INDEPENDENT AUDITOR'S REPORT

To the Board of directors of Honasa Consumer Limited (formerly Honasa Consumer Private Limited)

Report on Special Purpose Indian Accounting Standards (Ind AS) Standalone Financial Statements

Opinion

We have audited the special purpose financial statements of Honasa Consumer Limited (formerly Honasa Consumer Private Limited)(the "Company") which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss including Other Comprehensive Income/(Loss), the Cash Flow Statement and the Statement of Changes in Equity for the year ended March 31, 2020, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as " Special Purpose Ind AS Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the Special Purpose Ind AS Standalone Financial Statements as at and for the year ended March 31, 2020 are prepared, in all material respects, in accordance with the basis of preparation described in Note 1.1 to those Special Purpose Ind AS Standalone Financial Statements.

Basis for Opinion

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

Emphasis of matter – Basis of preparation and restriction of use

We draw attention to Note 1.1 to the Special Purpose Ind AS standalone financial statements, which describes the basis of preparation of these Special Purpose Ind AS standalone financial statements which states that these Special Purpose Ind AS standalone financial statements have been prepared to comply with E-mail dated June 24, 2022 received from Book Running Lead Managers , which confirms that the Company should prepare these financial statements in accordance with Indian Accounting Standards (Ind AS) and that these are required based on email dated October 28, 2021 from Securities and Exchange Board of India ("SEBI") to Association of Investment Bankers of India ("SEBI Letter"). Accordingly, the Special Purpose Ind AS standalone financial statements may not be suitable for any other purpose and this report should not be used, referred to or distributed for any other purpose. We have no responsibility to update this report for events and circumstances occurring after the date of this report.
Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Special Purpose Ind AS Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation of these Special Purpose Ind AS Standalone Financial Statements in accordance with the basis of preparation described in Note 1.1. This responsibility also includes maintenance of adequate accounting records 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 Special Purpose Ind AS Standalone Financial Statements and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Ind AS 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.

Auditors' Responsibility for the Audit of the Special Purpose Ind AS Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Ind AS 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 Special Purpose Ind AS 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 Special Purpose Ind AS 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 but not for the purpose of expressing an opinion on the effectiveness of the holding company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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.

Other Matter

The comparative financial information for the year ended March 31, 2019 presented in the accompanying special purpose Ind AS standalone financial statements have not been subjected to an audit or review by a firm of chartered accountants and is based on information compiled by the Management.

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

per Rajeev Kumar
Partner
Membership No.: 213803
UDIN: 22213803BFNLXU7936

Place: Bengaluru
Date: December 15, 2022

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Special Purpose Ind AS Standalone Balance Sheet as at March 31, 2020
(All amounts in Rs. million, except as otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	3	4.15	2.63
Intangible assets	4	0.01	0.02
Right-of-use assets	5	5.94	-
Financial assets			
i. Other financial assets	7	3.12	1.20
Income tax assets (net)	8	0.57	0.17
Total non-current assets		**13.79**	**4.02**
Current assets			
Inventories	9	136.71	14.03
Financial assets			
i. Investments	6	1,243.28	265.43
ii. Trade receivables	10	106.06	26.38
iii. Cash and cash equivalents	11	19.16	5.59
iv. Bank balances other than cash and cash equivalents	12	244.99	21.23
vi. Other financial assets	7	7.84	0.28
Other current assets	13	38.29	7.86
Total current assets		**1,796.33**	**340.80**
Total assets		**1,810.12**	**344.82**
Equity and liabilities			
Equity			
Equity share capital	14	0.13	0.13
Instruments entirely in the nature of equity	15	-	-
Other equity	16	(4,371.83)	(98.28)
Total equity		**(4,371.70)**	**(98.15)**
Non-current liabilities			
Financial liabilities			
i. Borrowings	17	5,927.56	398.61
ii. Lease liabilities	5	3.60	-
Provisions	19	3.24	0.70
Deferred tax liabilities (net)	22	-	-
Total non-current liabilities		**5,934.40**	**399.31**
Current liabilities			
Financial liabilities			
i. Borrowings	17	-	0.53
ii. Lease liabilities	5	0.22	-
iii. Trade payables	21		
(a) Total outstanding due of micro enterprises and small enterprises		76.97	10.42
(b) Total outstanding due of creditors other than micro enterprises and small enterprises		142.04	27.20
iv. Other financial liabilities	18	10.72	2.82
Provisions	19	2.57	0.46
Other current liabilities	20	14.90	2.23
Total current liabilities		**247.42**	**43.66**
Total liabilities		**6,181.82**	**442.97**
Total equity and liabilities		**1,810.12**	**344.82**

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

The accompanying notes are an integral part of the Special purpose Ind AS 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: December 15, 2022

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

Varun Alagh
Director and Chief Executive Officer
DIN: 07597289

Ghazal Alagh
Director
DIN: 07608292

Raman Preet Sohi
Chief Financial Officer

Dhanraj Dagar
Company Secretary

Place: Gurugram
Date: December 15, 2022

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Special purpose Ind AS Standalone Statement of Profit and Loss for the year ended March 31, 2020
(All amounts in Rs. million, except as otherwise stated)

	Notes	March 31, 2020	March 31, 2019
Income			
Revenue from operations	23	1,097.84	168.40
Other income	24	43.83	13.59
Total income (I)		**1,141.67**	**181.99**
Expenses			
Purchases of traded goods	25	490.38	69.31
Increase in inventories of traded goods	26	(122.61)	(9.93)
Employee benefits expenses	27	89.02	21.60
Depreciation and amortization expenses	28	6.46	0.81
Finance costs	29	0.49	0.36
Other expenses	30	719.51	132.64
Change in fair valuation of preference shares	19	4,238.68	70.61
Total expenses (II)		**5,421.93**	**285.40**
Profit/(Loss) before tax (III = I-II)		**(4,280.26)**	**(103.41)**
Tax expenses			
Current tax		-	-
Deferred tax charge/(credit)		-	-
Total tax expenses (IV)		**-**	**-**
(Loss) for the year (V = III-IV)		**(4,280.26)**	**(103.41)**
Other comprehensive income/(loss) ('OCI')			
Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) on defined benefit plans		(0.21)	-
Income tax effect on above		-	-
Other comprehensive income/(loss) for the year, net of tax (VI)		**(0.21)**	**-**
Total comprehensive income/(loss) for the year, attributable to equity holders (VII = V+VI)		**(4,280.47)**	**(103.41)**
Earnings/(Loss) per equity share			
Basic			
Equity shares, Nominal value of Rs. 10 each		(31.63)	(0.77)
Equity shares, Nominal value of Rs. 100 each		(31.63)	(0.77)
Diluted			
Equity shares, Nominal value of Rs. 10 each		(31.63)	(0.77)
Equity shares, Nominal value of Rs. 100 each		(31.63)	(0.77)

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

As per our report of even date

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

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

per Rajeev Kumar
Partner
Membership No.: 213803

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Director and Chief Executive Officer
DIN: 07597289

Ghazal Alagh
Director
DIN: 07608292

Raman Preet Sohi
Chief Financial Officer

Dhanraj Dagar
Company Secretary

Place: Bengaluru
Date: December 15, 2022

Place: Gurugram
Date: December 15, 2022

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Special purpose Ind AS Standalone Statement of Cash flows for the year ended March 31, 2020
(All amounts in Rs. million, except as otherwise stated)

		Notes	March 31, 2020	March 31, 2019
A	**Operating activities**			
1	**Profit/(Loss) before tax**		**(4,280.26)**	**(103.41)**
2	**Adjustments to reconcile Profit/(loss) before tax to net cash flows:**			
	Depreciation of property, plant and equipment		3.09	0.78
	Amortisation of intangible assets		0.01	0.03
	Amortisation of right-of-use assets		3.36	-
	Expected credit loss allowance (allowance for bad and doubtful debts)		0.93	1.11
	Share based payments expenses (equity settled)		6.54	0.68
	Fair value gain on investments		(21.41)	(2.93)
	Change in fair valuation of preference shares		4,238.68	70.61
	Gain on sale of investments		(14.89)	(9.10)
	Interest income		(7.06)	(1.46)
	Finance costs		0.49	0.36
3	**Operating cash flow before working capital changes [1+2]**		**(70.52)**	**(43.33)**
4	**Movement in working capital:**			
	Increase in trade receivables		(80.65)	(20.09)
	Increase in other financial assets		(36.73)	-
	Increase in trade payables		181.88	33.35
	Increase in financial liabilities		-	(7.81)
	Increase in provisions		7.77	1.15
	Increase in inventories		(122.68)	(9.93)
	Increase in other liabilities		17.38	3.97
	Decrease in other current assets		-	0.03
5	**Cash flow used in operating activities [3+4]**		**(103.55)**	**(42.66)**
6	**Income tax paid**		-	-
7	**Net cash used in operating activities [5-6]**		**(103.55)**	**(42.66)**
B	**Investing activities**			
	Purchase of property, plant and equipment		(4.62)	(3.17)
	Investment in bank deposits		(223.77)	(1.23)
	Purchase of current investment		(1,343.46)	(545.67)
	Redemption of current investment		401.90	313.85
	Interest received		0.73	1.38
	Net cash flow (used in) investing activities		**(1,169.22)**	**(234.84)**
C	**Financing activities**			
	Proceeds from issuance of NCCCPS		1,290.27	264.16
	Repayment of long term borrowings		-	(1.01)
	Proceeds from issuance of equity shares (net)		0.38	18.38
	Principal repayment of lease liabilities		(3.34)	-
	Interest on lease liabilities		(0.22)	-
	Finance cost paid		(0.22)	(0.36)
	Net cash flows from financing activities		**1,286.87**	**281.17**
D	**Net increase in cash and cash equivalents [A+B+C]**		**14.10**	**3.67**
E	Cash and cash equivalents at the beginning of the year		5.06	1.39
	Cash and cash equivalents at the end of the year [D+E]		**19.16**	**5.06**
	Components of cash and cash equivalents	11		
	Balance with banks			
	- on current accounts		19.05	5.46
	- cash in hand		0.11	0.13
	Less: Bank overdraft (refer note 17)		-	(0.53)
	Total cash and cash equivalents		**19.16**	**5.06**

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Special purpose Ind AS Standalone Statement of Cash flows for the year ended March 31, 2020
(All amounts in Rs. million, except as otherwise stated)

Explanatory note on Special purpose Ind AS Standalone Statement of Cash flows

Reconciliation between opening and closing Special purpose Ind AS Standalone Balance Sheet for liabilities arising from financing activities:

	Opening balance	Cash flows	Non- cash movement	Closing balance
March 31, 2020				
Borrowings -NCCCPS	398.61	1,290.27	4,238.68	5,927.56
Net movement in bank overdraft facilities	0.53	(0.53)	-	-
Lease liabilities (including interest)	-	(3.56)	7.38	3.82
Total liabilities from financing activities	**399.14**	**1,286.18**	**4,246.06**	**5,931.38**
March 31, 2019				
Borrowings -NCCCPS	63.84	264.16	70.61	398.61
Net movement in bank overdraft facilities	0.05	0.48	-	0.53
Lease liabilities (including interest)	-	-	-	-
Total liabilities from financing activities	**63.84**	**264.16**	**70.61**	**398.61**

Corporate information and summary of significant accounting policies (Refer note 1&2).
The accompanying notes are an integral part of the Special purpose Ind AS 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: December 15, 2022

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

Varun Alagh
Director and Chief Executive Officer
DIN: 07597289

Ghazal Alagh
Director
DIN: 07608292

Raman Preet Sohi
Chief Financial Officer

Dhanraj Dagar
Company Secretary

Place: Gurugram
Date: December 15, 2022

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Special purpose Ind AS Standalone Statement of Changes in Equity for the year ended March 31, 2020
(All amounts in Rs. million, except as otherwise stated)

a) Equity share capital

	No of Shares	Amount
(i) Equity shares of Rs. 10 each issued, subscribed and fully paid		
As at April 01, 2018	10,000	0.10
Issued during the year*	200	0.00
As at March 31, 2019	**10,200**	**0.10**
Issued during the year*	7	0.00
As at March 31, 2020	**10,207**	**0.10**

*Represents Rs. 70 and Rs. 2,000 for year ended March 31, 2020 and March 31, 2019 respectively.

	No of Shares	Amount
(ii) Equity shares of Rs. 100 each issued, subscribed and fully paid		
As at April 01, 2018	-	-
Issued during the year	290	0.03
As at March 31, 2019	**290**	**0.03**
Issued during the year	-	-
As at March 31, 2020	**290**	**0.03**
Total Equity share capital		**0.13**

b) Instruments entirely in the nature of equity

	No of Shares	Amount
0.001% Non Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 10 each, fully paid		
As at April 01, 2018		
Class A NCCCPS - Refer note (i) below	581	-
Class B NCCCPS - Refer note (i) below	1,885	-
Increase during the year		
Class C NCCCPS - Refer note (i) below	4,845	-
As at March 31, 2019	**7,311**	**-**
Increase during the year		
Class D NCCCPS - Refer note (i) below	4,161	
As at March 31, 2020	**11,472**	**-**

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 of Rs 5,927.56 million, Rs 398.61 million and Rs 63.84 million as at March 31, 2020, March 31, 2019 and April 01, 2018 respectively and the change in fair value of liability of Rs 4,238.68 million and Rs 70.61 million has been recognized as an expense in the Special Purpose Ind AS Standalone Statement of Profit and Loss for the year ended March 31, 2020 and year ended March 31, 2019 respectively.

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 amouting 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 as at April 01, 2021. Also refer note 15 and 17.

