

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Honasa Consumer Private Limited

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

We have audited the accompanying financial statements of Honasa Consumer Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, the Cash Flow Statement and notes to the 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 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, 2020, its loss and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (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 Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 Board report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the 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.



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

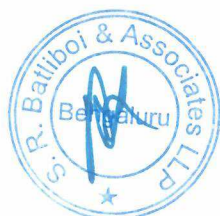
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, 2016 ("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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) The matters described under Disclaimer of Opinion paragraph of "Annexure 2", in our opinion, may have an adverse impact on the functioning of the Company;
  - (h) 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, 2020; and





# **S.R. BATLIBOI & ASSOCIATES LLP**

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## **Responsibility of Management for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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



# **S.R. BATLIBOI & ASSOCIATES LLP**

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- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

  
per Rajeev Kumar  
Partner

Membership Number: 213803

Unique Document Identification Number: 20213803AAAAEG9826



Place: Bengaluru

Date: October 28, 2020



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

## **ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HONASA CONSUMER PRIVATE LIMITED**

### **Report on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016 ("the Order")**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the management during the year, but there is a regular programme 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) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) Due to outbreak of COVID-19 and lockdown restrictions imposed by the Government, the management has conducted physical verification of inventory subsequent to the year-end. Discrepancies noted on physical verification have been properly dealt with in the books of accounts. In our opinion, the coverage and documentation of physical verification needs to be further strengthened to make it commensurate with the size and operations of the company. Further, inventory management process relating to periodical reconciliation of inventory with consumption report needs to be strengthened. Inventories lying with third parties have been confirmed by them as at March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and services tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there have been serious delays in remittance of withholding taxes, employee provident fund and goods and services tax dues in few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except as below:



# S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Name of the statute	Nature of dues	Amount (excluding interest) (Rs)	Period to which the amount relates	Due date	Date of payment
Income Tax Act, 1961	Equalization levy	27,468	June 2019	July 07, 2019	June 07, 2020
Employees' Provident Funds & Miscellaneous Provisions Act, 1961	Provident fund contribution	38,144	April 2019 - August 2019	Various dates	August 27, 2020
Goods and Services Act, 2017	Goods and services tax	12,468	May 2019- August 2019	Various dates	May 05, 2020

- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, value added tax, goods and services tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to information and explanations given by the management, the Company has not defaulted in repayment of overdraft facilities from banks. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans. Hence, reporting under clause (ix) is not applicable to the Company.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act in relation to managerial remuneration are not applicable to the Company and hence reporting under clause 3(xi) are not applicable.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of the 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 reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company.





# **S.R. BATLIBOI & ASSOCIATES LLP**

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- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Act, in respect of the preferential allotment or private placement of shares during the year. The amounts raised, have been used for the purposes for which the funds were raised, except for idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid investments payable on demand. The maximum amount of idle/surplus funds invested during the year was Rs 1,290,284,028 and the same amount was outstanding at the end of the year.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

  
per Rajeev Kumar  
Partner

Membership Number: 213803

Unique Document Identification Number: 20213803AAAAEG9826



Place: Bengaluru

Date: October 28, 2020

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S 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 were engaged to audit the internal financial controls over financial reporting of Honasa Consumer Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls over financial reporting with reference to these financial statements of the Company

**Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

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





# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

## **Disclaimer of Opinion**

According to the information and explanation given to us, the Company has certain internal financial controls over financial reporting. However, such internal financial controls over financial reporting with reference to these financial statements have not been established 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. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting with reference to these financial statements as at March 31, 2020 and whether such internal financial controls were operating effectively. Accordingly, we do not express an opinion on Internal Financial Controls Over Financial Reporting with reference to these financial statements.

## **Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of the Company, which comprise the Balance Sheet as at March 31, 2020, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. We have considered the disclaimer of opinion reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2020 financial statements of the Company and this report does not affect our report dated October 21, 2020 which expressed an unqualified opinion on those financial statements.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

  
per Rajeev Kumar  
Partner

Membership Number: 213803  
Unique Document Identification Number: 20213803AAAAEG9826



Place: Bengaluru  
Date: October 28, 2020

Honasa Consumer Private Limited  
Balance sheet as at March 31, 2020  
(All amounts in Indian Rupees, except as otherwise stated)

	Notes	March 31, 2020 (Rs)	March 31, 2019 (Rs)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	2,45,790	2,04,110
Reserves and surplus	4	1,53,11,89,907	29,73,23,527
		<u>1,53,14,35,697</u>	<u>29,75,27,637</u>
<b>Non-current liabilities</b>			
Other non-current liabilities	5	-	81,397
Long-term provisions	6	32,37,161	6,90,278
		<u>32,37,161</u>	<u>7,71,675</u>
<b>Current liabilities</b>			
Short-term borrowings	7	-	5,25,417
Trade payables	8		
-Total outstanding dues of micro enterprises and small enterprises		7,69,71,611	1,04,16,488
-Total outstanding dues of creditors other than micro enterprises and small enterprises		14,20,58,501	2,72,02,395
Other current liabilities	5	2,25,08,229	50,51,338
Short-term provisions	6	56,80,430	4,57,311
		<u>24,72,18,771</u>	<u>4,36,52,949</u>
<b>TOTAL</b>		<u><u>1,78,18,91,629</u></u>	<u><u>34,19,52,261</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9(a)	41,55,130	26,29,280
Intangible assets	9(b)	9,000	18,000
Long-term loans and advances	10	57,22,275	45,33,015
		<u>98,86,405</u>	<u>71,80,295</u>
<b>Current assets</b>			
Current investments	11	1,21,89,36,454	26,24,96,128
Inventories	12	13,67,11,147	1,40,30,405
Trade receivables	13	10,60,57,685	2,63,78,074
Cash and bank balances	14	26,41,64,485	2,68,14,796
Short-term loans and advances	10	3,96,52,555	47,68,763
Other current assets	15	64,82,898	2,83,800
		<u>1,77,20,05,224</u>	<u>33,47,71,966</u>
<b>TOTAL</b>		<u><u>1,78,18,91,629</u></u>	<u><u>34,19,52,261</u></u>

Summary of significant accounting policies 2.1

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

As per our report of even date

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

per Rajeev Kumar  
Partner  
Membership no.: 213803  
Place: Bengaluru, India  
Date: October 28, 2020



For and on behalf of the Board of Directors of

Honasa Consumer Private Limited For HONASA CONSUMER PVT. LTD.

