt Hairdressing Private Limited (w.e.f. March 16, 2022) (Refer note 8)	Subsidiary
B:Blunt-Spratt Hair dressing Private Limited (w.e.f. March 16, 2022) (Refer note 8)	Subsidiary
PT Honasa Consumer Indonesia (w.e.f. February 18, 2022)	Subsidiary
Key management personnel (KMP)	
Directors	
Varun Alagh	Director
Ghazal Alagh	Director
Ishaan Mittal	Nominee Director
Vivek Gambhir	Independent Director
Rahul Chowdhri (Resigned w.e.f. June 08, 2022)	Nominee Director
Subramaniam Somasundaram (w.e.f. February 11, 2022)	Independent Director
Vettakkorumakankav Siva Subramaniam Sitaram	
Other KMP	
Dhanraj Dagar (w.e.f. May 11, 2022)	Company Secretary
Ramanpreet Sohi (w.e.f. July 26, 2022)	Chief Financial Officer

b) Transactions with related parties

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2021 : Nil; April 01, 2020: 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, 2022	March 31, 2021
Sale of products (net)		
Varun Alagh	-	-
Ghazal Alagh	-	0.01
	-	0.01
Reimbursement of expenses		
Varun Alagh	0.06	0.15
Ghazal Alagh	-	0.13
	0.06	0.28
Remuneration paid*		
Varun Alagh	11.31	6.39
Ghazal Alagh	7.43	3.94
	18.74	10.33
Investments		
Just4Kids Services Private Limited**#	1,237.17	-
Bhabani Blunt Hairdressing Private Limited#	784.69	-
	2,021.86	-

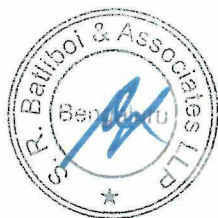
*The remuneration to the Key Management Personnel does not include provision made for gratuity and leave benefits as they are determined on an actuarial basis for the Company as a whole.

**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 10.57 million and employees of Bhabani Blunt Hairdressing Private Limited amounting to Rs 0.72 million.

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

	March 31, 2022	March 31, 2021	April 01, 2020
Expense payable			
Varun Alagh	-	0.04	0.04
Ghazal Alagh	-	-	0.02
	-	0.04	0.06
Trade receivables			
Ghazal Alagh	-	0.02	-
	-	0.02	-
Employee Benefits Payable			
Varun Alagh	-	0.54	0.35
Ghazal Alagh	-	0.40	0.16
	-	0.94	0.51
Investments			
Just4Kids Services Private Limited	1,237.17	-	-
Bhabani Blunt Hairdressing Private Limited	784.69	-	-
	2,021.86	-	-



35 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 9.83 million (March 31, 2021: Rs 4.64 million) for Provident Fund contributions, Rs 0.13 million (March 31, 2021: Rs 0.11 million) for Employee's State Insurance and Rs 0.22 million (March 31, 2021: Rs 0.13 million) for Labour Welfare Fund 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 or holding of illiquid assets not being sold in time.
Salary escalation risk	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
Demographic risk	The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumptions made.
Regulatory risk	Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity pay-outs.

	March 31, 2022	March 31, 2021	April 01, 2020
Current	0.13	0.04	-
Non-current	21.65	9.55	3.24
	21.78	9.59	3.24

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 the year ended March 31, 2021:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 01, 2020	3.24	-	3.24
Amount recognised in statement of profit and loss			
Current Service cost	6.24	-	6.24
Interest cost on benefit obligation	0.22	-	0.22
Total amount recognised in statement of profit and loss	6.46	-	6.46
Benefits paid	-	-	-
Remeasurement			
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	-	-	-
Experience adjustments	(0.11)	-	(0.11)
Total amount recognised in other comprehensive income	(0.11)	-	(0.11)
Contributions by employer	-	-	-
As at March 31, 2021	9.59	-	9.59

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35 Employee benefits plan(continued)

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 March 31, 2021	9.59	-	9.59
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	-	-	-
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, 2022	March 31, 2021	April 01, 2020
Discount rate	7.22%	6.76%	6.76%
Future salary increases	10.00%	10.00%	10%
Normal retirement age	60 years	60 years	60 years
Attrition / withdrawal (per annum)	10.00%	10.00%	10.00%
Mortality	Indian Assured Lives Mortality (2012-14)	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, 2022		March 31, 2021		April 01, 2020		
	Defined benefit obligation on increase/decrease in assumptions						
	Increase	Decrease	Increase	Decrease	Increase	Decrease	
Discount rate	0.5% increase / decrease	(1.97)	2.22	(0.90)	1.01	(0.31)	0.35
Future salary increase	0.5% increase / decrease	1.71	(1.59)	0.84	(0.78)	0.28	(0.25)
Attrition rate sensitivity*	0.5% increase / decrease	(0.59)	0.63	(0.26)	0.28	-	-

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.