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Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Special purpose Ind AS Standalone Statement of Changes in Equity for the year ended March 31, 2020
(All amounts in Rs. million, except as otherwise stated)

c) Other equity

	Attributable to equity holders of the Company			
	Retained earnings	**Securities premium**	**Employee stock option outstanding reserve**	**Total**
As at April 1, 2019	**(117.34)**	**18.38**	**0.68**	**(98.28)**
Loss for the year	(4,280.26)	-	-	(4,280.26)
Other comprehensive income/ (loss)				
- Remeasurement (loss) on defined benefit plans, net of tax effect	(0.21)	-	-	(0.21)
Total comprehensive income/ (loss)	**(4,280.47)**	-	-	**(4,280.47)**
Add: Premium received on issue on equity shares	-	0.38	-	0.38
Add: Share based payment expense for the year (refer note 37)	-	-	6.54	6.54
As at March 31, 2020	**(4,397.81)**	**18.76**	**7.22**	**(4,371.83)**

As at April 01, 2018	(13.93)	-	-	(13.93)
Loss for the year	(103.41)	-	-	(103.41)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss)	**(117.34)**	-	-	**(117.34)**
Add: Share based payment expense for the year (refer note 37)	-	18.38	0.68	19.06
As at March 31, 2019	**(117.34)**	**18.38**	**0.68**	**(98.28)**

Corporate information and summary of significant accounting policies (Refer note 1&2)
The accompanying notes are an integral part of the Special purpose Ind AS 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: December 15, 2022

For and on behalf of the Board of Directors of
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DIN: 07597289

Ghazal Alagh
Director
DIN: 07608292

Raman Preet Sohi
Chief Financial Officer

Dhanraj Dagar
Company Secretary

Place: Gurugram
Date: December 15, 2022

1 Corporate Information

The Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited) ("the Company"), is principally engaged in 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', 'The Derma Co'.

Subsequent to the year ended March 31, 2021, the Company has launched new products under brands with the names of 'Aqualogica' and 'Ayuga' and has acquired 'BBlunt', 'Dr.Sheth's' and 'Momspresso' which are in the business of skin care, hair care and other related products and services comprises of beauty salon and hair styling (under the trademark "BBlunt") as well as content development and influencer marketing (with its online platform 'Momspresso.com'). The Company sells its products and services primarily in India.

The Company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act. The registered office of the Company is located at Unit N0 - 404, 4th floor, City Centre, Plot No 05, Sector-12, Dwarka, New Delhi - 110075. The Company has converted from Private Limited Company to Public Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on October 26, 2022 and consequently the name of the Company has changed to Honasa Consumer Limited pursuant to a fresh certificate of incorporation by the Registrar of Companies on November 11, 2022.

The Company did not have any subsidiaries, associates and joint ventures as at and for the year ended March 31, 2020 and March 31, 2019 and accordingly the Company has not
The Company's Special Purpose Ind AS Standalone Financial Statements for the year ended March 31, 2020 were approved by the Board of Directors on December 15, 2022.

1.1 Basis of preparation

For periods up to and including the year ended March 31, 2021, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP- Indian GAAP). The statutory financial statements of the Company for the year ended March 31, 2020 were approved by the Board of Directors of the Company on October 28, 2020.

Pursuant to the Companies (Indian Accounting Standard) Second Amendment Rules, 2015, the Company voluntarily adopted March 31, 2022 as reporting date for first time adoption of Indian Accounting Standard (Ind-AS) - notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and consequently April 01, 2020 as the transition date for preparation of its statutory financial statements as at and for the year ended March 31, 2022 in accordance with Ind AS.

These Special purpose Ind AS standalone financial statements were prepared as per e-mail dated June 24, 2022 received from Book Running Lead Managers, which confirms that the Company should prepare financial statements in accordance with Indian Accounting Standards (Ind AS) and that these financial statements are required for all the three years including stub period, based on email dated October 28, 2021 from Securities and Exchange Board of India ("SEBI") to Association of Investment Bankers of India ("SEBI Letter").

These Special purpose Ind AS standalone financial statements as at and for the year ended March 31, 2020 (hereinafter referred as 'Special purpose Ind AS standalone financial statements') have been prepared after making suitable adjustments to the accounting heads from their Indian GAAP values following accounting policies and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) consistent with that used at the date of transition to Ind AS (April 01, 2020) and as per the presentation, accounting policies and Companying/classifications including revised Schedule III disclosures followed as at and for the six months period ended September 30, 2022 pursuant to the SEBI letter.

These Special purpose Ind AS standalone financials statements are prepared for the limited purpose of complying with the SEBI letter and are not the statutory financial statements under Companies Act.

These Special Purpose Ind AS Standalone Financial Statements have been prepared on a going concern basis.

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

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

The Special Purpose Standalone Ind AS are presented in Indian Rupee (Rs). All the values are rounded off to the nearest millions, except when otherwise indicated.

The comparative financial information for the year ended March 31, 2019 presented in the accompanying special purpose Ind AS Standalone financial statements have been compiled by the management and are unaudited.

2 Significant accounting policies

2.1 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

2.2 Foreign currency translation

(i) Functional and presentation currency:

Items included in the Special Purpose Ind AS 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 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 special purpose Ind AS standalone 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).

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

2.3 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in its absence, the most advantageous market to which the 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 Special Purpose Ind AS 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 Special purpose Ind AS 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.

2.4 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 Special Purpose Ind AS Standalone financial statements, the Company has elected to continue with the carrying value for all of its property, plant and equipment recognised as of April 01, 2018 (opening balance sheet) measured as per the previous GAAP and use that carrying value as its deemed cost 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 Special purpose Ind AS standalone 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 Special Purpose standalone Ind AS 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

Leasehold improvements are amortized on a straight line basis over the remaining period of the lease or estimated useful life of the assets, whichever is lower.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Special purpose Ind AS standalone statement of profit and loss when the asset is derecognized.

The useful lives have been determined based on managements' internal technical evaluation 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.

2.5 Intangible assets

Under the previous GAAP (Indian GAAP), intangible assets were carried in the balance sheet on the basis of historical cost. For the Special Purpose Ind AS Standalone Financial Statements, the company has elected to continue with the carrying value for all the intangible assets recognised as of April 01, 2018 (Opening balance sheet for the purpose of Special Purpose Ind AS standalone financial statements) measured as per the previous GAAP and use that carrying value as its deemed cost.

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.

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.

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 special purpose Ind AS standalone statement of profit and loss. when the asset is derecognised.

The depreciation methodology applied to the Company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Trademarks	5 Years	Straight Line	Acquired

2.6 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 Companys of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

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

2.7 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.

2.8 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. 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.

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 to return assets (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 wallet points programme, which allows customers to accumulate points that can be redeemed of 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-lone 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-lone 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 special purpose Ind AS standalone 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 2.12 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). Refer note 2.12 for accounting policies of financial assets.

Contract liabilities

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

2.9 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)
Buildings	2-9 years

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

Lease liabilities

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

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

The Company has adopted Ind AS 116 as per modified retrospective approach wherein the present value of lease liability as on opening balance sheet date of special purpose Ind AS financial statement 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.

2.10 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 Special purpose Ind AS standalone balance sheet.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company 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.

Defined benefit plans - Gratuity

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.

2.11 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.

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

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

2.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
• Debt instruments at amortised cost
• Debt instruments at Fair Value Through Other Comprehensive income (FVTOCI)
• Debt instruments and equity instruments at Fair Value Through Profit and Loss (FVTPL)
• Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)

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 Company of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:

•The rights to receive cash flows from the asset have expired; or
•The Company has transferred its rights to receive cash flows from the asset and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

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

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

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

Reclassification of financial assets and liabilities

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

For financial assets which are debt instruments, a re-classification is made only if there is a change in the business model for managing those assets. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the re-classification prospectively from the re-classification date, which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.13 Income taxes

Income tax

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

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in OCI or in equity in correlation to the underlying transaction). Management periodically evaluates whether it is probable that the relevant taxation authority would accept an uncertain tax treatment that the Company has used or plan to use in its income tax filings, including with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

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 th 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 th temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.14 Segment reporting

Identification of segments

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

The Company's operating businesses are organized and managed separately according to the nature of products and services with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the location in which the customers are situated.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole. The Board of directors is the Chief Operating Decision Maker (CODM) and monitors the operating results of Company as a whole for the purpose of making decisions about resource allocation and performance assessment.

2.15 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 (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 is a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number 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.

2.16 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

2.17 Contingent liabilities

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

2.18 Cash and cash equivalents

Cash and cash equivalents in the special purpose Ind AS standalone balance sheet and special purpose Ind AS standalone statement of cash flows 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.

For the purpose of the special purpose Ind AS standalone Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.19 Significant accounting judgements, estimates and assumptions

The preparation of the Special purpose Ind AS 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 40

Financial risk management objectives and policies - Note 39

Sensitivity analyses disclosures - Note 38

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

Impairment of financial assets

Provision for expected credit loss on trade receivables

The measurement of expected credit loss reflects a probability-weighted outcome, the time value of money and the best available forward-looking information. The correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and forecasted economic conditions. The 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 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 is 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.

Defined benefit plans

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, expected return, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on expected future inflation rates.

Share based payments

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

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

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

	Leasehold improvements	Computer & peripherals	Furniture & fixtures	Office equipment	Plant and machinery	Total
Gross Block						
Deemed Cost						
At April 01, 2018	-	0.17	0.06	0.01	-	0.24
Additions	2.10	0.37	0.20	0.35	0.15	3.17
Disposals		-	-	-	-	-
At March 31, 2019	**2.10**	**0.54**	**0.26**	**0.36**	**0.15**	**3.41**
Additions	-	2.26	1.42	0.84	0.09	4.61
Disposals	-	-	-	-	-	-
At March 31, 2020	**2.10**	**2.80**	**1.68**	**1.20**	**0.24**	**8.02**
Accumulated Depreciation						
At April 01, 2018	-	-	-	-	-	-
Charge for the year	0.47	0.17	0.03	0.10	0.01	0.78
Disposals	-	-	-	-	-	-
At March 31, 2019	**0.47**	**0.17**	**0.03**	**0.10**	**0.01**	**0.78**
Charge for the year	1.63	0.91	0.22	0.27	0.06	3.09
Disposals	-	-	-	-	-	-
At March 31, 2020	**2.10**	**1.08**	**0.25**	**0.37**	**0.07**	**3.87**
Net book value						
At April 01, 2018	**-**	**0.17**	**0.06**	**0.01**	**-**	**0.24**
At March 31, 2019	**1.63**	**0.37**	**0.23**	**0.26**	**0.14**	**2.63**
At March 31, 2020	**-**	**1.72**	**1.43**	**0.83**	**0.17**	**4.15**

Note:

a) For property, plant and equipment existing as on April 01, 2018, the Company has used previous GAAP carrying value as deemed cost. Information regarding gross block of assets, accumulated depreciation has been disclosed by the Company separately as follows:

	Computer & peripherals	Furniture & fixtures	Office equipments	Total
Cost	0.21	0.06	0.02	0.29
Accumulated depreciation	(0.04)	-	(0.01)	(0.05)
Net book value as per previous GAAP/Deemed cost	**0.17**	**0.06**	**0.01**	**0.24**

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

4. Intangible assets

	Trademarks	Total intangible assets
Deemed Cost		
At April 01, 2018	0.05	**0.05**
Additions	-	-
Disposals	-	-
At March 31, 2019	**0.05**	**0.05**
Additions	-	-
Disposals	-	-
At March 31, 2020	**0.05**	**0.05**
Accumulated Amortisation		
At April 01, 2018	-	-
Amortisation	0.03	**0.03**
Disposals	-	-
At March 31, 2019	**0.03**	**0.03**
Amortisation	0.01	**0.01**
Disposals	-	-
At March 31, 2020	**0.04**	**0.04**
Net book value		
At April 01, 2018	**0.05**	**0.05**
At March 31, 2019	**0.02**	**0.02**
At March 31, 2020	**0.01**	**0.01**

Note:
a) For intangible assets existing as on April 01, 2018, the Company has used previous GAAP carrying value as deemed cost. Information regarding gross block of intangibles assets, accumulated amortization has been disclosed by the Company separately as follows:

	Trademarks	Total
Cost	0.05	**0.05**
Accumulated amortization	-	-
Net book value as per previous GAAP/Deemed cost	**0.05**	**0.05**

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

5. Right-of-use assets and lease liabilities

(a) Company as a lessee
The Company has lease contracts for office premises and warehouses 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:

	Buildings	Total
Cost		
At April 01, 2018*	-	-
Additions	-	-
Disposals	-	-
At April 01, 2019*	-	-
Additions	9.30	9.30
Disposals	-	-
At March 31, 2020	**9.30**	**9.30**
Accumulated Depreciation		
At April 01, 2018	-	-
Charge for the year	-	-
Disposals	-	-
At April 01, 2019	-	-
Charge for the year	3.36	3.36
Disposals	-	-
At March 31, 2020	**3.36**	**3.36**
Net book value		
At March 31, 2019	-	-
At March 31, 2020	**5.94**	**5.94**

* The Company did not have any leases as on April 01, 2019 and April 01, 2018.