*Varun Alagh*  
Director  
Director  
DIN: 07597289  
Place: New Delhi, India  
Date: October 28, 2020

*Ghazal Alagh*  
Director  
Director  
DIN: 07608292  
Place: New Delhi, India  
Date: October 28, 2020



Honasa Consumer Private Limited  
Statement of profit or loss for the year ended March 31, 2020  
(All amounts in Indian Rupees, except as otherwise stated)

	Notes	For the year ended March 31, 2020 (Rs)	For the year ended March 31, 2019 (Rs)
<b>Income</b>			
Revenue from operations	16	1,09,78,41,731	16,83,95,623
Other income	17	2,22,84,016	1,06,62,394
<b>Total revenue (i)</b>		<b>1,12,01,25,747</b>	<b>17,90,58,017</b>
<b>Expenses</b>			
Purchases of traded goods	18	50,54,85,141	6,93,11,212
(Increase) in inventories of traded goods	19	(12,26,80,742)	(99,31,444)
Employee benefits expenses	20	8,51,31,564	2,09,04,803
Finance costs	21	2,65,810	3,63,026
Depreciation and amortization expenses	22	31,00,120	8,04,509
Other expenses	23	70,80,18,659	13,26,62,981
<b>Total expenses (ii)</b>		<b>1,17,93,20,552</b>	<b>21,41,15,087</b>
<b>(Loss) before tax [(iii) = (i) - (ii)]</b>		<b>(5,91,94,805)</b>	<b>(3,50,57,070)</b>
<b>Tax expense:</b>			
Current tax		-	-
Deferred tax (credit)		-	(7,180)
<b>Total tax expenses (iv)</b>		<b>-</b>	<b>(7,180)</b>
<b>Loss after tax [(v) = (iii) - (iv)]</b>		<b>(5,91,94,805)</b>	<b>(3,50,49,890)</b>
Basic loss per equity share [nominal value of Rs.10 each (March 31, 2019: Rs 10)]	27	(4,281.08)	(2,753.42)
Basic loss per equity share [nominal value of Rs.100 each (March 31, 2019: Rs 10)]		(4,281.08)	(2,753.42)

Summary of significant accounting policies 2.1

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

As per our report of even date

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

per Rajeev Kumar  
Partner  
Membership no.: 213803

Place: Bengaluru, India  
Date: October 28, 2020



For and on behalf of the Board of Directors of  
Honasa Consumer Private Limited

For HONASA CONSUMER PVT. LTD.

*Varun Alagh*  
Director  
Varun Alagh  
Director  
DIN: 07597289

Place: New Delhi, India  
Date: October 28, 2020

For HONASA CONSUMER PVT. LTD.

*Ghazal Alagh*  
Director  
Ghazal Alagh  
Director  
DIN: 07608292

Place: New Delhi, India  
Date: October 28, 2020

Honasa Consumer Private Limited  
Cash flow statement for the year ended March 31, 2020  
(All amounts in Indian Rupees, except as otherwise stated)

	<u>March 31, 2020</u> (Rs)	<u>March 31, 2019</u> (Rs)
<b>Cash flows from operating activities</b>		
(Loss) before tax	(5,91,94,805)	(3,50,57,070)
Adjustment to reconcile (Loss) before tax to net cash flows:		
Depreciation and amortization expense	31,00,120	8,04,509
Unrealized foreign exchange loss/(gain)	41,112	(2,046)
Interest expenses	2,19,904	3,60,340
Interest income on bank deposits	(69,31,990)	(14,57,082)
Net gain on sale of current investments	(1,48,85,207)	(91,03,781)
Provision no longer required written back	(4,66,819)	-
Employee stock compensation expense (Refer note 29)	24,37,253	-
Bad debts written off	-	1,79,372
Provision for doubtful debts	9,25,242	11,19,377
<b>Operating (Loss) before working capital changes</b>	<b>(7,47,55,190)</b>	<b>(4,31,56,381)</b>
Movements in working capital :		
Increase in provisions	77,70,002	11,47,589
Increase in trade payables	18,18,78,047	3,33,50,692
Increase in other liabilities	1,73,75,494	39,69,831
(Increase) in loans and advances	(3,56,75,539)	(78,14,814)
(Increase) in trade receivables	(8,06,45,965)	(2,01,05,998)
(Increase) in inventories	(12,26,80,742)	(99,31,444)
Decrease in other assets	-	18,600
Cash generated from operations	(10,67,33,893)	(4,25,21,925)
Direct taxes paid, net of refund	(3,97,513)	(1,50,382)
<b>Net cash flow (used in) operating activities (A)</b>	<b>(10,71,31,406)</b>	<b>(4,26,72,307)</b>
<b>Cash flows from investing activities</b>		
Interest income received	7,32,892	13,79,008
Investment in fixed deposits, net	(22,37,66,700)	(12,33,300)
Investment in mutual funds and commercial paper	(1,34,34,59,381)	(54,56,74,146)
Redemption of mutual funds	40,19,04,263	31,38,47,222
Purchase of property, plant and equipment	(46,16,970)	(31,67,496)
<b>Net cash flow (used in) investing activities (B)</b>	<b>(1,16,92,05,896)</b>	<b>(23,48,48,712)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(2,19,904)	(3,60,340)
Proceeds from issue of equity shares	3,81,584	75,07,691
Proceeds from issue of preference shares	1,29,02,84,028	27,50,63,490
(Repayments of)/Proceeds from short term borrowings	(5,25,417)	4,75,407
Repayments of long term borrowings (net)	-	(10,10,000)
<b>Net cash flow from financing activities (C)</b>	<b>1,28,99,20,291</b>	<b>28,16,76,248</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>1,35,82,989</b>	<b>41,55,229</b>
Cash and cash equivalents at the beginning of the year	55,81,496	14,26,267
<b>Cash and cash equivalents at the end of the year</b>	<b>1,91,64,485</b>	<b>55,81,496</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	1,11,674	1,31,910
With banks:		
- on current accounts	1,90,52,811	54,49,586
<b>Total cash and cash equivalents (note 14)</b>	<b>1,91,64,485</b>	<b>55,81,496</b>

Summary of significant accounting policies

2.1

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

As per our report of even date

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

per Rajeev Kumar  
Partner  
Membership no.: 213803



Place: Bengaluru, India  
Date: October 28, 2020

For HONASA CONSUMER PRIVATE LTD. For and on behalf of the Board of Directors of HONASA CONSUMER PRIVATE LTD.  
Honasa Consumer Private Limited

Varun Alagh  
Director  
DIN: 07597289

Place: New Delhi, India  
Date: October 28, 2020

Ghazal Alagh  
Director  
DIN: 07608292

Place: New Delhi, India  
Date: October 28, 2020



**Honasa Consumer Private Limited**  
**Notes to financial statements for the year ended March 31, 2020**  
**(All amounts in Indian Rupees, 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 personal 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' and 'The Derma Co'.