* Sensitivities due to attrition are not material as at April 01, 2020 and hence impact of change due to these not disclosed

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

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

	March 31, 2022	March 31, 2021	April 01, 2020
Within the next 12 months	0.13	0.04	-
Between 2 and 5 years	3.23	0.69	0.23
Beyond 5 years	19.97	9.54	3.01

36 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.



37 Commitments

(i) The 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 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 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 Company as on the date of exercise.

(ii) With respect to commitment relating to purchase of balance equity shares of Just4Kids Services Private Limited, refer note 20.

38 Contingent liabilities

- i) Claims against the Company not acknowledged as debts*
- ii) Bank guarantee** #

	<u>As at</u> <u>March 31, 2022</u>	<u>As at</u> <u>March 31, 2021</u>	<u>As at</u> <u>April 01, 2020</u>
	-	-	-
	393.21	14.27	-
	393.21	14.27	-

*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 56.47 million (March 31, 2021: Rs 14.27 million; April 01, 2020: Nil) and performance guarantees issued in favour of The Deputy General Manager - Canteen Stores Department and TLG India Pvt Ltd amounting to Rs 248.20 million (March 31, 2021: Nil; April 01, 2020: Nil)

Includes Bank Guarantees against overdraft facility with HDFC Bank amounting to Rs 113.85 million (March 31, 2021: Nil; April 01, 2020: Nil).

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39 Share based payments

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.

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 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 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 (as amended vide board meeting held on August 02, 2018).
Ownership	Legal 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 date of grant 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.
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 duly approved by the shareholders at the meeting held on August 02, 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, 2022		March 31, 2021	
	No. of options	WAEP (Rs)	No. of options	WAEP (Rs)
Outstanding at the beginning of the year	429	176,661.96	279	116,143.23
Granted during the year	193	263,565.86	168	263,565.86
Forfeited during the year	(7)	263,565.86	-	-
Exercised during the year	(31)	201,946.23	18	49,724.80
Outstanding at the end of the year	584	202,985.66	429	176,661.96
Exercisable at the end of the year	204	142,427.36	102	103,271.93
Weighted Average Remaining Contractual Life	5.17 years		5.62 years	

The weighted average fair value of the options granted during the year is Rs 0.76 million (March 31, 2021 - Rs 0.28 million)

Share appreciation rights (SAR)

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.

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

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

	March 31, 2022	March 31, 2021
Expense arising from equity-settled share-based payment transactions*	156.45	41.54
Expense arising from cash-settled share-based payment transactions	20.16	-
Total expense arising from share-based payment transactions	176.61	41.54

There were no cancellations or modifications to the plan in the year .

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2022		March 31, 2021	
	ESOP	SAR	ESOP	SAR
Weighted average fair values at the measurement date	0.75	1.42	0.28	-
Dividend yield (%)	0.00%	0.00%	0.00%	-
Expected volatility (%)	45.00%	45.00%	45.00%	-
Risk-free interest rate (%)	6.21% - 6.72%	4.37% - 4.98%	6.23% - 5.69%	-
Expected life of the options/SARs granted (in years)	7.00	1.15	7.00	-
Weighted average share price	1.92	2.13	0.24	-

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.



40 Financial instruments- accounting classification and fair value measurement

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

	As at March 31, 2022	As at March 31, 2021	As at April 01, 2020
Measured at fair value through statement of profit and loss (FVTPL)			
Investment in mutual funds (Level 1)	2,972.81	1,644.26	1,058.90
Total financial assets measured at FVTPL	2,972.81	1,644.26	1,058.90
Measured at amortised cost			
Investment in mutual funds	320.47	-	184.38
Trade receivables	647.67	338.43	106.06
Cash and cash equivalents	246.27	97.59	19.16
Bank balance other than cash and cash equivalents	538.90	109.95	244.99
Other financial assets	806.16	65.09	10.96
Total financial assets measured at amortised cost	2,559.47	611.06	565.55
Total financial assets	5,532.28	2,255.32	1,624.45