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

Carried at amortised cost

	March 31, 2020	March 31, 2019
Non current		
Lease liabilities	3.60	-
Total non-current lease liabilities (A)	**3.60**	-
Current		
Lease liabilities	0.22	-
Total current lease liabilities (B)	**0.22**	-
Total lease liabilities (A+B)	**3.82**	-

(d) Following are the amounts recognised in the Special Purpose Ind AS Standalone Statement of Profit and loss:

	March 31, 2020	March 31, 2019
Depreciation	3.36	-
Interest expense on lease liability	0.22	-
Rent expenses for short term lease (included in other expenses)	4.19	2.63
	7.77	**2.63**

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

5. Right-of-use assets and lease liabilities (continued)

(e) Impact on Special Purpose Ind AS Standalone Statement of cash flows (decrease)

	March 31, 2020	March 31, 2019
Lease payments (including interest portion)	3.56	-
	3.56	**-**
Payment of principal portion of lease liabilities	3.34	-
Payment of interest portion of lease liabilities	0.22	-
	3.56	**-**

(f) Movement in lease liabilities for year ended March 31, 2020 and March 31, 2019:

	March 31, 2020	March 31, 2019
Balance at beginning of the year	-	-
Add: Additions	7.16	-
Add: Interest on lease liability	0.22	-
Less: Payment of lease liabilities	(3.56)	-
Balance at the end of the year	**3.82**	**-**

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

	March 31, 2020	March 31, 2019
Less than one year	3.83	-
one to five years	0.10	-
more than five years	-	-
Total	**3.93**	**-**

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

6 Investments

Current

	No of units		Amount	
(valued at amortised cost)	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
Unquoted Other Investments				
CFSL Commercial Paper	400	-	184.38	-
Total Unquoted investments [A]			**184.38**	**-**

	No of units		Amount	
(valued at fair value through profit and loss)	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
Quoted Mutual Funds				
Kotak Money Market Fund Direct - Growth	15,297	-	50.68	-
UTI MMMF Direct - Growth	26,806	-	60.79	-
Aditya Birla SL Savings Direct - Ultra Short term	143,477	-	57.51	-
SBI Magnum Ultra Short Duration Direct - Growth	13,578	-	60.83	-
IDFC Banking and PSU Debt Fund - Direct Plan - Growth	6,089,294	2,479,620	109.39	40.23
HDFC Corporate Bond Direct - Growth	4,446,937	-	102.65	-
ICICI Prudential Corporate Bond Direct - Growth	7,098,408	-	152.69	-
DSP Short Term Direct - Growth	3,685,984	-	132.46	-
HDFC Short Term Debt Direct - Growth	4,464,425	-	102.18	-
IDFC Bond Short Term Direct - Growth	2,354,846	4,293,789	102.11	55.22
Kotak Bond Short-term Direct - Growth	2,550,009	-	102.29	-
UTI Liquid Cash Direct - Growth	7,789	-	25.32	-
Reliance Liquid Fund Direct Plan - Growth	-	24,024	-	109.60
HSBC Cash Fund Direct Plan - Growth	-	32,432	-	60.38
Total Quoted investments valued at Fair value through profit and loss [B]			**1,058.90**	**265.43**
Total Quoted investments [C=B]			**1,058.90**	**265.43**
Total Investments [D = A+C]			**1,243.28**	**265.43**
Aggregate book value of quoted investments [C]			1,058.90	265.43
Aggregate market value of quoted investments [C]			1,058.90	265.43
Aggregate value of unquoted investments [A]			184.38	-

7 Other financial assets

(Unsecured, considered good)	**March 31, 2020**	**March 31, 2019**
Carried at amortised cost		
Non-current		
Security deposits	3.12	1.20
	3.12	**1.20**
Current		
Security deposits	1.36	-
Interest accrued	6.48	0.28
	7.84	**0.28**

8 Income tax assets (net)

	March 31, 2020	**March 31, 2019**
Non-current		
Advance tax (net)	0.57	0.17
	0.57	**0.17**

9 Inventories

	March 31, 2020	**March 31, 2019**
(valued at lower of cost and net realizable value)		
Traded goods*	136.71	14.03
	136.71	**14.03**

*Traded goods includes goods in transit of Rs. 4.74 million (March 31, 2019: 0.36 million)

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

10 Trade receivables

Carried at amortised cost	March 31, 2020	March 31, 2019
Trade receivables	106.06	26.38
	106.06	**26.38**
Break-up for security details		
Trade receivables		
Unsecured, considered good	106.06	26.38
Trade receivables - credit impaired	2.04	1.11
	108.10	**27.49**
Impairment allowance (allowance for bad and doubtful debts)		
Trade receivables - credit impaired	(2.04)	(1.11)
	(2.04)	**(1.11)**
Total Trade receivables	**106.06**	**26.38**

As at March 31, 2020

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		0-6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	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: Allowance for bad and doubtful debts	-	-	(2.04)	-	-	-	(2.04)
Total Trade receivables	**44.71**	**61.35**	**-**	**-**	**-**	**-**	**106.06**

As at March 31, 2019

Particulars	Current but not due	Outstanding from due date of payment					Total
		0-6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	-	26.38	-	-	-	-	26.38
Undisputed Trade receivable - credit impaired	-	-	1.11	-	-	-	1.11
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	**-**	**26.38**	**1.11**	**-**	**-**	**-**	**27.49**
Less: Allowance for bad and doubtful debts	-	**-**	(1.11)	-	-	-	(1.11)
Total Trade receivables	**-**	**26.38**	**-**	**-**	**-**	**-**	**26.38**

- There are no non-current trade receivables as on March 31, 2020 (March 31, 2019: 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 32. 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 impairment allowance (allowance for bad and doubtful debts)

	March 31, 2020	March 31, 2019
Opening balance	1.11	-
Add: Charge for the year	0.93	1.11
Closing balance	**2.04**	**1.11**

11 Cash and cash equivalents

	March 31, 2020	March 31, 2019
Cash in hand	0.11	0.13
Balance with banks		
- on current accounts	19.05	5.46
	19.16	**5.59**

12 Bank balances other than cash and cash equivalents

	March 31, 2020	March 31, 2019
Deposits with remaining maturity of more than three months but less than or equal to twelve months	244.99	21.23
	244.99	**21.23**

13 Other Assets

	March 31, 2020	March 31, 2019
Current		
Balance with government authorities	23.82	3.16
Prepaid expenses	0.44	0.29
Advance to suppliers	14.03	4.41
	38.29	**7.86**

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

14 Share Capital

Equity share capital

a) Authorised share capital

	Equity Shares	
	Numbers	**Amount**
Equity share capital of Rs 10 each		
As at April 01, 2018	40,000	0.40
Increase during the year	-	-
As at March 31, 2019	**40,000**	**0.40**
Increase during the year	-	-
As at March 31, 2020	**40,000**	**0.40**
Equity share capital of Rs 100 each		
As at April 01, 2018	580	0.06
Increase during the year	-	-
As at March 31, 2019	**580**	**0.06**
Increase during the year	-	-
As at March 31, 2020	**580**	**0.06**

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

Equity share capital of Rs 10 each, fully paid up	**Numbers**	**Amount**
As at April 01, 2018	10,000	0.10
Issued during the year*	200	0.00
As at March 31, 2019	**10,200**	**0.10**
Issued during the year*	7	0.00
As at March 31, 2020 (i)	**10,207**	**0.10**

*Represents Rs.70 and Rs.2,000 for year ended March 31, 2020 and March 31, 2019 respectively.

Equity share capital of Rs 100 each, fully paid up		
As at April 01, 2018	-	-
Issued during the year	290	0.03
As at March 31, 2019	**290**	**0.03**
Issued during the year	-	-
As at March 31, 2020 (ii)	**290**	**0.03**
Total (i)+ (ii)	**10,497**	**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, as proportion to their holdings.

(ii) 686 (March 31, 2019: Nil) equity shares of Rs. 10 each 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 as equity.

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

	March 31, 2020		March 31, 2019	
	Nos.	**Holding %**	**Nos.**	**Holding %**
Equity shares of Rs. 10 each, fully paid				
Varun Alagh	8,514	83%	9,000	88%
Ghazal Alagh	1,000	10%	1,000	10%
	9,514		**10,000**	
Equity shares of Rs 100/- each fully paid				
Shilpa Shetty Kundra	290	100%	290	100%
	290		**290**	

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

14 Share Capital (continued)

(e) Details of shares held by promoters:

Equity shares of Rs. 10 each, fully paid
As at March 31, 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%	-

As at March 31, 2019

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	-	9,000	88%	-
Ghazal Alagh	1,000	-	1,000	10%	-

(f) Shares reserved for issue under options

For details of shares reserved for issue on conversion of NCCPS, Refer note 15.
For details of shares reserved for issue against share warrants Refer note 35.
For details of shares reserved for issue under the employee stock option plan (ESOP), Refer note 37.

(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 47(f) for bonus shares issued subsequent to the year ended March 31, 2020.

15 Instrument entirely in the nature of equity

Preference shares
(a) Authorised share capital

	NCCCPS	
	Numbers	**Amount**
0.001% Non-Cumulative Compulsorily Preference Shares ('NCCCPS') of Rs. 10 each		
As at April 01, 2018		
Class A NCCCPS - Refer note (i) below	10,000	0.10
Class B NCCCPS - Refer note (i) below	1,885	0.02
Increase during the year		
Class C NCCCPS - Refer note (i) below	4,845	0.05
As at March 31, 2019	**16,730**	**0.17**
Change during the year		
Reclassed from Class A to Class D		
Class D NCCCPS	4,161	0.04
Class A NCCCPS	(4,161)	(0.04)
As at March 31, 2020	**16,730**	**0.17**

(b) Issued, subscribed and fully paid up shares

NCCCPS of Rs. 10 each		
As at April 01, 2018		
Class A NCCCPS - Refer note (i) below	581	-
Class B NCCCPS - Refer note (i) below	1,885	-
Increase during the year		
Class C NCCCPS - Refer note (i) below	4,845	-
As at March 31, 2019	**7,311**	**-**
Increase during the year		
Class D NCCCPS - Refer note (i) below	4,161	-
As at March 31, 2020	**11,472**	**-**

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 of Rs 5,927.56 million, Rs 398.61 million and Rs 63.84 million as at March 31, 2020, March 31, 2019 and April 01, 2018 respectively and the change in fair value of liability of Rs 4,238.68 million and Rs 70.61 million has been recognized as an expense in the Special Purpose Ind AS Standalone Statement of Profit and Loss for the year ended March 31, 2020 and year ended March 31, 2019 respectively.
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 amouting 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 as at April 01, 2021. Also refer note 17.

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

(c) Terms/rights attached to NCCCPS

The Company has issued NCCCPS - Class A, B, C, D shares of Rs. 10 each fully paid-up. NCCCPS Class A, B, C, 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, 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, D 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 shares may convert the shares at the option of the holder into 1 equity share of Rs.10 each 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 shares would be paid prior and in preference to any payment or distribution to equity share holders.

Also Refer note 17.

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

	March 31, 2020		**March 31, 2019**	
	Nos.	**Holding %**	**Nos.**	**Holding %**
Class A NCCCPS of Rs. 10 each, fully paid				
Fireside Venture Trust	254	44%	254	44%
Suhail Sameer	116	20%	116	20%
SCI Investments VI	186	32%	186	32%
	556		**556**	
Class B NCCCPS of Rs. 10 each, fully paid				
Fireside Ventures Investment Fund-I	1,347	72%	1,347	72%
Kunal Bahl	269	14%	269	14%
Rohit Kumar Bhansal	269	14%	269	14%
	1,885		**1,885**	
Class C NCCCPS of Rs. 10 each, fully paid				
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%
	4,645		**4,645**	
Class D NCCCPS of Rs. 10 each, fully paid				
SCI Investments VI	3,346	80%	-	-
Fireside Ventures Investment Fund-I	363	9%	-	-
Stellaris Venture Partners	363	9%	-	-
	4,072		**-**	

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

16 Other equity

	March 31, 2020	March 31, 2019
Securities premium	18.76	18.38
Retained earnings	(4,397.81)	(117.34)
Employee stock option outstanding reserve	7.22	0.68
	(4,371.83)	**(98.28)**
a) Securities premium		
Opening Balance	18.38	-
Add: Premium on issue of equity shares	0.38	18.38
Closing balance	**18.76**	**18.38**
b) Retained earnings		
Opening Balance	(117.34)	(13.93)
Add: Profit/(Loss) for the year	(4,280.26)	(103.41)
Add: Other comprehensive income	(0.21)	-
Closing balance	**(4,397.81)**	**(117.34)**
c) Employee stock option outstanding reserve		
Opening Balance	0.68	-
Add: Share based payment expenses for the year (Refer note 37)	6.54	0.68
Closing balance	**7.22**	**0.68**

a) Securities premium:

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

b) Retained earnings :

Retained earnings 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 Special Purpose Ind AS Standalone Statement of Profit and Loss.

c) Employee stock option outstanding reserve

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

(This space has been intentionally left blank.)

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

17 Borrowings

	March 31, 2020	March 31, 2019
Non Current		
Carried at fair value		
Non- Cumulative Compulsorily Convertible Preference Shares (NCCCPS) - (Refer note below)	5,927.56	398.61
	5,927.56	**398.61**
Current		
Bank overdraft (Secured)*	-	0.53
	-	**0.53**

*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.

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 of Rs 5,927.56 million, Rs 398.61 million and Rs 63.84 million as at March 31, 2020, March 31, 2019 and April 01, 2018 respectively and the change in fair value of liability of Rs 4,238.68 million and Rs 70.61 million has been recognized as an expense in the Special Purpose Ind AS Standalone Statement of Profit and Loss for the year ended March 31, 2020 and year ended March 31, 2019 respectively.

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 amouting 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 as at April 01, 2021. Also refer note 15.

18 Other financial liabilities

	March 31, 2020	March 31, 2019
Current		
Carried at amortised cost		
Employee benefits payable	10.72	2.82
	10.72	**2.82**

19 Provisions

	March 31, 2020	March 31, 2019
Non-current		
Provision for Gratuity (Refer note 33)	3.24	0.70
	3.24	**0.70**
Current		
Provision for Leave benefits	2.57	0.46
	2.57	**0.46**

20 Other liabilities

	March 31, 2020	March 31, 2019
Current		
Statutory dues payable	8.76	2.17
Advance from customers	3.03	0.06
Deferred revenue	3.11	-
	14.90	**2.23**

<u>Movement during the year</u>

	Advance from Customers	Deferred Revenue
Balance as at April 01, 2018	-	-
Arising during the year	0.06	-
Utilised during the year	-	-
Balance as at March 31, 2019	**0.06**	-
Arising during the year	3.03	3.11
Utilised during the year	(0.06)	-
Balance as at March 31, 2020	**3.03**	**3.11**

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

21 Trade payables

Carried at amortised cost

	March 31, 2020	March 31, 2019
Total outstanding dues of micro enterprises and	76.97	10.42
Total outstanding dues of creditors other than micro enterprises and small enterprises	142.04	27.20
	219.01	**37.62**

There are no non-current trade payables as on March 31, 2020 (March 31, 2019: Nil).