**2. Basis of preparation**

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company is a small and medium sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Accordingly, the Company has complied with the Accounting Standards as applicable to a SMC.

The financial statements have been prepared on an accrual basis and under the historical cost convention.

**2.1 Summary of significant accounting policies**

**(a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Any revision to accounting estimates is recognized prospectively.

The Company has considered internal and certain external sources of information including economic forecasts and budgets required to meet performance obligations and likely delays on contractual commitments upto the date of approval of these financial statements, in determining the possible impact from the COVID-19 pandemic. The Company has used the principles of prudence in applying judgements, estimates and assumptions and based on the current estimates, the Company expects to fully recover the carrying amount of its assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to its assessment of economic impact of COVID- 19 pandemic.

**(b) Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. 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.

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

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.



**Honasa Consumer Private Limited**  
**Notes to financial statements for the year ended March 31, 2020**  
**(All amounts in Indian Rupees, except as otherwise stated)**

**(c) Depreciation on property, plant and equipment**

Depreciation on property, plant and equipment is provided on the written down value method basis using the useful lives as below:

Property, plant and equipment	Useful lives (in years)
Office equipment	5
Plant & machinery	8
Furniture & fixtures	10
Computer & peripherals	3

Leasehold improvement is depreciated on the written down value method over the lease period of 3 years or estimated useful life whichever is less.

Management, based on technical estimates, believes that the above useful life will result in more appropriate presentation and will give a systematic basis of depreciation charge, representative of the time pattern in which the economic benefits will be derived from the use of these assets.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**(d) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life of 5 years.

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

**(e) Impairment of property, plant and equipment and intangible assets**

The Company assesses at each reporting date whether there is an indication that property, plant and equipment or intangible 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) net selling price 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. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.





**Honasa Consumer Private Limited**  
**Notes to financial statements for the year ended March 31, 2020**  
**(All amounts in Indian Rupees, except as otherwise stated)**

**(f) Leases**

***Where the Company is lessee***

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease payments under operating leases are recognized as an expense as per the contractual payment terms with the lessor in the statement of profit and loss.

**(g) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

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

**Sale of goods**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer at the time of delivery/ dispatch based on terms of the contract. The Company collects Goods and Services Tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Revenue from sale of goods are accounted net of sales returns, trade discounts and other promotional discounts, if any.

**Interest**

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.

**(h) 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 first in first out (FIFO) 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.

**(i) Foreign currency translation - Foreign currency transactions and balances**

- i. Initial recognition - Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- ii. Conversion - Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.
- iii. Exchange differences - The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as income or as expense in the period in which they arise.



**Honasa Consumer Private Limited**  
**Notes to financial statements for the year ended March 31, 2020**  
**(All amounts in Indian Rupees, except as otherwise stated)**

**(j) Retirement and other employee benefits**

Retirement benefits in the form of Employee Provident Fund and Employee State Insurance are defined contribution schemes (collectively the 'Schemes'). The Company has no obligation, other than the contribution payable to the Schemes. The Company recognizes contribution payable to the Schemes as expenditure, when an employee renders the related service. The contribution paid in excess of amount due is recognized as an asset and the contribution due in excess of amount paid is recognized as a liability.

Gratuity is a defined benefit obligation and is provided for on the basis of an actuarial valuation using projected unit credit method, made at the end of each financial year. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next twelve 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, made at the end of each financial year. Actuarial gains/losses are immediately taken to the statement of profit and loss. 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.

**(k) Income taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized.

**(l) Earnings/(Loss) Per Share**

Basic earnings/(Loss) per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.





**Honasa Consumer Private Limited**  
**Notes to financial statements for the year ended March 31, 2020**  
**(All amounts in Indian Rupees, except as otherwise stated)**

**(m) Provisions**

A provision is recognized when the Company has a present obligation as a result of 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**(n) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**(o) Employee stock option**

Employees of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

**(p) Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**(q) Investments**

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

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



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**Honasa Consumer Private Limited**  
**Notes to the financial statements for the year ended March 31, 2020**  
**(All amounts in Indian Rupees, except as otherwise stated)**

**3. Share Capital**

	March 31, 2020 (Rs)	March 31, 2019 (Rs)
<b>Authorised share capital</b>		
40,000 (March 31, 2019: 40,000) equity shares of Rs 10 each	4,00,000	4,00,000
580 (March 31, 2019: 580) equity shares of Rs 100 each	58,000	58,000
5,839 (March 31, 2019: 10,000) 0.001 % Class A non cumulative compulsorily convertible preference shares ('NCCCPS') of Rs 10 each*	58,390	1,00,000
1,885 (March 31, 2019: 1,885) 0.001% Class B NCCCPS of Rs 10 each	18,850	18,850
4,845 (March 31, 2019: 4,845) 0.001% Class C NCCCPS of Rs 10 each	48,450	48,450
4,161 (March 31, 2019: Nil) 0.001% Class D NCCCPS of Rs 10 each*	41,610	-
	<b>6,25,300</b>	<b>6,25,300</b>
<b>Issued, subscribed and fully paid-up shares</b>		
10,207 (March 31, 2019: 10,200) equity shares of Rs 10 each	1,02,070	1,02,000
290 (March 31, 2019: 290) equity shares of Rs 100 each	29,000	29,000
581 (March 31, 2019: 581) 0.001 % Class A NCCCPS of Rs 10 each	5,810	5,810
1,885 (March 31, 2019: 1,885) 0.001% Class B NCCCPS of Rs 10 each	18,850	18,850
4,845 (March 31, 2019: 4,845) 0.001% Class C NCCCPS of Rs 10 each	48,450	48,450
4,161 (March 31, 2019: Nil) 0.001% Class D NCCCPS of Rs 10 each	41,610	-
	<b>2,45,790</b>	<b>2,04,110</b>

\* During the year ended March 31, 2020, the Board of Directors in its meeting held on December 15, 2019, approved the cancellation of unused and unpaid 4,161 Class A NCCCPS of Rs. 10 each and reclassified as Class D NCCCPS of Rs 10 each.