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

	As at March 31, 2022	As at March 31, 2021	As at April 01, 2020
Measured at fair value through statement of profit and loss (FVTPL)			
Other financial liabilities	67.96	-	-
Borrowings - NCCCPS (Level 3) (Refer note 19)	-	19,539.99	5,927.56
Total financial liabilities measured at FVTPL	67.96	19,539.99	5,927.56
Measured at amortised cost			
Other financial liabilities	80.87	45.13	10.72
Lease liabilities	440.55	203.31	0.32
Trade payables	1,629.88	803.41	219.01
Total financial liabilities measured at amortised cost	2,151.30	1,051.85	230.05
Total financial liabilities	2,219.25	20,591.84	6,157.61

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, 2022				
Financial assets and liabilities measured at fair values				
Investment in mutual funds	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	-	-	20.16	20.16
Total financial liabilities measured at fair value	-	-	67.97	67.97
March 31, 2021				
Financial assets and liabilities measured at fair values				
Investment in mutual funds	1,644.26	-	-	1,644.26
Total financial asset measured at fair value	1,644.26	-	-	1,644.26
Borrowings - NCCCPS	-	-	19,539.99	19,539.99
Total financial liabilities measured at fair value	-	-	19,539.99	19,539.99
April 01, 2020				
Financial assets and liabilities measured at fair values				
Investment in mutual funds	1,058.90	-	-	1,058.90
Total financial asset measured at fair value	1,058.90	-	-	1,058.90
Borrowings - NCCCPS	-	-	5,927.56	5,927.56
Total financial liabilities measured at fair value	-	-	5,927.56	5,927.56



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

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

Valuation techniques and significant unobservable inputs - Level 3

Type	Valuation technique	Significant unobservable inputs	Sensitivity analysis
March 31, 2021			
Type	Valuation technique	Significant unobservable inputs	Sensitivity analysis
Borrowings - NCCCPS	Discounted cash flow method	Growth rate - 5% Cost of equity - 16.4%	Year on year Growth rate - increase/(decrease) in growth rate by 1% would result in increase/(decrease) in NCCCPS liability by Rs 1,615 million/(Rs 1,354 million). Cost of equity - increase/(decrease) in Cost of equity by 0.5% would result in (decrease)/increase in NCCCPS liability by (Rs 966 million)/Rs 1,058 million.
April 01, 2020			
Type	Valuation technique	Significant unobservable inputs	Sensitivity analysis
Borrowings - NCCCPS	Discounted cash flow method	Growth rate - 5% Cost of equity - 15%	Year on year Growth rate - increase/(decrease) in growth rate by 1% would result in increase/(decrease) in NCCCPS liability by Rs 545 million/(Rs 446 million). Cost of equity - increase/(decrease) in Cost of equity by 0.5% would result in (decrease)/increase in NCCCPS liability by (Rs 308 million)/Rs 342million.

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

	April 01, 2020	Charge to profit and loss	March 31, 2021	Charge to profit and loss	Addition	Accounted in equity	March 31, 2022
Borrowings - NCCCPS	5,927.56	13,612.43	19,539.99	-	-	(19,539.99)	0.00

41 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.

iii. Price risk

We invest our surplus funds in liquid mutual funds. We are exposed to market price risk arising from uncertainties about future values of the investment. We manage the equity price risk through investing surplus funds in liquid mutual funds on a short term basis.



41 Financial risk management (continued)

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

Currency	Particulars	March 31, 2022		March 31, 2021		April 01, 2020	
		FC	Rs	FC	Rs	FC	Rs
AED	<u>Liability</u>						
	Trade payables	(0.01)	(0.47)	(1.21)	(24.14)	-	-
					-		
	<u>Assets</u>						
	Trade receivables	0.73	15.14	1.12	22.43	-	-
	Advance to suppliers	-	-	0.04	0.80	-	-
	Cash in hand	-	-	0.01	0.01	-	-
	Net exposure on foreign currency	0.72	14.67	(0.04)	(0.90)	-	-
GBP	<u>Liability</u>						
	Advance from customers	-	-	(0.02)	(0.27)	-	-
	Net exposure on foreign currency	-	-	(0.02)	(0.27)	-	-
USD	<u>Liability</u>						
	Trade Payables	-	-	(0.01)	(0.05)	-	-
	<u>Assets</u>						
	Trade receivables	0.26	19.42	0.22	16.12	0.03	0.23
	Net exposure on foreign currency	0.26	19.42	0.21	16.07	0.03	0.23

Sensitivity:

	Impact on profit before tax	
	March 31, 2022	March 31, 2021
AED		
Increases by 5%	0.73	(0.04)
Decreases by 5%	(0.73)	0.04
GBP		
Increases by 5%	-	(0.01)
Decreases by 5%	-	0.01
USD		
Increases by 5%	0.97	0.80
Decreases by 5%	(0.97)	(0.80)

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 Balance Sheet

	March 31, 2022	March 31, 2021	April 01, 2020
Trade receivables	647.67	338.43	106.06
Security deposits	17.52	10.71	4.48
Other financial assets	788.65	54.38	6.48
Cash and cash equivalents	246.27	97.59	19.16
Bank balance other than cash and cash equivalents	538.90	109.95	244.99

i) Trade receivables

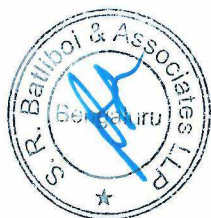
Customer credit risk is managed by the Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. To manage this, the company periodically assesses the financial reliability of customers, 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, 2022	March 31, 2021
Opening balance		5.02
Allowance made during the year (net)		3.80
Closing balance	8.82	5.02

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.



41 Financial risk management (continued)

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, 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	-	148.84
		1,798.87	318.39	232.14	2,349.41
As at March 31, 2021					
Borrowings	-	-	19,539.99	-	19,539.99
Lease liabilities	-	31.38	142.38	153.31	327.07
Trade payables	-	803.42	-	-	803.42
Other financial liabilities	-	45.13	-	-	45.13
		879.93	19,682.37	153.31	20,715.61
As at April 01, 2020					
Borrowings	-	-	5,927.56	-	5,927.56
Lease liabilities	-	0.24	0.10	-	0.34
Trade payables	-	219.01	-	-	219.01
Other financial liabilities	-	10.72	-	-	10.72
		229.97	5,927.66	-	6,157.63

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Honasa Consumer Private Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts in Rs millions , unless otherwise stated)

42 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, NCCCPS, 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, less cash and cash equivalents, other bank balances and fixed deposits with maturity of more than 12 months.

Particulars	March 31, 2022	March 31, 2021	April 01, 2020
Borrowings*	-	-	-
Trade Payables	1,629.89	803.42	219.01
Lease liabilities	440.55	203.31	0.32
Other Financial liabilities	148.84	45.13	10.72
Less : Other bank balances	(538.90)	(109.95)	(244.99)
Less : Cash and cash equivalents	(246.27)	(97.59)	(19.16)
Less: Fixed deposit with maturity of more than 12 months	(749.75)	(53.27)	-
Less: Current investments	(3,293.28)	(1,644.26)	(1,243.28)
Net adjusted debt (A)	(2,608.92)	(853.20)	(1,277.38)
Equity	7,121.35	(17,651.43)	(4,371.80)
Total equity capital (B)	7,121.35	(17,651.43)	(4,371.80)
Total debt and equity (C)=(A)+(B)	4,512.43	(18,504.64)	(5,649.17)
Gearing ratio (A)/(C)**	-	5%	23%

* Excludes the long term borrowings on NCCCPS which are classified as liability from equity. Refer note 19.

** 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, 2022, March 31, 2021 and April 01, 2020.

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Honasa Consumer Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(All amounts in Rs millions, unless otherwise stated)

43 First time adoption of Ind AS ('FTA')

A. First time adoption

These standalone financial statements, for the year ended March 31, 2022, are the first standalone financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2021, the Company prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "Previous GAAP").

Accordingly, the Company has prepared standalone financial statements which comply with Ind AS applicable for the year ended on March 31, 2022, together with the comparative period data as at and for the year ended March 31, 2021, as described in the summary of significant accounting policies. In preparing these standalone financial statements, the Company's opening balance sheet was prepared as at April 01, 2020, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP standalone financial statements, including the balance sheet as at April 01, 2020 and the standalone financial statements as at and for the year ended March 31, 2021.

B. Exemptions applied

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

Deemed cost for Property, plant and equipment and intangible assets

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

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

The Company has made a transition to Ind AS 116 as per the transitional provisions of the AS. The Company has adopted modified retrospective approach wherein the PV of lease liability as on the date of transition is recognised as the lease liability. The Company adopted the 2nd model prescribed by Ind AS 116 wherein the value of Right to use assets are recognised equal to the value of discounted lease liabilities as on the date of transaction.

C. Mandatory Exceptions

Classification and measurement of financial assets

Ind AS - 101 requires a Company to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the company has determined the classification of financial assets based on the facts and circumstances that exist on the date of transition.