The amount due to Micro, small and medium enterprises as per the "Micro, small and medium Enterprises 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 are as under:

Particulars	March 31, 2020	March 31, 2019
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
Principal amount due to micro and small enterprises	76.88	10.37
Interest due on the above	0.09	0.05
Total	**76.97**	**10.42**
(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	0.04	0.05
(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	0.09	0.05

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 note 39.
(c) Trade payables (outstanding for following periods from the date of transaction) ageing schedule:

Particulars	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2020						
(i) Undisputed dues - MSME	-	76.97	-	-	-	76.97
(ii) Undisputed dues - Others	35.31	106.73	-	-	-	142.04
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**35.31**	**183.70**	**-**	**-**	**-**	**219.01**
As at March 31, 2019						
(i) Undisputed dues - MSME	-	10.42	-	-	-	10.42
(ii) Undisputed dues - Others	-	27.20	-	-	-	27.20
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**-**	**37.62**	**-**	**-**	**-**	**37.62**

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

22 Income tax expense (net)

The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

i) Special Purpose Ind AS Standalone Statement of Profit and Loss

	March 31, 2020	March 31, 2019
Current income tax:		
Current tax	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	-	-
Total tax expense	-	-

ii) Other comprehensive income/(loss)

Deferred tax related to items recognised in OCI:

	March 31, 2020	March 31, 2019
Net loss / (gain) on remeasurements of defined benefit plans	-	-
Tax (income) / expense charged to OCI	-	-

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

	March 31, 2020	March 31, 2019
Profit/ (loss) before income tax	(4,280.26)	(103.41)
Applicable tax rate in India	25.17%	34.94%
Computed tax charge/(credit)	(1,077.34)	(36.13)
Deferred tax asset not recognised	18.49	10.63
Expenses not deductible under income tax (including change in fair valuation of preference shares)	1,061.21	24.67
Others	(2.36)	0.83
Income tax expense reported in the Special Purpose Ind AS Standalone statement of profit and loss	-	-

iv) Deferred tax relates to the following:

	March 31, 2020	March 31, 2019
Deferred Tax Liability		
Investments - Fair Value	6.13	1.03
	6.13	**1.03**
Deferred Tax Asset		
Allowance for bad & doubtful debts	0.51	0.39
Provision for Gratuity	0.82	0.30
Provision for leave encashment	0.65	0.16
Provision for deferred revenue	0.78	-
Brought forward losses and unabsorbed depreciation	20.80	10.64
Right of Use Asset, net	0.51	-
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	0.17
	24.62	**11.66**
	(18.49)	**(10.63)**
Less: Deferred tax not recognised (Refer note (i) below)	**18.49**	**10.63**
Net Deferred tax liability	-	-

Notes:

(i) No deferred tax asset has been recognised upto March 31, 2020 in the absence of the probability 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.

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

iv) Reconciliation of deferred tax liabilities (net):

	March 31, 2020	March 31, 2019
Opening balance	-	-
Tax income/(expense) during the period		
- recognised in statement of profit and loss	-	-
- recognised in OCI	-	-
Closing balance	-	-

v) Movement for the year ended March 31, 2020

	April 01, 2019	Recognised in profit or loss	Recognised in OCI	March 31, 2020
Deferred Tax Liability				
Investments - Fair Value	1.03	5.10	-	6.13
	1.03	**5.10**	**-**	**6.13**
Deferred Tax Asset				
Allowance for bad & doubtful debts	0.39	0.12	-	0.51
Provision for Gratuity	0.30	0.52	-	0.82
Provision for leave encashment	0.16	0.49	-	0.65
Provision for deferred revenue	-	0.78	-	0.78
Right of Use Asset, net	-	0.51	-	0.51
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	0.17	0.38	-	0.55
Others	10.64	10.16	-	20.80
Total	**11.66**	**12.96**	**-**	**24.62**
Deferred Tax	**(10.63)**	**(7.86)**	**-**	**(18.49)**
Less: Deferred tax not recognised	**10.63**	**7.86**	**-**	**18.49**
Net Deferred tax liability	**-**	**-**	**-**	**-**

vi) Movement for the year ended March 31, 2019

	April 01, 2018	Recognised in profit or loss	Recognised in OCI	March 31, 2019
Deferred Tax Liability				
Investments - Fair Value	-	1.03	-	1.03
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	0.01	(0.01)	-	-
	0.01	**1.02**	**-**	**1.03**
Deferred Tax Asset				
Allowance for bad & doubtful debts	-	0.39	-	0.39
Provision for Gratuity	-	0.30	-	0.30
Provision for leave encashment	-	0.16	-	0.16
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	-	0.17	-	0.17
Others	2.22	8.42	-	10.64
Total	**2.22**	**9.43**	**-**	**11.66**
Deferred tax	**(2.21)**	**(8.41)**	**-**	**(10.63)**
Less: Deferred tax not recognised	**2.21**	**8.41**	**-**	**10.63**
Net Deferred tax	**-**	**-**	**-**	**-**

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

23 Revenue from operations

	March 31, 2020	March 31, 2019
Sale of products	1,097.84	168.40
Revenue from operations	**1,097.84**	**168.40**
Sale of products (net of Goods and Service Tax)		
Traded goods	1,097.84	168.40
	1,097.84	**168.40**

23.1 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.

23.2 Contract balances

	March 31, 2020	March 31, 2019
a) Trade receivables	106.06	26.38
b) Contract Liabilities		
Advance received from customers	3.03	0.06
Deferred Revenue	3.11	-

23.3 Timing of revenue recognition

	March 31, 2020	March 31, 2019
Revenue recognised at a point in time	1,097.84	168.40
Revenue from contract with customers	**1,097.84**	**168.40**

23.4 Reconciling the amount of revenue recognised in the Special Purpose Ind As Standalone statement of profit and loss with the contracted price

	March 31, 2020	March 31, 2019
Revenue as per contracted price	1,109.69	168.40
Adjustments		
Claims and Rebates	(8.74)	-
Provision for customer wallets	(3.11)	-
Revenue from contract with customers	**1,097.84**	**168.40**

23.5 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.

24 Other income

	March 31, 2020	March 31, 2019
Interest income on:		
Deposits with bank	6.93	1.46
Unwinding of discount on security deposits	0.13	-
Fair value gain on investments measured at FVTPL	21.41	2.93
Gain on sale of investments measured at FVTPL	14.89	9.10
Others	0.47	0.10
	43.83	**13.59**

25 Purchases of traded goods

	March 31, 2020	March 31, 2019
Purchases (traded goods)	490.38	69.31
	490.38	**69.31**

26 Increase in inventories of traded goods

	March 31, 2020	March 31, 2019
Inventories at the beginning of the year		
Traded goods	14.10	4.10
	14.10	4.10
Inventories at the end of the year		
Traded goods	136.71	14.03
	136.71	14.03
(Increase) in inventories of traded goods	**(122.61)**	**(9.93)**

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

27 Employee benefits expenses

	March 31, 2020	March 31, 2019
Salaries, wages and bonus	75.56	19.24
Contribution to provident fund and other funds (Refer note 33)	2.23	0.60
Gratuity (Refer note 33)	2.33	0.70
Share based payments expenses (equity settled) (Refer note 37)	6.54	0.68
Staff welfare expenses	2.36	0.38
	89.02	**21.60**

28 Depreciation and amortisation expense

	March 31, 2020	March 31, 2019
Depreciation of property, plant and equipment (refer note 3)	3.09	0.78
Depreciation of right-of-use-assets (refer note 6)	3.36	-
Amortisation of intangible assets (refer note 4)	0.01	0.03
	6.46	**0.81**

29 Finance costs

	March 31, 2020	March 31, 2019
Interest on		
Lease liabilities	0.22	-
Others	0.22	0.36
Bank charges	0.05	0.00
	0.49	**0.36**

30 Other expenses

	March 31, 2020	March 31, 2019
Advertisement expense	458.43	86.93
Freight and forwarding charges	150.20	26.27
Sales Commission	40.05	3.17
Software support expenses	13.29	1.56
Packaging materials and other consumables	15.11	-
Legal and professional charges (refer note (a) below)	14.73	6.37
Contract Labour charges	8.07	-
Travelling and conveyance	8.04	1.75
Rent (Refer note 5)	4.19	2.63
Allowance for bad and doubtful debts	0.93	1.11
Rates and taxes	1.37	0.42
Repairs and maintenance- others	3.10	1.42
Bad debts written off	-	0.18
Power and fuel	0.26	0.16
Insurance	0.33	0.07
Communication costs	0.40	0.09
Printing and stationery	0.76	0.21
Foreign exchange fluctuation loss (net)	0.04	-
Miscellaneous expenses	0.21	0.30
	719.51	**132.64**

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

Audit fee paid to statutory auditors of Standalone financial statements	1.00	0.50
Reimbursement of expenses	0.05	-
	1.05	**0.50**

*Excluding taxes

b) Corporate Social Responsibility

No amount is required to be spent by the Company towards corporate social responsibility under section 135 of the Companies Act, 2013 on account of losses during the year ended March 31, 2020 and March 31, 2019.

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

31 Earnings/(Loss) per share (EPS)

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

Diluted EPS amounts are calculated by dividing the loss 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:

Loss after tax attributable to equity holders of the Company (a)	(4,280.26)	(103.41)
Equity shares of Rs. 10 each	(4,161.93)	(100.53)
Equity shares of Rs. 100 each	(118.33)	(2.88)
Weighted average number of shares outstanding during the year for basic EPS (b)		
Equity shares of Rs. 10 each	131,580,000	130,496,400
Equity shares of Rs. 100 each	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	280,682,718	224,808,300
Equity shares of Rs. 100 each	3,741,000	3,741,000
Basic earnings per share (in Rs) (a/b)		
Equity shares of Rs. 10 each	(31.63)	(0.77)
Equity shares of Rs. 100 each	(31.63)	(0.77)
Diluted earnings per share (in Rs) (a/c)		
Equity shares of Rs. 10 each	(31.63)	(0.77)
Equity shares of Rs. 100 each	(31.63)	(0.77)
Equity share reconciliation for EPS		
Equity shares of Rs. 10 each	131,580,000	130,496,400
Total considered for basic EPS	**131,580,000**	**130,496,400**
Add: Employee stock options	1,113,918	-
Add: NCCCPS	147,988,800	94,311,900
Total considered for diluted EPS	**280,682,718**	**224,808,300**
Equity share reconciliation for EPS - Face value of Rs. 100		
Equity shares of Rs. 100 each	3,741,000	3,741,000

Notes

1) Equity shares with face value of Rs.10 and Rs.100 rank paripassu and do not have differential voting rights.

2) Subsequent to the year ended March 31, 2020, the Company has issued bonus shares to the shareholders at conversion ratio of 12,899: 1. The weighted average number of shares for the year end March 31, 2020 and March 31, 2019 have been adjusted to reflect the impact of bonus issue as per Ind AS 33.

3) During the year ended March 31, 2020 and March 31, 2019, the effects of potential equity shares are anti-dilutive, hence the same has been ignored for calculating dilutive loss per share.

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

32 Related party disclosures

a) Names of related parties and description of relationships:

Key management personnel (KMP)

Directors	**Nature of Relationship**
Varun Alagh	Director and Chief Executive Officer
Ghazal Alagh	Director
Ishaan Mittal	Director
Vivek Gambhir	Independent Director
Namita Gupta (w.e.f. June 08, 2022)	Independent Director
Rahul Chowdhri (Resigned w.e.f. June 08, 2022)	Director
Subramaniam Somasundaram (w.e.f. February 11, 2022)	Independent Director
Vettakkorumakankav Siva Subramaniam Sitaram (Resigned w.e.f. October 20, 2022)	Director
Relatives of Key management personnel (KMP)	Mukesh Alagh
Other KMP	
Raman Preet Sohi (w.e.f. July 26, 2022)	Chief Financial Officer
Dhanraj Dagar (w.e.f. May 11, 2022)	Company Secretary

b) Transactions with related parties

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2020 and March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. There are no commitments with related parties.

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

Nature of transactions	**March 31, 2020**	**March 31, 2019**
Sale of products (net)		
Varun Alagh*	0.00	0.00
Ghazal Alagh**	0.00	0.00
Mukesh Alagh***	0.00	-
	0.00	**0.00**
Reimbursement of expenses		
Varun Alagh	1.74	1.23
Ghazal Alagh	0.13	0.02
Mukesh Alagh	0.03	0.11
	1.90	**1.36**
Rent		
Mukesh Alagh	0.99	0.83
	0.99	**0.83**
Remuneration paid******		
Varun Alagh	4.01	1.82
Ghazal Alagh	2.59	0.92
	6.60	**2.74**
Loan from director (Unsecured) repaid during the year		
Varun Alagh	-	1.01
	-	**1.01**

*Represents Rs 1,745 and Rs 1,446 for year ended March 31, 2020 and March 31, 2019 respectively
**Represents Rs 2,196 and Rs 2,778 for year ended March 31, 2020 and March 31, 2019 respectively
***Represents Rs 1,716 for year ended March 31, 2020.
****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.

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

	March 31, 2020	**March 31, 2019**
Expense payable		
Varun Alagh	0.04	0.06
Mukesh Alagh	-	0.01
Ghazal Alagh	0.02	-
	0.06	**0.07**
Employee Benefits Payable		
Varun Alagh	0.35	0.13
Ghazal Alagh	0.16	0.07
	0.51	**0.19**

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

33 Employee benefits plan

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

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 2.23 millions (March 31, 2019: Rs. 0.60 millions) for Provident Fund contributions, Nil (March 31, 2019: Nil) for Employee's State Insurance and Nil (March 31, 2019: Nil) 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.
Salary escalation risk	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
Demographic risk	The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumptions made.
Regulatory risk	Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

	March 31, 2020	March 31, 2019
Current	-	-
Non-current	3.24	0.70
	3.24	**0.70**

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

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2019:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 01, 2018	-	-	-
Amount recognised in Special Purpose Ind AS standalone statement of profit and loss			
Current Service cost	0.70	-	0.70
Interest cost on benefit obligation	-	-	-
Total amount recognised in Special Purpose Ind AS standalone statement of profit and loss	**0.70**	**-**	**0.70**
Benefits paid	-	-	-
Remeasurement			
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	-		-
Experience adjustments	-	-	-
Total amount recognised in other comprehensive income	-	-	-
Contributions by employer	-	-	-
As at March 31, 2019	**0.70**	**-**	**0.70**
Non-current	0.70	-	0.70
Current	-		-
	0.70	**-**	**0.70**

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

33 Employee benefits plan (continued)

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2020:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 01, 2019	**0.70**	**-**	**0.70**
Amount recognised in Special Purpose Ind AS standalone statement of profit and loss			
Current Service cost	2.28	-	2.28
Interest cost on benefit obligation	0.05	-	0.05
Total amount recognised in Special Purpose Ind AS standalone statement of profit and loss	**2.33**	**-**	**2.33**
Benefits paid	**-**	**-**	**-**
Remeasurement			
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	0.30	-	0.30
Experience adjustments	(0.09)	-	(0.09)
Total amount recognised in other comprehensive income	**0.21**	**-**	**0.21**
Contributions by employer	-	-	-
As at March 31, 2020	**3.24**	**-**	**3.24**

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

	March 31, 2020	March 31, 2019
Discount rate	6.76%	6.76%
Future salary increases	10%	10%
Normal retirement age	60 years	60 years
Attrition / withdrawal (per annum)	10%	10.00%
Mortality	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

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

	Sensitivity Level	March 31, 2020		March 31, 2019	
		Defined benefit obligation on increase/decrease in assumptions			
		Increase	Decrease	Increase	Decrease
Discount rate	0.5% increase / decrease	(0.31)	0.35	-	-
Future salary increase	0.5% increase / decrease	0.28	(0.25)	-	-
Attrition rate*	0.5% increase / decrease	-	-	-	-

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 Special purpose Ind AS Standalone balance sheet.