**(a) Reconciliation of share capital**

	March 31, 2020		March 31, 2019	
	Number	(Rs)	Number	(Rs)
<b>Equity shares of Rs 10/- each fully paid</b>				
At the beginning of the year	10,200	1,02,000	10,000	1,00,000
Issued during the year	7	70	200	2,000
Outstanding at the end of the year	<b>10,207</b>	<b>1,02,070</b>	<b>10,200</b>	<b>1,02,000</b>
<b>Equity shares of Rs 100/- each fully paid</b>				
At the beginning of the year	290	29,000	-	-
Issued during the year	-	-	290	29,000
Outstanding at the end of the year	<b>290</b>	<b>29,000</b>	<b>290</b>	<b>29,000</b>
<b>Class A NCCCPS of Rs 10/- each fully paid</b>				
At the beginning of the year	581	5,810	581	5,810
Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>581</b>	<b>5,810</b>	<b>581</b>	<b>5,810</b>
<b>Class B NCCCPS of Rs 10/- each fully paid</b>				
At the beginning of the year	1,885	18,850	1,885	18,850
Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>1,885</b>	<b>18,850</b>	<b>1,885</b>	<b>18,850</b>
<b>Class C NCCCPS of Rs 10/- each fully paid</b>				
At the beginning of the year	4,845	48,450	-	-
Issued during the year	-	-	4,845	48,450
Outstanding at the end of the year	<b>4,845</b>	<b>48,450</b>	<b>4,845</b>	<b>48,450</b>
<b>Class D NCCCPS of Rs 10/- each fully paid</b>				
At the beginning of the year	-	-	-	-
Issued during the year	4,161	41,610	-	-
Outstanding at the end of the year	<b>4,161</b>	<b>41,610</b>	<b>-</b>	<b>-</b>





**Honasa Consumer Private Limited**  
**Notes to the financial statements for the year ended March 31, 2020**  
**(All amounts in Indian Rupees, except as otherwise stated)**

**(b) Details of shareholders holding more than 5% shares in the Company**

	March 31, 2020		March 31, 2019	
	Number	%	Number	%
<b>Equity shares of Rs 10/- each fully paid</b>				
Varun Alagh	8,514	83%	9,000	88%
Ghazal Alagh	1,000	10%	1,000	10%
<b>Equity shares of Rs 100/- each fully paid</b>				
Shilpa Shetty Kundra	290	100%	290	100%
<b>Class A NCCCPS of Rs 10/- each fully paid</b>				
Fireside Ventures Investment Fund-I	254	44%	233	40%
Suhail Sameer	116	20%	116	20%
Vijay Nehra	-	-	116	20%
Shashank Shekhar	-	-	116	20%
SCI Investments VI	186	32%	-	-
<b>Class B NCCCPS of Rs 10/- each fully paid</b>				
Fireside Ventures Investment Fund-I	1,347	72%	1,347	72%
Kunal Bahl	269	14%	269	14%
Rohit Kumar Bhansal	269	14%	269	14%
<b>Class C NCCCPS of Rs 10/- each fully paid</b>				
Fireside Ventures Investment Fund-I	1,780	37%	1,780	37%
Stellaris Venture Partners	2,131	44%	2,131	44%
Rishabh Mariwala	734	15%	734	15%
<b>Class D NCCCPS of Rs 10/- each fully paid</b>				
SCI Investments VI	3,346	80%	-	-
Fireside Ventures Investment Fund-I	363	9%	-	-
Stellaris Venture Partners	363	9%	-	-

**(c) Terms /rights attached to equity shares**

The Company has two class of equity shares having par value of Rs.10/- per share and Rs.100/-per share.

- Equity share of Rs.10/- represents shares held by Promoters and Investors

- Equity share of Rs 100/- held by Shilpa Shetty Kundra

Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the shareholding percentage.

**(d) Terms of conversion of preference shares**

The Company has issued NCCCPS - Class A, B, C and D shares of Rs. 10 each fully paid-up. NCCCPS Class A, B, C and D 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 and D 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 and D shares.

Each holder of NCCCPS Class A, B, C and D 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 and D shares would be paid prior and in preference to any payment or distribution to equity share holders.

**(e) Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 29.



**Honasa Consumer Private Limited**  
**Notes to the financial statements for the year ended March 31, 2020**  
**(All amounts in Indian Rupees, except as otherwise stated)**

<b>4. Reserves and surplus</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>(Rs)</b>	<b>(Rs)</b>
<b>Securities premium account</b>		
Balance as per the last financial statements	33,87,92,755	5,63,01,024
Add: Premium on issue of Class C NCCCPS	-	26,41,10,640
Add: Premium on issue of Rs.10/- per equity shares	-	1,09,02,400
Add: Premium on issue of Rs.100/- per equity shares	-	74,78,691
Add: Premium on issue of Class D NCCCPS	1,29,02,42,418	-
Add: Premium on issue of Rs.10/- per equity shares	3,81,514	-
<b>Balance at the end of the year (i)</b>	<b>1,62,94,16,687</b>	<b>33,87,92,755</b>
<b>Deficit in the statement of profit and loss</b>		
Balance as per the last financial statements	(4,14,69,228)	(64,19,338)
Loss for the year	(5,91,94,805)	(3,50,49,890)
<b>Net deficit in the statement of profit and loss (ii)</b>	<b>(10,06,64,033)</b>	<b>(4,14,69,228)</b>
<b>Employee stock option outstanding</b>		
Balance as per the last financial statements	-	-
Add: Compensation expense for options granted during the year (Refer note 29)	24,37,253	-
<b>Balance at the end of the year (iii)</b>	<b>24,37,253</b>	<b>-</b>
<b>Total reserves and surplus [(iv) = (i) + (ii) + (iii)]</b>	<b>1,53,11,89,907</b>	<b>29,73,23,527</b>

<b>5. Other liabilities</b>	<b>Non-current</b>		<b>Current</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>(Rs)</b>	<b>(Rs)</b>	<b>(Rs)</b>	<b>(Rs)</b>
Rent equalization reserve	-	81,397	-	-
Statutory dues payable	-	-	87,56,248	21,63,286
Employee benefits payable*	-	-	1,07,21,841	28,24,687
Advance from customers	-	-	30,30,140	63,365
	<b>-</b>	<b>81,397</b>	<b>2,25,08,229</b>	<b>50,51,338</b>

\*Employee benefits payable also includes expense payable to directors (Refer note 28(b)).