Estimates

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

Ind AS estimates as at April 01, 2020, are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transitions as these were not required under previous GAAP:

- Impairment of financial assets based on expected credit loss method (Simplified approach).

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

1. Equity reconciliation

	Notes	March 31, 2021	April 01, 2020
Equity as reported under previous GAAP		1,820.48	1,531.43
Ind AS adjustments			
Fair value adjustments:			
Security deposits	a	0.25	0.02
Investments	b	102.09	24.34
Non- Cumulative Compulsorily Convertible Preference Shares (NCCUPS)	c	(19,539.99)	(5,927.56)
Share based Payment	d		
Employee stock option outstanding reserve		(0.70)	4.78
Retained earnings (fair value impact)		0.70	(4.78)
Leases	e	(8.91)	(0.03)
Deferred tax impact on the aforesaid adjustments	g	(25.35)	-
Equity as per Ind AS		(17,651.43)	(4,371.80)

2. Total comprehensive income reconciliation for the year ended March 31, 2021

	Notes	March 31, 2021
Profit after tax as per previous GAAP		245.91
Ind AS adjustments		
Fair value adjustments:		
Security deposits	a	0.23
Investments at fair value through profit and loss account	b	77.75
Non- Cumulative Compulsorily Convertible Preference Shares (NCCUPS)	c	(13,612.43)
ESOP expenses	d	0.70
Leases	e	(8.88)
Remeasurement of employee benefit obligation(net of tax)	f	(0.08)
Deferred tax impact on the aforesaid adjustments	g	(25.35)
Net Profit after tax as per Ind AS		(13,322.15)
Other comprehensive income (net of tax)		0.08
Total comprehensive income as per Ind AS		(13,322.07)



43 First time adoption of Ind AS ('FTA') (continued)

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

	As per previous GAAP	Ind AS adjustments	As per Ind AS
Net cash flows from operating activities	287.17	10.08	297.25
Net cash flows used in investing activities	(208.41)	2.36	(206.05)
Net cash flows from financing activities	(0.33)	(12.44)	(12.77)
Cash and cash equivalents at the beginning of the year	19.16	-	19.16
Cash and cash equivalents at the end of the year	97.59	-	97.59

E Notes to reconciliations between previous GAAP and Ind AS

a) Security deposits

Under previous GAAP, interest free security deposits are recognised at their transaction value. Under Ind AS - 109, these deposits are initially recognised at fair value and subsequently measured at amortised cost at the end of each reporting period. Accordingly, the difference between transaction value and fair value of these deposits is recognised as Right-of-use assets and is amortised over the period of the lease term or agreement of deposit respectively. Further, interest is accrued on the present value of these security deposits. On transition date the Company has adjusted retained earning towards fair value of security deposits by Rs 0.02 million and during the year March 31, 2021 the Company has further adjusted Rs 0.23 million to retained earning towards increase in fair value of security deposit.

b) Investments

Under previous GAAP, the Company were carrying their current investments at the lower of carrying amount and face value. Under Ind AS, these investments are required to be measured at fair value. The resulting change in fair value is recognised in retained earnings at the date of transition i.e. April 01, 2020 and subsequently in the statement of profit and loss. The company has recorded a fair market value adjustment of Rs 24.34 million to retained earnings as at April 01, 2020. In the year March 31, 2021 the company has accounted other income of Rs 77.75 million on account of fair valuation of investments.

c) NCCCPs

Under the previous GAAP, Non-cumulative compulsorily convertible preference shares (NCCCPs) issued to the investors were classified as equity and carried at transaction value. In respect of 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 as at April 01, 2020 and year ended March 31, 2021 and the change in fair value of liability i.e. difference between the fair value and the carrying amount as per previous GAAP is recognised in the retained earnings. 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. The Company has recorded a fair market value adjustment of Rs 4,316.79 million to retained earnings as at April 01, 2020. In the year March 31, 2021 the company has accounted fair value loss of Rs 13,612.43 million on account of fair valuation of NCCCPs.

d) Share based payment

Under Indian GAAP accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. Under Ind AS 102, the cost of equity-settled transactions is determined by the fair value at the date when the grant is made based on Black Scholes valuation determined by independent valuer.

e) Lease

Under previous GAAP, lessee classified a lease as an operating or a finance lease based on whether or not the lease transferred substantially all risk and rewards incidental to the ownership of an asset. Operating lease were expensed in the statement of profit and loss. Pursuant to application of Ind AS - 116, for operating leases other than those for which the Company has opted for short-term or low value exemption, the Company has recorded a right-of-use assets and lease liabilities. Right-of-use asset is amortised over the lease term or useful life of the leased assets whichever is lower and lease liabilities is subsequently measured at amortised cost and interest expense is recognised. As the Company has opted the modified retrospective approach (i.e., lease liabilities - ROU) and the lease liability is measured at present value of the remaining lease payments as at the date of transition. Accordingly on adoption of Ind AS - 116, on transition date there is no impact against retained earning except for Rs 0.03 million on account of amortization of ROU and during the year ended March 31, 2021 the Company has recognised Rs 8.88 million in the Statement of Profit and loss.