* Sensitivities due to attrition are not material as at March 31, 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 16.72 years (March 31, 2019: 20 years). The expected maturity analysis of undiscounted gratuity is as follows:

	March 31, 2020	March 31, 2019
Within the next 12 months	-	0.00
Between 2 and 5 years	0.23	0.05
Beyond 5 years	3.01	3.67

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

34 Segment information

The Company is principally engaged in trading of variety of beauty and personal care products with products across baby care, skin care, hair and other related personal care categories, which are manufactured through third party contract manufacturers under the brand name of 'Mamaearth' and 'The Derma Co'. The Company sells its products primarily in India. The Board of Directors being the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. All operating segment results are reviewed regularly by CODM to make decisions about resources to be allocated to the segments and assess their performance. CODM believes that these are governed by same set of risks and returns hence, CODM reviews them as one component. Further, the economic environment in which the Company operates is significantly similar and not subject to materially different risk and rewards. The revenues, total expenses and net profit/(loss) as per the Special Purpose Ind AS Standalone Statement of Profit and Loss represents the revenue, total expenses and net profit/(loss) of the sole reportable segment.

(b) Geographical Information

The operations of the Company are are primarily in India and accordingly, geographical information is presented for India and rest of the world. The following table describes the segment information of the Company.

The Company's revenue from operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	March 31, 2020	March 31, 2019
(i) The amount of revenue from external customers broken down by location of customers is shown below:		
India	1,089.22	168.40
Outside India	8.62	-
	1,097.84	**168.40**

(ii) The non-current assets of the Company are located in the country of domicile i.e. India. Hence no specific disclosures have been made.

35 Commitments

a) 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.
Subsequent to the year end, the Holding Company has also entered into a second addendum. As per the addendum, the Holding Company is obliged to issue the shares worth Rs 30 million against the services to be provided by the celebrity. The share subscription price is based on the price equivalent to the fair value of the Company as on the date of exercise. The Holding Company has settled the said commitment by issuing the equity shares.

b) Refer note 15 and 17 for NCCCPS related commitments

c) Refer note 6 for lease commitments

36 Contingent liabilities

	March 31, 2020	March 31, 2019
i) Claims against the Company not acknowledged as debts*	-	-

* 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 special purpose Ind AS standalone financial statements.

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

37 Share based payments
Employee Share Option Plan (ESOP)

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 of Rs. 10 each (as amended vide board meeting held on August 02, 2018).
Ownership	Legal and Benefecial 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. 2,63,566 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 approved by the shareholders at the meeting held on August 13, 2018).

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

Particulars	March 31, 2020		March 31, 2019	
	No. of options	WAEP	No. of options	WAEP
Outstanding at the beginning of the year	167	51,264.00	-	-
Granted during the year	140	181,232.00	167	51,264
Forfeited during the year	(21)	54,512.00	-	-
Exercised during the year	(7)	54,512.00	-	-
Outstanding at the end of the year	279	116,143.23	167	51,264
Exercisable at the end of the year	42	49,383.00	-	-
Weighted Average Remaining Contractual Life	5.16 years		6.16 years	

The weighted average fair value of the options granted during the year ended March 31, 2020 is Rs 0.15 million (March 31, 2019: Rs 0.03 million).

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

	March 31, 2020	March 31, 2019
Expense arising from equity-settled share-based payment transactions	6.54	0.68
Total expense arising from share-based payment transactions	**6.54**	**0.68**

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

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

Particulars	March 31, 2020	March 31, 2019
Weighted average fair values at the measurement date	153,274	33,288
Dividend yield (%)	0.00%	0.00%
Expected volatility (%)	45.00%	45.00%
Risk-free interest rate (%)	7.44%- 6.54%	7.44%- 6.54%
Expected life of the options/SARs granted (in years)	7.00	7.00
Weighted average share price	186,314	54,000

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The 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.

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

38 Financial instruments- accounting classification and fair value measurement

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

	March 31, 2020	March 31, 2019
Measured at fair value through statement of profit and loss (FVTPL)		
Investment in mutual funds (Level 1)	1,058.90	265.43
Total financial assets measured at FVTPL	**1,058.90**	**265.43**
Measured at amortised cost		
Investment in commercial paper	184.38	-
Trade receivables	106.06	26.38
Cash and cash equivalents	19.16	5.59
Bank balance other than cash and cash equivalents	244.99	21.23
Other financial assets	10.96	1.48
Total financial assets measured at amortised cost	**565.55**	**54.68**
Total financial assets	**1,624.45**	**320.11**

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

	March 31, 2020	March 31, 2019
Measured at fair value through profit or loss (FVTPL)		
Borrowings - NCCCPS (Level 3)	5,927.56	398.61
Total financial liabilities measured at FVTPL	**5,927.56**	**398.61**
Measured at amortised cost		
Lease liabilities	3.82	-
Trade payables	219.01	37.62
Other financial liabilities	10.72	2.82
Total financial liabilities measured at amortised cost	**233.55**	**40.44**
Total financial liabilities	**6,161.11**	**439.05**

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, 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**
	March 31, 2019			
Financial assets and liabilities measured at fair values				
Investment in mutual funds	265.43	-	-	265.43
Total financial asset measured at fair value	**265.43**	**-**	**-**	**265.43**
Borrowings - NCCCPS	-	-	398.61	398.61
Total financial liabilities measured at fair value	**-**	**-**	**398.61**	**398.61**

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 advance to employees approximates their fair value largely due to short-term maturities of these instruments. The carrying value of financial asset and liabilities carried at amortised cost approximates the fair value of financial assets and liabilities, hence no seperate disclosure provided for fair value of these amortised cost financial asset/liabilities.

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

38 Financial instruments- accounting classification and fair value measurement

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.
There have been no transfers between levels during the year.

Valuation techniques and significant unobservable inputs - Level 3

Type	Valuation technique	Significant unobservable inputs	Sensitivity analysis
March 31, 2020			
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. 545million/(Rs. 446million). 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. 342 million.
March 31, 2019			
Borrowings - NCCCPS	Discounted cash flow method	Growth rate - 5% Cost of equity - 16%	Year on year Growth rate - increase/(decrease) in growth rate by 1% would result in increase/(decrease) in NCCCPS liability by Rs 37million/(Rs 30million). Cost of equity - increase/(decrease) in Cost of equity by 0.5% would result in (decrease)/increase in NCCCPS liability by Rs (21 million)/23million.

External valuers are involved for valuation of Level 3 valuation as described above. The Company's management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

	April 01, 2019	Charge to profit and loss	Additions (refer note 17)	March 31, 2020
Borrowings - NCCCPS	398.61	4,238.68	1,290.27	5,927.56

	April 01, 2018	Charge to profit and loss	Additions (refer note 17)	March 31, 2019
Borrowings - NCCCPS	63.84	70.61	264.16	398.61

39 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 financials risk are identified, measured and managed in accordance with Company's policies and risk objectives. The Company reviews and agrees on policies for managing each of these risks which are summarised below:

a) Market risk

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

i. Interest rate risk

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

ii. Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exchange risk arises from its foreign currency assets and liabilities. The Company's exposure to the risk of changes in foreign exchange rates arises on account of purchases from foreign countries and export sales. The Company has not taken any derivative instrument during the year and there is no derivative instrument outstanding as at the year end.

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

		March 31, 2020		March 31, 2019	
Currency	**Particulars**	**FC**	**Rs.**	**FC**	**Rs.**
USD	Liability				
	Trade Payables	-	-	-	0.07
	Assets				
	Trade receivables	0.03	0.23		0.11
	Net exposure on foreign currency risk	**0.03**	**0.23**	**-**	**0.18**

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

Sensitivity:

		Impact on profit/(loss) before tax	
		March 31, 2020	**March 31, 2019**
USD	Increases by 5%	0.01	0.01
	Decreases by 5%	(0.01)	(0.01)

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.

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 Special Purpose Ind AS standalone Balance Sheet.

	March 31, 2020	**March 31, 2019**
Trade receivables (refer note (i) below)	106.06	26.38
Cash and cash equivalents	19.16	5.59
Bank balances other than cash and cash equivalents	244.99	21.23
Other financial assets (refer note (ii) below)	10.96	1.20

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 receivables. 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:

	March 31, 2020	**March 31, 2019**
Opening balance	1.11	-
Allowance made during the year (net)	0.93	1.11
Closing balance	**2.04**	**1.11**

ii) Other financial assets
Other financial assets includes security deposits and deposits with banks. Cash and cash equivalents and interest receivable are placed with a reputable financial institution with high credit ratings and no history of default.

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

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

Particulars	**On demand**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
As at March 31, 2020					
Borrowings*	-	-	5,927.56	-	5,927.56
Lease liabilities	-	3.83	0.10	-	3.93
Trade payables	-	219.01	-	-	219.01
Other financial liabilities	-	10.72	-	-	10.72
	-	**233.56**	**5,927.66**	**-**	**6,161.22**
As at March 31, 2019					
Borrowings*	-	-	-	398.61	398.61
Trade payables	-	-	37.62	-	37.62
Other financial liabilities	-	2.82	-	-	2.82
	-	**2.82**	**37.62**	**398.61**	**439.05**

*Represents NCCCPS.

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

40 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, other financial liabilities, lease liabilities less cash and cash equivalents, bank balances other than cash and cash equivalents and fixed deposits with maturity of more than 12 months and current investments.

Particulars	**March 31, 2020**	**March 31, 2019**
Borrowings*	-	-
Trade payables	219.01	37.62
Lease liabilities	3.82	-
Other Financial liabilities	10.72	2.82
Less: Cash and cash equivalents	(19.16)	(5.59)
Less: Bank balances other than cash and cash equivalents	(244.99)	(21.23)
Less: Current investments	(1,243.28)	(265.43)
Net adjusted debt (A)	**(1,273.88)**	**(251.81)**
Equity**	1,555.87	300.46
Total equity (B)	**1,555.87**	**300.46**
Total debt and equity (C) = (A)+(B)	**281.99**	**48.66**
Gearing Ratio (A)/(C)***	-	-

* Excludes non-current borrowings on NCCCPS which are classified as liability from equity. Refer note 17.

** Includes NCCCPS amounting to Rs. 5,927.56 million and Rs. 398.61 million as on March 31, 2020 and March 31, 2019 respectively.

*** Disclosed as nil for year ended March 31, 2020 and March 31, 2019 since the same is negative as 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, 2020 and March 31, 2019.

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(All amounts in Rs millions , unless otherwise stated)

41 Reconciliation between Indian GAAP statutory financial statements with Special Purpose Ind AS Standalone Financial Statements

A. For periods up to and including the year ended March 31, 2021, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP-Indian GAAP).

The financial statements, for the year ended March 31, 2022, were the first statutory financial statements of the Company prepared in accordance with Ind AS. In preparing the first Ind AS financial statements, the Company’s Ind AS opening balance sheet was prepared as at April 01, 2020, the Company’s Statutory date of transition to Ind AS.

The Special purpose Ind AS standalone financial statements as at and for the year ended March 31, 2020 have been prepared after making suitable adjustments to the accounting heads from their Indian GAAP values following accounting policies and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) consistent with that used at the date of transition to Ind AS (April 01, 2020) and as per the presentation, accounting policies and grouping/classifications including revised Schedule III disclosures followed as at and for the six months period ended September 30, 2022 pursuant to the SEBI letter.

This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2018 and the financial statements as at and for the year ended March 31, 2020 and March 31, 2019.

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 adopted Ind AS 116 based on modified retrospective approach, wherein the present value of remaining lease payments as on the date of transition is recognised as the lease liability and right-to-use asset is considered equal to the amount of lease liability.