<b>6. Provisions</b>	<b>Long-term</b>		<b>Short-term</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>(Rs)</b>	<b>(Rs)</b>	<b>(Rs)</b>	<b>(Rs)</b>
<b>Provision for employee benefits</b>				
Provision for gratuity	32,37,161	6,90,278	-	-
Provision for leave benefits	-	-	25,69,902	4,57,311
<b>Other provisions</b>				
Provision for customer credits	-	-	31,10,528	-
	<b>32,37,161</b>	<b>6,90,278</b>	<b>56,80,430</b>	<b>4,57,311</b>

<b>7. Short-term borrowings</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>(Rs)</b>	<b>(Rs)</b>
Bank overdraft (Secured)**	-	5,25,417
	<b>-</b>	<b>5,25,417</b>

\*\* Bank overdraft facility from IndusInd bank is secured by way of charge on fixed deposits with the bank. The facility carries interest in the range of 8%-10% p.a and are repayable on demand.

<b>8. Trade payables</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>(Rs)</b>	<b>(Rs)</b>
Total outstanding dues of micro enterprises and small enterprises*	7,69,71,611	1,04,16,488
Total outstanding dues of creditors other than micro enterprises and small enterprises	14,20,58,501	2,72,02,395
	<b>21,90,30,112</b>	<b>3,76,18,883</b>

\*Refer note 34 for details of dues to micro and small enterprises





Honasa Consumer Private Limited  
Notes to the financial statements for the year ended March 31, 2020  
(All amounts in Indian Rupees, except as otherwise stated)

9(a). Property, plant and equipment

	Rs					
	Leasehold Improvements	Computer & peripherals	Furniture & fixtures	Office equipments	Plant and machinery	Total
<b>Cost or valuation</b>						
At April 01, 2018	-	2,12,561	62,400	17,181	-	2,92,142
Additions	21,01,525	3,74,302	1,96,800	3,47,618	1,47,251	31,67,496
Disposals	-	-	-	-	-	-
At March 31, 2019	21,01,525	5,86,863	2,59,200	3,64,799	1,47,251	34,59,638
Additions	-	22,60,805	14,24,372	8,36,793	95,000	46,16,970
Disposals	-	-	-	-	-	-
At March 31, 2020	21,01,525	28,47,668	16,83,572	12,01,592	2,42,251	80,76,608
<b>Depreciation</b>						
At April 01, 2018	-	45,188	2,534	5,127	-	52,849
Charge for the year	4,69,836	1,70,886	28,068	95,788	12,931	7,77,509
Disposals	-	-	-	-	-	-
At March 31, 2019	4,69,836	2,16,074	30,602	1,00,915	12,931	8,30,358
Charge for the year	16,31,689	9,08,226	2,26,018	2,70,774	54,413	30,91,120
Disposals	-	-	-	-	-	-
At March 31, 2020	21,01,525	11,24,300	2,56,620	3,71,689	67,344	39,21,478
<b>Net book value</b>						
At March 31, 2019	16,31,689	3,70,789	2,28,598	2,63,884	1,34,320	26,29,280
At March 31, 2020	-	17,23,368	14,26,952	8,29,903	1,74,907	41,55,130

9(b). Intangible assets

	Rs	
	Trademarks	Total
<b>Cost or valuation</b>		
At April 01, 2018	45,000	45,000
Additions	-	-
Disposals	-	-
At March 31, 2019	45,000	45,000
Additions	-	-
Disposals	-	-
At March 31, 2020	45,000	45,000
<b>Amortization</b>		
At April 01, 2018	-	-
Charge for the year	27,000	27,000
Disposals	-	-
At March 31, 2019	27,000	27,000
Charge for the year	9,000	9,000
Disposals	-	-
At March 31, 2020	36,000	36,000
<b>Net book value</b>		
At March 31, 2019	18,000	18,000
At March 31, 2020	9,000	9,000



**Honasa Consumer Private Limited**

**Notes to the financial statements for the year ended March 31, 2020**

**(All amounts in Indian Rupees, except as otherwise stated)**

**10. Loans and advances**

**(unsecured, considered good)**

	Long-term		Short-term	
	March 31, 2020 (Rs)	March 31, 2019 (Rs)	March 31, 2020 (Rs)	March 31, 2019 (Rs)
<b>Security deposit</b>	51,51,000	12,02,500	13,63,500	-
<b>Advances recoverable in cash or kind</b>				
Advance to suppliers	-	-	1,40,31,405	44,80,855
<b>Other loans and advances</b>				
Prepaid expenses	-	-	4,40,432	2,87,908
Balance with statutory/government authorities	-	31,56,753	2,38,17,218	-
Advance income tax (net)	5,71,275	1,73,762	-	-
	<b>57,22,275</b>	<b>45,33,015</b>	<b>3,96,52,555</b>	<b>47,68,763</b>

**11. Current investments**

**(Valued at lower of cost and fair value, unless stated otherwise)**

	March 31, 2020 (Rs)	March 31, 2019 (Rs)
<b>Quoted mutual funds</b>		
UTI Liquid Cash Direct - Growth 7,789 units of Rs 3,209.6546 each (March 31, 2019: Nil)	2,50,00,000	-
Kotak Money Market Fund Direct - Growth 15,297 units of Rs 3,268.6148 each (March 31, 2019: Nil)	5,00,00,000	-
UTI MMMF Direct - Growth 26,806 units of Rs 2,238.3049 each (March 31, 2019: Nil)	6,00,00,000	-
Aditya Birla SL Savings Direct - Ultra Short term 143,477 units of Rs 395.4271 each (March 31, 2019: Nil)	5,67,34,689	-
SBI Magnum Ultra Short Duration Direct - Growth 13,578 units of Rs 4,418.9129 each (March 31, 2019: Nil)	6,00,00,000	-
IDFC Banking and PSU Debt Fun - Direct Plan - Growth 6,089,294 units of Rs 16.8328 each (March 31, 2019: 2,479,620 units of Rs 16.1315 each)	10,25,00,000	3,99,99,990
HDFC Corporate Bond Direct - Growth 4,446,936.70 units of Rs 22.5053 each (March 31, 2019: Nil)	10,00,79,645	-
ICICI Prudential Corporate Bond Direct - Growth 7,098,408 units of Rs 21.1315 each (March 31, 2019: Nil)	15,00,00,000	-
DSP Short Term Direct - Growth 3,685,984 units of Rs 35.2830 each (March 31, 2019: Nil)	13,00,52,578	-
HDFC Short Term Debt Direct - Growth 4,464,425 units of Rs 22.3993 each (March 31, 2019: Nil)	10,00,00,000	-
IDFC Bond ShortTerm Direct - Growth 2,354,846 units of Rs 42.4879 each (March 31, 2019: Nil)	10,00,52,442	-
Kotak Bond Short-term Direct - Growth 2,550,009 units of Rs 39.2727 each (March 31, 2019: Nil)	10,01,45,731	-
Reliance Liquid Fund Direct Plan - Growth Nil (March 31, 2019: 24,024 units of Rs 4,544.087 each)	-	10,91,67,146
IDFC Corporate Bond Fund Direct Plan - Growth Nil (March 31, 2019: 4,293,789 units of Rs 12.8092 each)	-	5,50,00,000
HSBC Cash Fund Direct Plan - Growth Nil (March 31, 2019: 32,432 units of Rs 1,798.50 each)	-	5,83,28,992
	<b>1,03,45,65,085</b>	<b>26,24,96,128</b>
<b>Unquoted Other Investments</b>		
CFSL Commercial Paper 400 units of Rs 460,928.4225 each (March 31, 2019: Nil)	18,43,71,369	-
	<b>1,21,89,36,454</b>	<b>26,24,96,128</b>
Aggregate amount of quoted investments at cost	1,03,45,65,085	26,24,96,128
Aggregate amount of quoted investments at fair market value	1,05,89,04,320	26,54,28,701