On adoption of Ind AS, the laptops taken on finance lease which were previously classified under Computers and peripherals asset class of Property, plant and equipment are derecognised and recorded under Right of use assets by Rs 9.56 million in Note 6, as Ind AS 116 required the underlying assets on account of any lease including finance lease to be recognised as ROU.

f) Remeasurement of defined benefit obligation

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

g) Deferred Tax Liabilities

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

F) Material regrouping

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

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Honasa Consumer Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022

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

44 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	511.0
Bottle design	1 year	16.5
Formulations	6 months	4.0
Inventories*		42.6
Total fair value of net assets acquired (A)		574.1
Fair value of purchase consideration (B)		583.06
Goodwill arising on acquisition (C)- (A-B)		8.96

* Including inventories of Rs 15.55 million which has been subsequently transferred to vendor for contract manufacturing

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 has not been settled yet as the inventory to that extent is lying with the contract manufacturer which will be subsequently delivered to the Company and the payable will be settled and is included under other financial liabilities.

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Honasa Consumer Private Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2022
(All amounts in Rs millions, unless otherwise stated)

45 Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% change	Reason for variance exceeding 25% as compared to the preceding period
Current ratio	Current Assets	Current Liabilities	3.00	2.97	1%	
Debt- Equity Ratio*	Net debt = Total borrowings- Cash & Cash equivalents- Bank balances other than Cash & Cash equivalents- short term investments	Cash & Shareholder's Equity	-	-	-	
Debt Service Coverage Ratio^	Earnings for debt service = Net profit after taxes + Depreciation+Interest	Debt service = Interest & Principal Repayments (excluding lease liabilities)	-	-	-	
Return on Equity Ratio*	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	4%	23%	-84%	Change due to funding raised during the year
Trade Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	18.90	20.70	-9%	
Trade Payable Ratio	Turnover Purchases	Average Trade Payables	0.63	0.79	-20%	
Net Capital Ratio	Turnover Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	2.45	2.52	-3%	
Net Profit Ratio*	Net Profit	Net sales = Total sales - sales return	2%	6%	-66%	Change due to reduction in net profit
Inventory Turnover Ratio	Sales	Average Inventory	17.59	16.72	5%	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	4%	20%	-78%	Change due to funding raised during the year

* Excludes change in fair valuation of preference shares and long term borrowings, as applicable

46. 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 has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has 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) - Refer note 8
- (b) 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 that the Intermediary shall 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 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).

47. 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.

48. The comparatives given in the standalone financial statements have been compiled after making necessary Ind AS adjustments to the respective audited standalone financial statements under Previous GAAP to give a true and fair view in accordance with Ind AS.

49. Events after the reporting period

- a) Subsequent to the year end, the Company has acquired 63.07% stake in Fusion Cosmeceutics Private Limited which is engaged in formulation and trading of skin care products for a consideration of Rs 239.62 million. The acquisition has no impact on the standalone financial statements of the Company as at and for the year ended March 31, 2022.
- b) Subsequent to the year end, the Company has converted the Rs 100 face value equity share to Rs 10 each and Rs 90 each on May 11, 2022. Further, 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. The bonus issue has no impact on the standalone financial statements of the Company, except for restatement of EPS for current and prior periods presented.

As per our report of even date

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



per Rajeev Kumar
Partner
Membership no: 213803

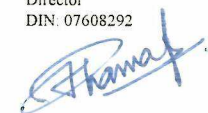


For and on Behalf of Board of Directors of
Honasa Consumer Private Limited
CIN: U74999DL2016PTC306016

Varun Alagh
Director
DIN: 07597289


Ranpreet Sohi
Chief Finance Officer


Ghazal Alagh
Director
DIN: 07608292


Dhanraj Dagar
Company Secretary
Membership no: ACS 33308

Place: Bengaluru
Date: August 31, 2022

Place: Gurugram
Date: August 31, 2022