C. Mandatory Exceptions

Derecognition of financial assets and financial liabilities

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

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

Classification and measurement of financial assets

Ind AS - 101 requires a Company to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS. 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 Ind AS estimates as at April 01, 2018, 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, 2020	March 31, 2019	April 01, 2018
Equity as reported under previous GAAP		1,531.43	297.53	50.01
Ind AS adjustments				
Fair value adjustments:				
Security deposits	a	0.02	-	-
Investments at FVTPL	b	24.34	2.93	-
Non- Cumulative Compulsorily Convertible	c	(5,927.56)	(398.61)	(63.84)
Share based Payment	d			-
Employee stock option outstanding reserve		4.78	0.68	-
Retained earnings (fair value impact)		(4.78)	(0.68)	-
Leases	e	0.07	-	-
Equity as per Ind AS		**(4,371.70)**	**(98.15)**	**(13.83)**

(All amounts in Rs millions , unless otherwise stated)

2. Total comprehensive income reconciliation for the year ended March 31, 2020 and March 31, 2019:

	Notes	March 31, 2020	March 31, 2019
Loss after tax as per previous GAAP		(59.19)	(35.05)
Ind AS adjustments			
Fair value adjustments:			
Security deposits	a	0.02	-
Investments at FVTPL	b	21.41	2.93
Non- Cumulative Compulsorily Convertible	c	(4,238.68)	(70.61)
ESOP expenses	d	(4.10)	(0.68)
Leases	e	0.07	-
Remeasurement of employee benefit obligation (net of tax	f	0.16	-
Loss after tax as per Ind AS		**(4,280.31)**	**(103.41)**
Other comprehensive income (net of tax)		(0.16)	-
Total comprehensive income/(loss) as per Ind AS		**(4,280.47)**	**(103.41)**

41 Reconciliation between Indian GAAP statutory financial statements with Special Purpose Ind AS Standalone Financial Statements (continued)

3. Cash flow reconciliation for the year ended March 31, 2019

	As per previous GAAP	Ind AS adjustments	As per Ind AS
Net cash flows from operating activities	(42.66)	-	(42.66)
Net cash flows used in investing activities	(234.84)	-	(234.84)
Net cash flows from financing activities	281.17	-	281.17
Cash and cash equivalents at the beginning of the year	1.39	-	1.39
Cash and cash equivalents at the end of the year	**5.06**	**-**	**5.06**

Cash flow reconciliation for the year ended March 31, 2020

	As per previous GAAP	Ind AS adjustments	As per Ind AS
Net cash flows from operating activities	(107.13)	3.58	(103.55)
Net cash flows used in investing activities	(1,169.22)	-	(1,169.22)
Net cash flows from financing activities	1,290.45	(3.58)	1,286.87
Cash and cash equivalents at the beginning of the year	5.06	-	5.06
Cash and cash equivalents at the end of the year	**19.16**	**-**	**19.16**

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. During the year ended March 31, 2020, the Company has adjusted Rs. 0.02 million to profit and loss 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 as at April 01, 2018 and subsequently in the statement of profit and loss. The company has accounted other income of Rs 21.41 million and Rs 2.93 million for year end March 31, 2020 and March 31, 2019 respectively 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, 2018, year ended March 31, 2019 and March 31, 2020 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. The Company has recorded a fair market value adjustment of Rs 63.84 million to retained earnings as at April 01, 2018. The company has accounted fair value loss of Rs 70.61 million and Rs 4,238.68 million for the year ended March 31, 2019 and March 31, 2020 respectively 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. The Company did not have any leases on April 01, 2018 and March 31, 2019.

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 and during the year ended March 31, 2020 the Group has adjusted Rs. 0.07 million in the Special purpose Ind AS standalone statement of profit and loss.

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.

F Material regrouping

Appropriate adjustments have been made in these special purpose Ind As 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.

(This space has been intentionally left blank.)

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

42 Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2020	March 31, 2019	% change	Reason for variance exceeding 25% as compared to the preceding period
Current ratio	Current Assets	Current Liabilities	7.26	7.81	-7%	
Debt- Equity Ratio*	Net debt = Total borrowings + Lease liabilities - Cash & Cash equivalents - Bank balances other than Cash & Cash equivalents -short term investments	Shareholder's Equity	-	-	NA	Not Applicable as there is no debt.
Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Depreciation+Interest	Debt service = Interest & lease payments + Principal Repayments	-	-	NA	Not Applicable as there is no debt.
Return on Equity Ratio*	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	(4.48)%	(9.67)%	-54%	Decrease due to proceeds from issue of preference shares
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	16.58	9.92	67%	Increase due to increase in sales
Trade Payable Turnover Ratio	Purchases	Average Trade Payables	3.82	3.31	15%	
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	0.71	0.57	25%	
Net Profit Ratio*	Net Profit	Net sales = Total sales - sales return	(0.04)	(0.19)	-81%	Decreased due to increase in sales
Inventory Turnover Ratio	Sales	Average Inventory	14.57	18.58	-22%	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax	(0.03)	(0.11)	-76%	Decreased to due to increase in gross margin and reduction in expenses
Return on Investment	Interest income + Fair value gain on investments measured at FVTPL + Gain on sale of investments at FVTPL	Average Investments and deposits with banks	4.87%	8.22%	-41%	Decrease on account of increase in average investments.

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

43. 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 not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company 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 (UltimateBeneficiaries) 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).

(viii) The Company is in compliance with number of layers of companies, as prescribed under clause (87)of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

44. Comparative financial information

The comparative financial information for the year ended March 31, 2019 presented in the accompanying special purpose Ind AS Standalone financial statements have been compiled by the management and are unaudited.

45. Events after the reporting period:

a) The Company has issued 902 Class E NCCCPS of Rs 10 during FY 22 at a premium of Rs 2.24 million per share.
b) The Company has issued 839 Class F NCCCPS of Rs 10 during FY 22 at a premium of Rs 3.39 million per share.
c) 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 has further infused an amount of Rs 500 million in Momspresso.
d) 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 has further infused an amount of Rs 89.97 million. Bhabani Blunt Hairdressing Private Limited has a subsidiary called B:Blunt-Spratt Hairdressing Private Limited.
The Company has also entered into Business Transfer agreement with Godrej Consumer Private Limited on March 16, 2022 to acquire its "Product Business" under the brand name B-Blunt which constitutes a business together with acquisition of aforementioned service business.
e) The Company has acquired 63.07% stake in Fusion Cosmeceutics Private Limited as on April 06, 2022 which is engaged in formulation and trading of skin care products for a consideration of Rs 239.62 million.
f) 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 shareholders with equity shares of face value of Rs 10 each on May 11, 2022.
g) Pursuant to the approval of the shareholders accorded in the Extraordinary General Meeting (EGM) of the Holding Company held on April 28, 2022, each equity share of face value of Rs 100 per share was split into one equity share of face value of Rs 10 per share and one equity share of face value of Rs 90 per share, with effect from April 28, 2022.
h) Pursuant to the approval of the Board of directors on September 13, 2022, equity share of face value of Rs 90 per share was bought back on September 22, 2022 for Rs 90 per share.
i) The Company increased its authorised share capital from 14,00,00,000 equity shares of Rs.10 each to 34,00,00,000 equity shares of Rs.10 each on October 26, 2022.
j) The Company has been converted from Private Company limited by shares (Honasa Consumer Private Limited) to Public Company limited by shares (Honasa Consumer Limited) on November 11, 2022.
k) On February 18, 2022, the Company has incorporated a wholly owned subsidiary PT Honasa Consumer Indonesia, a Company based in Indonesia. On June 23, 2022, the Company has incorporated a wholly owned subsidiary Honasa Consumer General Trading L.L.C., a company based in UAE. The overseas subsidiaries have no transactions and infusion of capital has not yet been completed.
l) The Company has entered into an addendum to celebrity endorsement agreement with Shilpa Shetty Kundra ('celebrity') pursuant to which 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. The Company has settled the said commitment by issuing the equity shares.
m) On September 30, 2021 the board of directors approved the Honasa Consumer Private Limited Share Appreciation Rights Plan 2021 for issue of share appreciation rights ('SAR) to the permanent employees of the Company. With effect from May 31, 2022, the Company has removed the cash settlement option and these SARs would be settled through issuance of equity shares.
n) 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.

46. Absolute amounts less than Rs 5000 are appearing in the financial statements as "0.00" due to presentation in millions.

As per our report of even date

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

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

Place: Bengaluru
Date: December 15, 2022

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

Varun Alagh
Director and Chief Executive Officer
DIN: 07597289

Ghazal Alagh
Director
DIN: 07608292

Raman Preet Sohi
Chief Financial Officer

Dhanraj Dagar
Company Secretary

Place: Gurugram
Date: December 15, 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of directors of Honasa Consumer Limited (formerly Honasa Consumer Private Limited)

Report on Special Purpose Indian Accounting Standards (Ind AS) Standalone Financial Statements

Opinion

We have audited the special purpose financial statements of Honasa Consumer Limited (formerly Honasa Consumer Private Limited)(the "Company") which comprises the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income/(Loss), the Cash Flow Statement and the Statement of Changes in Equity for the year ended March 31, 2021, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as " Special Purpose Ind AS Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the Special Purpose Ind AS Standalone Financial Statements as at and for the year ended March 31, 2021 are prepared, in all material respects, in accordance with the basis of preparation described in Note 1.1 to those Special Purpose Ind AS Standalone Financial Statements.

Basis for Opinion

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

Emphasis of matter – Basis of preparation and restriction of use

We draw attention to Note 1.1 to the Special Purpose Ind AS standalone financial statements, which describes the basis of preparation of these Special Purpose Ind AS standalone financial statements which states that these Special Purpose Ind AS standalone financial statements have been prepared to comply with E-mail dated June 24, 2022 received from Book Running Lead Managers, which confirms that the Company should prepare these financial statements in accordance with Indian Accounting Standards (Ind AS) and that these are required based on email dated October 28, 2021 from Securities and Exchange Board of India ("SEBI") to Association of Investment Bankers of India ("SEBI Letter"). Accordingly, the Special Purpose Ind AS standalone financial statements may not be suitable for any other purpose and this report should not be used, referred to or distributed for any other purpose. We have no responsibility to update this report for events and circumstances occurring after the date of this report.
Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Special Purpose Ind AS Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation of these Special Purpose Ind AS Standalone Financial Statements in accordance with the basis of preparation described in Note 1.1. This responsibility also includes maintenance of adequate accounting records 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 Special Purpose Ind AS Standalone Financial Statements and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Ind AS 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.

Auditors' Responsibility for the Audit of the Special Purpose Ind AS Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Ind AS 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 Special Purpose Ind AS 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 Special Purpose Ind AS 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 but not for the purpose of expressing an opinion on the effectiveness of the holding company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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.

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

per Rajeev Kumar
Partner
Membership No.: 213803
UDIN: 22213803BFNLUA4844

Place: Bengaluru
Date: December 15, 2022

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Special Purpose Ind AS Standalone Balance Sheet as at March 31, 2021
(All amounts in Rs. million, except as otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	3	11.26	4.15
Intangible assets	4	-	0.01
Right-of-use assets	5	199.60	5.94
Financial assets			
i. Other financial assets	7	60.61	3.12
Income tax assets (net)	8	1.52	0.57
Total non-current assets		**272.99**	**13.79**
Current assets			
Inventories	9	413.47	136.71
Financial assets			
i. Investments	6	1,644.26	1,243.28
ii. Trade receivables	10	338.43	106.06
iii. Cash and cash equivalents	11	97.59	19.16
iv. Bank balances other than cash and cash equivalents	12	109.95	244.99
vi. Other financial assets	7	4.48	7.84
Other current assets	13	145.22	38.29
Total current assets		**2,753.40**	**1,796.33**
Total assets		**3,026.39**	**1,810.12**
Equity and liabilities			
Equity			
Equity share capital	14	0.13	0.13
Instruments entirely in the nature of equity	15	-	-
Other equity	16	(17,651.56)	(4,371.83)
Total equity		**(17,651.43)**	**(4,371.70)**
Non-current liabilities			
Financial liabilities			
i. Borrowings	17	19,539.99	5,927.56
ii. Lease liabilities	5	185.88	3.60
Provisions	19	9.55	3.24
Deferred tax liabilities (net)	22	14.20	-
Total non-current liabilities		**19,749.62**	**5,934.40**
Current liabilities			
Financial liabilities			
i. Lease liabilities	5	17.43	0.22
ii. Trade payables	21		
(a) Total outstanding dues to micro enterprises and small enterprises		121.27	76.97
(b) Total outstanding dues to creditors other than micro enterprises and small enterprises.		682.15	142.04
iii. Other financial liabilities	18	45.13	10.72
Provisions	19	9.46	2.57
Other current liabilities	20	52.76	14.90
Total current liabilities		**928.20**	**247.42**
Total liabilities		**20,677.82**	**6,181.82**
Total equity and liabilities		**3,026.39**	**1,810.12**

Corporate information and summary of significant accounting policies (Refer note 1&2).
The accompanying notes are an integral part of the special purpose Ind AS 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: December 15, 2022

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

Varun Alagh
Director & Chief Executive Officer
DIN: 07597289

Ghazal Alagh
Director
DIN: 07608292

Raman Preet Sohi
Chief Financial Officer

Dhanraj Dagar
Company Secretary

Place: Gurugram
Date: December 15, 2022

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Special purpose Ind AS Standalone Statement of Profit and Loss for the year ended March 31, 2021
(All amounts in Rs. million, except as otherwise stated)

	Notes	March 31, 2021	March 31, 2020
Income			
Revenue from operations	23	4,599.90	1,097.84
Other income	24	121.11	43.83
Total income (I)		**4,721.01**	**1,141.67**
Expenses			
Purchases of traded goods	25	1,607.77	490.38
Increase in inventories of traded goods	26	(280.71)	(122.61)
Employee benefits expenses	27	277.59	89.02
Depreciation and amortization expenses	28	17.12	6.46
Finance costs	29	9.75	0.49
Other expenses	30	2,723.15	719.51
Change in fair valuation of preference shares	17	13,612.43	4,238.68
Total expenses (II)		**17,967.10**	**5,421.93**
(Loss) before tax (III = I-II)		**(13,246.09)**	**(4,280.26)**
Tax expenses			
Current tax		61.89	-
Deferred tax charge		14.17	-
Total tax expenses (IV)		**76.06**	**-**
(Loss) for the year (V = III-IV)		**(13,322.15)**	**(4,280.26)**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) on defined benefit plans		0.11	(0.21)
Income tax effect on above		(0.03)	-
Other comprehensive income/(loss) for the year, net of tax (VI)		**0.08**	**(0.21)**
Total comprehensive income/(loss) for the year, net of tax attributable to equity holders (VII = V+VI)		**(13,322.07)**	**(4,280.47)**
Earnings/(Loss) per equity share	31		
Basic			
Equity shares, Nominal value of Rs. 10 each		(98.35)	(31.63)
Equity shares, Nominal value of Rs. 100 each		(98.36)	(31.63)
Diluted			
Equity shares, Nominal value of Rs. 10 each		(98.35)	(31.63)
Equity shares, Nominal value of Rs. 100 each		(98.36)	(31.63)

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

As per our report of even date

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

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

per Rajeev Kumar
Partner
Membership No.: 213803

Varun Alagh
Director & Chief Executive Officer
DIN: 07597289

Ghazal Alagh
Director
DIN: 07608292

Raman Preet Sohi
Chief Financial Officer

Dhanraj Dagar
Company Secretary

Place: Bengaluru
Date: December 15, 2022

Place: Gurugram
Date: December 15, 2022

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Special Purpose Ind AS Standalone Statement of Changes in Equity for the year ended March 31, 2021
(All amounts in Rs. million, except as otherwise stated)

a) Equity share capital

	No of Shares	Amount
(i) Equity shares of Rs.10 each issued, subscribed and fully paid		
As at April 01, 2019	10,200	0.10
Issued during the year [Refer note (a) and (b) below)]	7	0.00
As at March 31, 2020	**10,207**	**0.10**
Issued during the year [Refer note (a) and (b) below)]	18	0.00
As at March 31, 2021	**10,225**	**0.10**

(a) During the year ended March 31, 2021 and March 31, 2020, the Company has issued 18 and 7 equity shares respectively, to the employees on exercise of Employee Share Options.