Honasa Consumer Private Limited  
Notes to the financial statements for the year ended March 31, 2020  
(All amounts in Indian Rupees, except as otherwise stated)

**12. Inventories (Valued at lower of cost and net realizable value)**

	March 31, 2020 (Rs)	March 31, 2019 (Rs)
Traded goods (including goods in transit of Rs 4,744,216 (March 31, 2019: Rs. 357,383))	13,67,11,147	1,40,30,405
	<b>13,67,11,147</b>	<b>1,40,30,405</b>

**13. Trade receivables**

	March 31, 2020 (Rs)	March 31, 2019 (Rs)
<b>Outstanding for period exceeding 6 months from the date they are due for payment</b>		
Unsecured, considered good	-	67,942
Doubtful	20,44,619	11,19,377
	20,44,619	11,87,319
Less: Provision for doubtful debts	(20,44,619)	(11,19,377)
	-	67,942
<b>Other receivables</b>		
Unsecured, considered good	10,60,57,685	2,63,10,132
	<b>10,60,57,685</b>	<b>2,63,78,074</b>

**14. Cash and bank balances**

	March 31, 2020 (Rs)	March 31, 2019 (Rs)
<b>Cash and cash equivalents</b>		
Balances with banks		
On current accounts	1,90,52,811	54,49,586
Cash on hand	1,11,674	1,31,910
	1,91,64,485	55,81,496
<b>Other bank balances</b>		
Deposits with remaining maturity for less than 12 months	24,50,00,000	2,12,33,300
	<b>26,41,64,485</b>	<b>2,68,14,796</b>

**15. Other current assets**

	March 31, 2020 (Rs)	March 31, 2019 (Rs)
Interest accrued	64,82,898	2,83,800
	<b>64,82,898</b>	<b>2,83,800</b>

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Honasa Consumer Private Limited

Notes to the financial statements for the year ended March 31, 2020

(All amounts in Indian Rupees, except as otherwise stated)

16. Revenue from operations

	For the year ended March 31, 2020 (Rs)	For the year ended March 31, 2019 (Rs)
Revenue from sale of products		
Traded goods*	1,09,78,41,731	16,83,95,623
	<b>1,09,78,41,731</b>	<b>16,83,95,623</b>

\*Sale of traded goods comprise of only sale of personal care products and hence no additional disclosures are given in this regard.

17. Other income

	For the year ended March 31, 2020 (Rs)	For the year ended March 31, 2019 (Rs)
Commission income	-	93,485
Net gain on sale of current investments	1,48,85,207	91,03,781
Interest income on bank deposits	69,31,990	14,57,082
Foreign exchange gain (net)	-	2,046
Miscellaneous income	-	6,000
Provision no longer required written back	4,66,819	-
	<b>2,22,84,016</b>	<b>1,06,62,394</b>

18. Purchases of traded goods

	For the year ended March 31, 2020 (Rs)	For the year ended March 31, 2019 (Rs)
Purchases (traded goods)*	50,54,85,141	6,93,11,212
	<b>50,54,85,141</b>	<b>6,93,11,212</b>

\*Purchase of traded goods represents personal care products.

19. (Increase) in inventories of traded goods

	For the year ended March 31, 2020 (Rs)	For the year ended March 31, 2019 (Rs)
Inventories of traded goods at the beginning of the year*	1,40,30,405	40,98,961
Inventories of traded goods at the end of the year*	(13,67,11,147)	(1,40,30,405)
	<b>(12,26,80,742)</b>	<b>(99,31,444)</b>

\*Inventories of traded goods represents personal care products.

20. Employee benefits expenses

	For the year ended March 31, 2020 (Rs)	For the year ended March 31, 2019 (Rs)
Salaries, wages and bonus	7,55,55,731	1,92,36,329
Contribution to provident and other funds	22,26,718	6,02,285
Staff welfare expenses	23,64,979	3,75,911
Gratuity expenses (Refer note 26)	25,46,883	6,90,278
Employee stock compensation expense (Refer note 29)	24,37,253	-
	<b>8,51,31,564</b>	<b>2,09,04,803</b>





**Honasa Consumer Private Limited**

**Notes to the financial statements for the year ended March 31, 2020**

(All amounts in Indian Rupees, except as otherwise stated)

**21. Finance costs**

	For the year ended March 31, 2020 (Rs)	For the year ended March 31, 2019 (Rs)
Interest:		
Bank overdraft	1,016	3,05,407
Others	2,18,888	54,933
Bank charges	45,906	2,686
	<b>2,65,810</b>	<b>3,63,026</b>

**22. Depreciation and amortization expenses**

	For the year ended March 31, 2020 (Rs)	For the year ended March 31, 2019 (Rs)
Depreciation of property, plant and equipment	30,91,120	7,77,509
Amortization of intangible assets	9,000	27,000
	<b>31,00,120</b>	<b>8,04,509</b>