(b) Amount represents Rs. 180 and Rs. 70 for year ended March 31, 2021 and March 31, 2020 respectively.

	No of Shares	Amount
(ii) Equity shares of Rs.100 each issued, subscribed and fully paid		
As at April 01, 2019	**290**	**0.03**
Issued during the year	-	-
As at March 31, 2020	**290**	**0.03**
Issued during the year	-	-
As at March 31, 2021	**290**	**0.03**
Total Equity share capital		**0.13**

b) Instruments entirely in the nature of equity

	No of Shares	Amount
0.001% Non Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs.10 each, fully paid		
As at April 01, 2019		
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	-
Total	**7,311**	**-**
Increase during the year		
Class D NCCCPS - Refer note (i) below	4,161	-
As at March 31, 2020	**11,472**	**-**
Increase during the year	-	
As at March 31, 2021	**11,472**	**-**

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 of Rs. 398.61million, Rs. 5,927.56 million and Rs. 19,539.99 million as at April 01, 2019, March 31, 2020 and as at March 31, 2021 respectively and the change in fair value of liability of Rs. 4,238.68 million and Rs. 13,612.43 million has been recognized as an expense in the Special Purpose Ind AS Standalone Statement of Profit and Loss for the year ended March 31, 2020 and year ended March 31, 2021 respectively.

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 as at April 01, 2021. Also refer note 15 and 17.

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Special Purpose Ind AS Standalone Statement of Changes in Equity for the year ended March 31, 2021
(All amounts in Rs. million, except as otherwise stated)

c) Other equity (refer note 16)

	Attributable to equity holders of the Company			
	Retained earnings	**Securities premium**	**Employee Stock option outstanding reserve**	**Total**
Balance as at March 31, 2020	**(4,397.81)**	**18.76**	**7.22**	**(4,371.83)**
Ind AS 116 transition adjustment (refer note 5)	(0.10)	-	-	(0.10)
Balance as at April 1, 2020	**(4,397.91)**	**18.76**	**7.22**	**(4,371.93)**
Loss for the year	(13,322.15)	-	-	(13,322.15)
Other comprehensive income/(loss)	0.08	-	-	0.08
Total comprehensive income/(loss)	**(13,322.07)**	**-**	**-**	**(13,322.07)**
Add: Share based payment expense for the year (refer note 37)	-	-	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
Balance as at March 31, 2021	**(17,719.98)**	**20.08**	**48.34**	**(17,651.56)**
Balance as at April 1, 2019	**(117.34)**	**18.38**	**0.68**	**(98.28)**
Loss for the year	(4,280.26)	-	-	(4,280.26)
Other comprehensive income/ (loss)	(0.21)	-	-	(0.21)
Total comprehensive income/(loss)	**(4,280.47)**	-	-	**(4,280.47)**
Add: Premium received on issue of equity shares	-	0.38	-	0.38
Add: Share based payment expense for the year (refer note 37)	-	-	6.54	6.54
Balance as at March 31, 2020	**(4,397.81)**	**18.76**	**7.22**	**(4,371.83)**

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants
ICAI firm registration number: 101049W/E300004

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

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

Varun Alagh
Director & Chief Executive Officer
DIN: 07597289

Ghazal Alagh
Director
DIN: 07608292

Raman Preet Sohi
Chief Financial Officer

Dhanraj Dagar
Company Secretary

Place: Bengaluru
Date:

Place: Gurugram
Date: December 15, 2022

Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited)
CIN: U74999DL2016PLC306016
Special purpose Ind AS Standalone Statement of Cash flows for the year ended March 31, 2021
(All amounts in Rs. million, except as otherwise stated)

	Notes	March 31, 2021	March 31, 2020
Operating activities			
Profit/(Loss) before tax		**(13,246.09)**	**(4,280.26)**
Adjustments to reconcile profit/(loss) before tax to net cash flows:			
Depreciation of property, plant and equipment		2.97	3.09
Amortisation of intangible assets		0.01	0.01
Amortisation of right-of-use assets		14.14	3.36
Expected credit loss allowance (allowance for bad and doubtful debts)		2.98	0.93
Provision for slow moving inventory		3.95	-
Loss on disposal of property, plant and equipment (net)		0.12	-
Share-based payments expenses (equity settled- ESOP)		41.54	6.54
Fair value gain on investments		(76.64)	(21.41)
Change in fair valuation of preference shares		13,612.43	4,238.68
Gain on sale of investment		(22.21)	(14.89)
Interest income		(19.38)	(7.06)
Finance costs		9.75	0.49
Operating cash flow before working capital changes		**323.57**	**(70.52)**
Movement in working capital:			
Increase in trade receivables		(235.35)	(80.65)
Increase in other financial assets		(10.45)	(36.73)
Increase in trade payables		584.41	181.88
Increase in financial liabilities		34.41	-
Increase in provisions		13.31	7.77
Increase in inventories		(280.71)	(122.68)
Increase in other liabilities		37.86	17.38
Increase in other current assets		(106.94)	-
		360.11	**(103.55)**
Income tax paid		(62.85)	-
Net cash flow from/ (used in) operating activities (A)		**297.26**	**(103.55)**
Investing activities			
Purchase of property, plant and equipment		(10.20)	(4.62)
(Investment in)/Redemption of bank deposits		81.77	(223.77)
Purchase of current investment		(749.87)	(1,343.46)
Redemption of current investment		447.73	401.90
Interest received		24.51	0.73
Net cash flow (used in) investing activities (B)		**(206.06)**	**(1,169.22)**
Financing activities			
Proceeds from issuance of equity shares (net)		0.90	0.38
Proceeds from issuance of NCCCPS		-	1,290.27
Principal repayment of lease liabilities		(3.92)	(3.34)
Interest on lease liabilities		(8.05)	(0.22)
Finance cost paid		(1.70)	(0.22)
Net cash flows from/(used in) financing activities (C)		**(12.77)**	**1,286.87**
Net increase in cash and cash equivalents (A+B+C)		**78.43**	**14.10**
Cash and cash equivalents at the beginning of the year		19.16	5.06
Cash and cash equivalents at the end of the year		**97.59**	**19.16**
Components of cash and cash equivalents	11		
Balance with banks			
- on current accounts		97.24	19.05
Cash on hand		0.35	0.11
Total cash and cash equivalents		**97.59**	**19.16**

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

Explanatory note on Special purpose Ind AS Standalone Statement of Cash flows

Reconciliation between opening and closing Special purpose Ind AS Standalone Balance Sheet for liabilities arising from financing activities:

	Opening balance	Cash flows	Non- cash movement	Closing balance
March 31, 2021				
Borrowings -NCCCPS	5,927.56	-	13,612.43	19,539.99
Lease liabilities (including interest)	3.82	(11.97)	211.46	203.31
Total liabilities from financing activities	**5,931.38**	**(11.97)**	**13,823.89**	**19,743.30**
March 31, 2020				
Borrowings -NCCCPS	398.61	1,290.27	4,238.68	5,927.56
Lease liabilities (including interest)	-	(3.56)	7.38	3.82
Total liabilities from financing activities	**398.61**	**1,286.71**	**4,246.06**	**5,931.38**

Corporate information and summary of significant accounting policies (Refer note 1&2)
The accompanying notes are an integral part of the special purpose Ind AS 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: December 15, 2022

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

Varun Alagh
Director & Chief Executive Officer
DIN: 07597289

Ghazal Alagh
Director
DIN: 07608292

Raman Preet Sohi
Chief Financial Officer

Dhanraj Dagar
Company Secretary

Place: Gurugram
Date: December 15, 2022

1 Corporate Information

The Honasa Consumer Limited (formerly known as Honasa Consumer Private Limited) ("the Company"), is principally engaged in 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', 'The Derma Co'.

Subsequent to the year ended March 31, 2021, the Company has launched new products under brands with the names of 'Aqualogica' and 'Ayuga' and has acquired 'BBlunt', 'Dr.Sheth's' and 'Momspresso' which are in the business of skin care, hair care and other related products and services comprises of beauty salon and hair styling (under the trademark "BBlunt") as well as content development and influencer marketing (with its online platform 'Momspresso.com'). The Company sells its products and services primarily in India.

The Company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act. The registered office of the Company is located at Unit N0 - 404, 4th floor, City Centre, Plot No 05, Sector-12, Dwarka, New Delhi - 110075. The Company has converted from Private Limited Company to Public Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on October 26, 2022 and consequently the name of the Company has changed to Honasa Consumer Limited pursuant to a fresh certificate of incorporation by the Registrar of Companies on November 11, 2022.

The Company did not have any subsidiaries, associates and joint ventures as at and for the year ended March 31, 2021 and March 31, 2020 and accordingly the Company has not prepared consolidated financial statements for such period.

The Company's Special Purpose Ind AS Standalone Financial Statements for the year ended March 31, 2021 were approved by Board of Directors on December 15, 2022.

1.1 Basis of preparation

For periods up to and including the year ended March 31, 2021, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP- Indian GAAP). The statutory financial statements of the Company for the year ended March 31, 2021 were approved by the Board of Directors of the Company on September 16, 2021.

Pursuant to the Companies (Indian Accounting Standard) Second Amendment Rules, 2015, the Company voluntarily adopted March 31, 2022 as reporting date for first time adoption of Indian Accounting Standard (Ind-AS) - notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and consequently April 01, 2020 as the transition date for preparation of its statutory financial statements as at and for the year ended March 31, 2022 in accordance with Ind AS.

These Special purpose Ind AS standalone financial statements were prepared as per e-mail dated June 24, 2022 received from Book Running Lead Managers, which confirms that the Company should prepare financial statements in accordance with Indian Accounting Standards (Ind AS) and that these financial statements are required for all the three years including stub period, based on email dated October 28, 2021 from Securities and Exchange Board of India ("SEBI") to Association of Investment Bankers of India ("SEBI Letter").

These Special purpose Ind AS standalone financial statements as at and for the year ended March 31, 2021 (hereinafter referred as 'Special purpose Ind AS standalone financial statements') have been prepared after making suitable adjustments to the accounting heads from their Indian GAAP values following accounting policies and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) consistent with that used at the date of transition to Ind AS (April 01, 2020) and as per the presentation, accounting policies and Companying/classifications including revised Schedule III disclosures followed as at and for the six months period ended September 30, 2022 pursuant to the SEBI letter.

These Special purpose Ind AS standalone financials statements are prepared for the limited purpose of complying with the SEBI letter and are not the statutory financial statements under Companies Act.

These Special Purpose Ind AS Standalone Financial Statements have been prepared on a going concern basis.

The Special purpose Ind AS 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 Special Purpose Ind AS standalone Financial Statements are presented in Indian Rupee (Rs). All the values are rounded off to the nearest millions, except when otherwise indicated.

2 Significant accounting policies

2.1 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.

2.2 Foreign currency translation

(i) Functional and presentation currency:

Items included in the Special Purpose Ind AS 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 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).

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

2.3 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in its absence, the most advantageous market to which the 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 Special Purpose Ind AS 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 Special Purpose Ind AS 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.

2.4 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 Special Purpose Ind AS Standalone financial statements, the Company has elected to continue with the carrying value for all of its property, plant and equipment recognised as of April 01, 2018 (opening balance sheet for the purpose of Special Purpose Ind AS Standalone Financial Statements for the year ended March 31, 2020) measured as per the previous GAAP and use that carrying value as its deemed cost 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

Leasehold improvements are amortized on a straight line basis over the remaining period of the lease or estimated useful life of the assets, whichever is lower.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the 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.

2.5 Intangible assets

Under the previous GAAP (Indian GAAP), intangible assets were carried in the balance sheet on the basis of historical cost. For the Special Purpose Ind AS Standalone Financial Statements, the company has elected to continue with the carrying value for all the intangible assets recognised as of April 01, 2018 (Opening balance sheet for the purpose of Special Purpose Ind AS standalone financial statements for the year ended March 31, 2020) 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 Special purpose

The depreciation methodology applied to the Company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Trademarks	5 Years	Straight Line	Acquired

2.6 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 Company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profits and Losses, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.
For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Restated Summary Statement of Profits and Losses unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.7 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.

2.8 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 service tax.

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 to return assets (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 wallet points programme, which allows customers to accumulate points that can be redeemed of 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-lone 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-lone 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 2.13 Financial instruments - initial recognition and subsequent measurement.

Trade receivables

A trade receivable is recognised if an amount of consideration is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer note 2.13 for accounting policies of financial assets.

Contract liabilities

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

2.9 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)
Buildings	2-9 years
Computer & Peripherals	3 years

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

Lease liabilities

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

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

2.10 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.

2.11 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.

2.12 Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
• Debt instruments at amortised cost
• Debt instruments at Fair Value Through Other Comprehensive income (FVTOCI)
• Debt instruments and equity instruments at Fair Value Through Profit and Loss (FVTPL)
• Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)

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 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 Company of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:

•The rights to receive cash flows from the asset have expired; or
• The Company has transferred its rights to receive cash flows from the asset and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) th Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

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

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

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

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

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Reclassification of financial assets and liabilities

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

For financial assets which are debt instruments, a re-classification is made only if there is a change in the business model for managing those assets. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the re-classification prospectively from the re-classification date, which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.13 Income taxes

Income tax

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

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in OCI or in equity in correlation to the underlying transaction). Management periodically evaluates whether it is probable that the relevant taxation authority would accept an uncertain tax treatment that the Company has used or plan to use in its income tax filings, including with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

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.

2.14 Segment reporting

Identification of segments

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

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

Segment accounting policies

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

The Board of directors is the Chief Operating Decision Maker (CODM) and monitors the operating results of Company as a whole for the purpose of making decisions about resource allocation and performance assessment.