**23. Other expenses**

	For the year ended March 31, 2020 (Rs)	For the year ended March 31, 2019 (Rs)
Contract labour charges	80,73,962	-
Power and fuel	2,59,377	1,57,428
Freight and forwarding charges	15,02,00,921	2,62,67,013
Rent	76,62,860	26,28,497
Rates and taxes	13,67,986	4,19,027
Insurance expenses	3,31,423	70,584
Repairs and maintenance	31,04,123	14,16,320
Advertising and sales promotion	45,84,29,323	8,69,28,546
Sales commission	3,40,38,635	31,69,406
Travelling and conveyance	80,87,768	17,46,347
Communication costs	4,01,049	91,145
Printing and stationery	7,58,281	2,12,511
Legal and professional fees	1,36,37,749	58,71,739
Software support expenses	1,32,88,735	15,58,313
Payment to auditor*	10,47,812	5,00,000
Foreign exchange loss (net)	41,112	-
Bad debts written off	-	1,79,372
Provision for doubtful debts	9,25,242	11,19,377
Payment gateway charges	60,13,645	-
Miscellaneous expenses	3,48,656	3,27,356
	<b>70,80,18,669</b>	<b>13,26,62,981</b>

**\*Payment to auditor**

	For the year ended March 31, 2020 (Rs)	For the year ended March 31, 2019 (Rs)
Statutory audit fee (excluding goods and services tax)	10,00,000	5,00,000
Reimbursement of expenses (excluding goods and services tax)	47,812	-
	<b>10,47,812</b>	<b>5,00,000</b>



**Honasa Consumer Private Limited**  
**Notes to the financial statements for the year ended March 31, 2020**  
**(All amounts in Indian Rupees, except as otherwise stated)**

**24. Capital and other commitments**

(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at March 31, 2020: Nil (March 31, 2019: Nil).

(b) For commitments relating to lease arrangements refer note 25.

**25. Leases**

*Office premises taken on lease*

The Company is obligated under non-cancellable leases for office premises that are renewable on a periodic basis at the option of the lessor and lessee. The total rental expenses under non-cancellable operating leases for the year ended March 31, 2020 amounted to Rs. 2,369,344 (for the year ended March 31, 2019 Rs. 1,803,497)

The Company has also occupied office facilities and other premises under cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expense under cancellable operating leases was Rs. 5,293,516 for the year ended March 31, 2020 (for the year ended March 31, 2019 Rs. 825,000). Office and other premises are obtained on operating lease for terms ranging from 1-5 years and are renewable at the option of the Company or lessor.

**26. Employee benefits**

The Company operates a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service.

The principal assumptions used in determining gratuity and leave benefit obligations for the Company's plan are as follows:

	March 31, 2020	March 31, 2019
Discount rate	6.76%	7.66%
Salary escalation rate	10.00%	10.00%
Employee turnover	10.00%	10.00%
Retirement age	60	60

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, retention policy, standing of the Company, promotion and other relevant factors, such as supply and demand in the employment market.

**27. Loss per share**

The following reflects the loss and share data used in the basic and diluted loss per share computations:

	March 31, 2020 (Rs)	March 31, 2019 (Rs)
Nominal value of equity shares	10	10
Nominal value of equity shares	100	100
<b>Weighted average number of equity shares in calculating Basic Loss per share</b>		
Equity shares of Rs 10 each	10,200	10,116
Equity shares of Rs 100 each	2,900	2,614
<b>Loss for computing Basic Loss per share</b>		
Loss for equity shares of Rs 10 each	(4,36,69,145)	(2,78,52,529)
Loss for equity shares of Rs 100 each	(1,24,15,132)	(71,97,361)
<b>Basic Loss per share</b>		
Equity shares of Rs 10 each	(4,281.08)	(2,753.42)
Equity shares of Rs 100 each	(4,281.08)	(2,753.42)





Honasa Consumer Private Limited  
Notes to the financial statements for the year ended March 31, 2020  
(All amounts in Indian Rupees, except as otherwise stated)

28. Related party disclosures

**Names of related parties and related party relationship**

**Related parties where control exists**

Investing party in respect of which the respective investors exercise significant influence over the reporting enterprise

Fireside Ventures Investment Fund-I

SCI Investments VI  
Stellaris Venture Partners  
Shilpa Shetty Kundra

**Related parties with whom transactions have taken place during the year**

Key management personnel

**Executive directors**  
Varun Alagh  
Ghazal Alagh

Relatives of Key management personnel

Mukesh Alagh

a) **The following table is the summary of significant transactions with related parties by the Company:**

Particulars	For the year ended March 31, 2020 (Rs)	For the year ended March 31, 2019 (Rs)
<b>Reimbursement of expenses</b>		
Varun Alagh	17,38,042	12,29,534
Ghazal Alagh	1,27,283	17,361
Mukesh Alagh	32,702	1,13,972
	<b>18,98,027</b>	<b>13,60,867</b>
<b>Sale of traded goods</b>		
Varun Alagh	1,745	1,446
Ghazal Alagh	2,196	2,278
Mukesh Alagh	1,716	-
	<b>5,657</b>	<b>3,724</b>
<b>Rent</b>		
Mukesh Alagh	9,90,000	8,25,000
<b>Advertising and sales promotion*</b>		
Shilpa Shetty Kundra	85,00,000	95,00,000
<b>Loan from director (Unsecured) repaid during the year</b>		
Varun Alagh	-	10,10,000

\*The Company has entered into a celebrity endorsement agreement ('Agreement') dated April 4th, 2018 with Shilpa Shetty Kundra ('Celebrity'). As per the contract, the celebrity is entitled to Rs. 15,000,000 as fixed remuneration for the 2 years of endorsement and additionally Rs 500,000 for each of the five workdays of the celebrity. Accordingly, the Company has accounted for the cost over the period of the agreement. As per the agreement, the company would issue to the celebrity a warrant certificate of Rs 7,500,000 on completion of the first twelve months of the agreement. The celebrity at her sole discretion shall be entitled to exercise the warrant on expiry of the term of the agreement i.e. 2 years from the date of the agreement or on earlier termination of the agreement. Accordingly, the warrant has not yet been exercised and hence no accounting is required to be done as at March 31, 2020.



Honasa Consumer Private Limited  
Notes to the financial statements for the year ended March 31, 2020  
(All amounts in Indian Rupees, except as otherwise stated)

b) The balances receivable from and payable to related parties are as follows :

Particulars	For the year ended March 31, 2020 (Rs)	For the year ended March 31, 2019 (Rs)
<b>Expense payable</b>		
Varun Alagh	42,225	60,123
Mukesh Alagh	-	5,150
Ghazal Alagh	17,407	-
	<u>59,632</u>	<u>65,273</u>
<b>Trade payable</b>		
Shilpa Shetty Kundra	-	5,00,000
	<u>-</u>	<u>5,00,000</u>
<b>Employee benefits payable*</b>		
Varun Alagh	3,48,140	1,25,781
Ghazal Alagh	1,58,438	67,080
	<u>5,06,578</u>	<u>1,92,861</u>

c) Managerial remuneration\* :

Particulars	For the year ended March 31, 2020 (Rs)	For the year ended March 31, 2019 (Rs)
<b>Salary, wages and bonus</b>		
Varun Alagh	40,11,403	18,18,000
Ghazal Alagh	25,86,403	9,18,000
	<u>65,97,806</u>	<u>27,36,000</u>

\*As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors are not included above.

d) Issue of Share Capital:

Particulars	For the year ended March 31, 2020 (Rs)	For the year ended March 31, 2019 (Rs)
<b>Issued, subscribed and fully paid-up shares (including securities premium)</b>		
<b>SCI Investments VI</b>		
3,346 (March 31, 2019 : Nil) 0.001% Class D NCCCPS of Rs. 10/- each	1,03,75,60,768	-
<b>Fireside Ventures Investment Fund-I</b>		
363 (March 31, 2019: Nil) 0.001% Class D NCCCPS of Rs. 10/- each	11,25,62,630	-
Nil (March 31, 2019: 1,780) 0.001% Class C NCCCPS of Rs. 10/- each	-	9,70,49,160
Nil (March 31, 2019: 100) Equity shares of Rs 10/- each fully paid	-	54,52,200
<b>Stellaris Venture Partners</b>		
363 (March 31, 2019 : Nil) 0.001% Class D NCCCPS of Rs. 10/- each	11,25,62,630	-
Nil (March 31, 2019: 2,131) 0.001% Class C NCCCPS of Rs. 10/- each	-	11,61,86,382
Nil (March 31, 2019: 100) Equity shares of Rs 10/- each fully paid	-	54,52,200
<b>Shilpa Shetty Kundra</b>		
Nil (March 31, 2019 : 290) Equity shares of Rs 100/- each fully paid	-	75,07,691
	<u>1,26,26,86,028</u>	<u>23,16,47,633</u>





29. Employee stock option plan

The Company provides share-based payment schemes to its employees. The Company has adopted the Guidance Note issued by the Institute of Chartered Accountants of India w.e.f September 25, 2017 for accounting of ESOP scheme.

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:

Particulars	March 31, 2020	March 31, 2019
Vesting period	4 years	4 years
Grant dates	Various	Various
Exercise period	Till the resignation of the employee	Till the resignation of the employee
Exercise price	Rs. 25,889, Rs. 54,522 and 263,566	Rs. 25,889 and Rs. 54,522
Intrinsic value on date of grant	Rs. 25,889, Rs. 54,522 and 263,566	Rs. 25,889 and Rs. 54,522

\* In the absence of fair value report on the date of grant of ESOP's, the fair value used for issue of NCCCPS have been considered as intrinsic value.

Particulars	March 31, 2020		March 31, 2019	
	No. of options	WAEP (Rs)	No. of options	WAEP (Rs)
Outstanding at the beginning of the year	167	51,264	-	-
Granted during the year	140	1,81,232	167	51,264
Forfeited during the year	21	54,512	-	-
Exercised during the year	7	54,512	-	-
Outstanding at the end of the year	279	1,16,143	167	51,264
Exercisable at the end of the year	42	49,383	-	-

The Company measures the cost of ESOP using the intrinsic value method as per the Guidance note issued by the Institute of Chartered Accountants of India. In the absence of fair value details for such ESOP's, the management has not made disclosure of impact of using fair value model for computing such costs on loss before tax and loss per share.

30. Value of imports calculated on CIF basis

	March 31, 2020 (Rs)	March 31, 2019 (Rs)
Purchases of traded goods	-	11,58,000
	-	11,58,000

31. Earnings in foreign currency

	March 31, 2020 (Rs)	March 31, 2019 (Rs)
Sale of products	86,22,684	43,33,525
	86,22,684	43,33,525

32. Expenditure in foreign currency (on accrual basis):

	March 31, 2020 (Rs)	March 31, 2019 (Rs)
Software support expenses	6,53,170	2,36,775
Travelling and conveyance	2,67,943	1,02,943
Advertising and sales promotion	34,93,525	37,91,993
Sales commission	10,88,895	6,38,815
Freight and forwarding charges	17,70,368	10,71,158
	72,73,901	58,41,684





33. Unhedged foreign currency exposure

	March 31, 2020 (Rs)	March 31, 2019 (Rs)
Trade payable	-	66,408
Trade receivable	2,32,370	1,08,697
	<b>2,32,370</b>	<b>1,75,105</b>

34. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Disclosure of dues/ payments to micro and small enterprises as envisaged under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) to the extent such enterprises are identified by the Company:

Particulars	March 31, 2020 (Rs)	March 31, 2019 (Rs)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	7,68,76,497	1,03,61,555
Interest due on above	95,114	54,933
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	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	40,181	54,933
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	-	-

Note: The above information has been determined based on the vendors identified by the Company and confirmed by the vendors.

35. The Company has not recognised deferred tax asset (DTA) considering there is no virtual certainty of utilization of the DTA against future taxable profits.

36. As per section 92 of the Act, every Company has to prepare the annual return in the prescribed form containing the particulars prescribed therein and file with the Registrar a copy of the annual return, within sixty days from the date on which the annual general meeting is held. The Company has delayed in filing of the aforesaid return during the financial year 2017-18. Accordingly, the Company does not have exemption with regards to applicability of Internal Controls over Financial Reporting under section 143(3)(i) of the Act. Subsequent to the year ended March 31, 2020, the Company has initiated the compounding of the aforesaid offence of delay in filing the annual return under Section 403 of the Act and has received the compounding of offences order and has paid the requisite fine and penalty in this regard and the default has been rectified.

37. The Company is a Small and Medium-Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under section 133 of the Act, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. Accordingly, the Company has complied with the Accounting Standards as applicable to an SMC.

38. The figures of the previous period have been regrouped/ reclassified, wherever necessary, to conform with the current year classification.

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, India  
Date: October 28, 2020



For and on behalf of the Board of Directors of  
Honasa Consumer Private Limited For HONASA CONSUMER PVT. LTD.

Varun Alagh  
Director  
DIN: 07597289

Place: New Delhi, India  
Date: October 28, 2020

Ghazal Alagh  
Director  
DIN: 07608292

Place: New Delhi, India  
Date: October 28, 2020