2.15 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element is a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number 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.

2.16 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

2.17 Contingent liabilities

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

2.18 Cash and cash equivalents

Cash and cash equivalents in the Special Purpose Ind AS Standalone balance sheet and Special Purpose Ind AS Statement of cash flows comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.19 Significant accounting judgements, estimates and assumptions

The preparation of the Special Purpose Ind AS 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 40
Financial risk management objectives and policies - Note 39
Sensitivity analysis disclosures - Note 38

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

Impairment of financial assets

Provision for expected credit loss on trade receivables
The measurement of expected credit loss reflects a probability-weighted outcome, the time value of money and the best available forward-looking information. The correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and forecasted economic conditions. The 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.

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 37.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Special Purpose Ind AS standalone financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could effect the reported fair value of Special purpose Ind AS standalone financial statements.

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

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

	Leasehold improvements	Computer & peripherals	Furniture & fixtures	Office equipment	Plant and machinery	Total
Gross Block						
Cost or valuation						
At April 01, 2019	2.10	0.54	0.26	0.36	0.15	3.41
Additions	-	2.26	1.42	0.84	0.09	4.61
Disposals	-	-	-	-	-	-
At March 31, 2020	**2.10**	**2.80**	**1.68**	**1.20**	**0.24**	**8.02**
Less: Ind AS adjustment for deemed cost*	(2.10)	(1.08)	(0.25)	(0.37)	(0.07)	(3.87)
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)
At March 31, 2021	**-**	**1.73**	**3.76**	**3.24**	**5.50**	**14.23**
Accumulated Depreciation						
At April 01 2019	0.47	0.17	0.03	0.10	0.01	0.78
Charge for the year	1.63	0.91	0.22	0.27	0.06	3.09
Additions	-	-	-	-	-	-
At March 31, 2020	**2.10**	**1.08**	**0.25**	**0.37**	**0.07**	**3.87**
Less: Ind AS adjustment for deemed cost*	(2.10)	(1.08)	(0.25)	(0.37)	(0.07)	(3.87)
At April 01, 2020	-	-	-	-	-	-
Charge for the year	-	0.69	0.61	0.89	0.78	2.97
Disposals	-	-	-	-	-	-
At March 31, 2021	**-**	**0.69**	**0.61**	**0.89**	**0.78**	**2.97**
Net book value						
At March 31, 2020	**-**	**1.72**	**1.43**	**0.83**	**0.17**	**4.15**
At March 31, 2021	**-**	**1.04**	**3.15**	**2.35**	**4.72**	**11.26**

* The adjustment relates to the reconciliation of gross block between the Audited Special Purpose Ind AS Standalone Financial Statements for year end March 31, 2020 and audited statutory financial statements with the Ind AS transition date of April 01, 2020.

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

4. Intangible assets

	Trademarks	Total intangible assets
Cost or valuation		
At April 01, 2019	0.05	**0.05**
Additions	-	-
Disposals	-	-
At March 31, 2020	**0.05**	**0.05**
Less: Ind AS adjustment for deemed cost*	(0.04)	**(0.04)**
At April 01, 2020	**0.01**	**0.01**
Additions	-	-
Disposals	-	-
At March 31, 2021	**0.01**	**0.01**
Amortisation		
At April 01, 2019	**0.03**	**0.03**
Amortisation	0.01	**0.01**
Disposals	-	-
At March 31, 2020	**0.04**	**0.04**
Less: Ind AS adjustment for deemed cost*	(0.04)	(0.04)
At April 01, 2020	-	-
Amortisation	0.01	**0.01**
Disposals	-	-
At March 31, 2021	**0.01**	**0.01**
Net book value		
At March 31, 2020	**0.01**	**0.01**
At March 31, 2021	-	-

* The adjustment relates to the reconciliation of gross block between the Audited Special Purpose Ind AS Standalone Financial Statements for year end March 31, 2020 and audited statutory financial statements with the Ind AS transition date of April 01, 2020.

(This space has been intentionally left blank.)

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

5. 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 period:

	Buildings	Computer & Peripherals	Total
Cost			
As at April 01, 2019*	-	-	-
Additions	9.30	-	9.30
Disposals	-	-	-
As at March 31, 2020	**9.30**	**-**	**9.30**
Less: IND AS 116 transition adjustment**	6.96	-	**6.96**
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**
Depreciation			
As at April 01, 2019	-	-	-
Charge for the year	3.36	-	3.36
Disposals	-	-	-
As at March 31, 2020	**3.36**	**-**	**3.36**
Less: IND AS 116 transition adjustment**	(3.36)	-	**(3.36)**
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**
Net book value			
As at March 31, 2020	**5.94**	**-**	**5.94**
As at March 31, 2021	**190.04**	**9.56**	**199.60**

* The Company did not have any leases as on April 01, 2019.
**The Company had applied Ind AS 116 for preparing its audited statutory financial statements for the period beginning from April 01, 2020. For the purpose of preparing Audited Special Purpose Ind AS Standalone Financial Statements of the Company, Ind AS 116 has been applied with effect from April 01, 2019. The adjustment relates to the reconciliation of carrying value of right-of-use assets between the Audited Special Purpose Ind AS Standalone Financial Statements for the year ended March 31, 2020 and comparative numbers presented in audited statutory standalone financial statements of the Company for the year ended March 31, 2022.

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

Carried at amortised cost	**As at March 31, 2021**	**As at March 31, 2020**
Non current		
Lease liabilities	185.88	3.60
Total non-current lease liabilities (A)	**185.88**	**3.60**
Current		
Lease liabilities	17.43	0.22
Total current lease liabilities (B)	**17.43**	**0.22**
Total lease liabilities (C=A+B)	**203.31**	**3.82**

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

Depreciation of right-of-use-assets	14.14	3.36
Interest expense on lease liability	8.05	0.22
Rent expenses for short term leases (included in other expenses)	8.29	4.19
	30.48	**7.77**

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

Lease payments (including interest portion)	11.97	3.56
	11.97	**3.56**
Payment of principal portion of lease liabilities	3.92	3.34
Payment of interest portion of lease liabilities	8.05	0.22
	11.97	**3.56**

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

5. Right-of-use assets and lease liabilities (continued)

(f) Movement in lease liabilities for year ended March 31, 2021 and March 31, 2020:

	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at beginning of the year	0.32	-
Add: Additions	206.91	7.16
Add: Interest	8.05	0.22
Less: Payment of lease liabilities	(11.97)	(3.56)
Balance at the end of the year	**203.31**	**3.82**
Less: IND AS 116 transition adjustment*	-	(3.50)
	203.31	**0.32**

* The adjustment relates to the reconciliation of carrying amount of lease liabilities between the Audited Special Purpose Ind AS Standalone Financial Statements for year end March 31, 2020 and audited statutory financial statements with the Ind AS transition date of April 01, 2020.

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

	As at March 31, 2021	As at March 31, 2020
Less than one year	31.38	3.83
One to five years	142.38	0.10
More than five years	153.31	-
Total	**327.07**	**3.93**

(This space has been intentionally left blank.)

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

6 Investments

Current *(valued at fair value through profit and loss)*	**No of units**		**Amount**	
	As at March 31, 2021	**As at March 31, 2020**	**March 31, 2021**	**March 31, 2020**
Quoted Mutual Funds				
Kotak Money Market Fund Direct - Growth	12,005	15,297	41.82	50.68
UTI MMMF Direct - Growth	1,675	26,806	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	13,578	79.19	60.83
IDFC Banking and PSU Debt Fund - Direct Plan - Growth	6,089,294	6,089,294	118.99	109.39
HDFC Corporate Bond Direct - Growth	4,446,937	4,446,937	111.99	102.65
ICICI Prudential Corporate Bond Direct - Growth	7,098,408	7,098,408	166.86	152.69
DSP Short Term Direct - Growth	3,685,984	3,685,984	143.18	132.46
HDFC Short Term Debt Direct - Growth	2,011,797	4,464,425	50.19	102.18
IDFC Bond ShortTerm Direct - Growth	2,354,846	2,354,846	110.35	102.11
Kotak Bond Short-term Direct - Growth	2,550,009	2,550,009	110.87	102.29
Tata Short Term Bond Direct-Growth	1,114,192	-	45.07	-
HDFC Money Market Direct-Growth	24,238	-	108.44	-
HDFC Ultra Short Term Fund Direct-Growth	4,341,031	-	51.83	-
Axis Banking & PSU Debt Direct-Growth	12,250	-	25.70	-
Kotak Banking and PSU Debt Direct-Growth	774,560	-	39.91	-
Kotak Corporate Bond Direct-Growth	10,038	-	29.96	-
L&T Triple Ace Bond Direct-Growth	1,330,969	-	79.38	-
Axis Treasury Advantage Direct-Growth	816	-	2.03	-
ICICI Pru Short Term Direct-Growth	206,717	-	10.05	-
Bharat Bond FOF - April 2025 Direct-Growth	4,710,982	-	48.21	-
Bharat Bond FOF - April 2030 Direct-Growth	4,620,515	-	50.08	-
India Grid Trust Invit Fund - Perpetual	146,286	-	20.51	-
UTI Liquid Cash Direct - Growth	-	7,789	-	25.32
Total (A)			**1,509.86**	**1,058.90**
Quoted Bonds and Debentures				
Muthoot Fincorp Limited - Market Linked Debenture - Non Convertible	130	-	134.40	-
Total (B)			**134.40**	**-**
Total Quoted investments valued at fair value (C=A+B)			**1,644.26**	**1,058.90**
Total Quoted investments (C)			**1,644.26**	**1,058.90**

Unquoted Other Investments *(valued at amortised cost)*	**No of units**		**Amount**	
	As at March 31, 2021	**As at March 31, 2020**	**As at March 31, 2021**	**As at March 31, 2020**
CFSL Commercial Paper	-	400	-	184.38
Total Unquoted investments (D)			**-**	**184.38**
Total Investments (C+D)			**1,644.26**	**1,243.28**
Aggregate book value of quoted investments (C)			1,644.26	1,058.90
Aggregate market value of quoted investments (C)			1,644.26	1,058.90
Aggregate value of unquoted investments (D)			-	184.38

7 Other financial assets

(Unsecured, considered good) *Carried at amortised cost*	**March 31, 2021**	**March 31, 2020**
Non-current		
Security deposits	7.34	3.12
Fixed deposit with maturity of more than 12 months*	53.27	-
	60.61	**3.12**
Current		
Security deposits	3.37	1.36
Interest accrued	1.11	6.48
	4.48	**7.84**

*Includes an amount of March 31, 2021: Rs. 14.27 million (March 31, 2020: Rs. Nil) secured against bank guarantees issued in favour of Hewlett Packard Financial Services (India) Pvt Ltd against laptops taken on lease.

8 Income tax assets (net)

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

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

9 Inventories
(valued at lower of cost and net realizable value)

Traded goods [includes goods in transit of Rs. 8.33 million (March 31, 2020: Rs. 4.74 million)}	417.42	136.71
Less: Provision for slow moving inventories	(3.95)	-
	413.47	**136.71**

10 Trade receivables
Carried at amortised cost

	March 31, 2021	March 31, 2020
Trade receivables	338.43	106.06
	338.43	**106.06**
Break-up for security details		
Trade receivables		
Unsecured, considered good	338.43	106.06
Trade receivables - credit impaired	5.02	2.04
	343.45	**108.10**
Impairment allowance (allowance for bad and doubtful debts)		
Trade receivables - credit impaired	(5.02)	(2.04)
	(5.02)	**(2.04)**
Total trade receivables	**338.43**	**106.06**

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	1-2 years	2-3 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: Allowance for bad and doubtful debts	-	-	(5.02)	-	-	-	(5.02)
Total Trade receivables	**126.27**	**212.16**	**-**	**-**	**-**	**-**	**338.43**

As at March 31, 2020

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		0-6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables - considered good	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: Allowance 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, 2021 (March 31, 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. 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 impairment allowance (allowance for bad and doubtful debts)

	March 31, 2021	March 31, 2020
Opening balance	2.04	1.11
Add: Charge for the year	2.98	0.93
Closing balance	**5.02**	**2.04**

11 Cash and cash equivalents

Cash in hand	0.35	0.11
Balance with banks		
- on current accounts	97.24	19.05
	97.59	**19.16**

12 Bank balances other than cash and cash equivalents

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

13 Other assets

Current		
Balance with government authorities	51.74	23.82
Advance to employees	6.50	-
Prepaid expenses	18.63	0.44
Advance to suppliers	68.35	14.03
	145.22	**38.29**

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

14 Share Capital

Equity share capital

a) Authorised share capital	Equity Shares	
	Numbers	**Amount**
Equity share capital of Rs. 10 each		
As at April 01, 2019	40,000	0.40
Increase during the year	-	-
As at March 31, 2020	**40,000**	**0.40**
Increase during the year	-	-
As at March 31, 2021	**40,000**	**0.40**
Equity share capital of Rs. 100 each		
As at April 01, 2019	580	0.06
Increase during the year	-	-
As at March 31, 2020	**580**	**0.06**
Increase during the year	-	-
As at March 31, 2021	**580**	**0.06**

b) Issued, subscribed and fully paid up Equity share capital		
	Numbers	**Amount**
Equity share capital of Rs. 10 each, fully paid up		
As at April 01, 2019	10,200	0.10
Issued during the year*	7	0.00
As at March 31, 2020	**10,207**	**0.10**
Issued during the year*	18	0.00
As at March 31, 2021 (i)	**10,225**	**0.10**

*Represents amount of Rs 180 (March 31, 2020: Rs. 70).

Equity share capital of Rs. 100 each, fully paid up		
As at April 01, 2019	290	0.03
Issued during the year	-	-
As at March 31, 2020	**290**	**0.03**
Issued during the year	-	-
As at March 31, 2021 (ii)	**290**	**0.03**
Total Equity share capital [(i)+ (ii)]		**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, as proportion to their shareholding.

(ii) 916 (March 31, 2020: 686) equity shares of Rs. 10 each 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 as equity.

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

	March 31, 2021		March 31, 2020	
	Nos.	**%**	**Nos.**	**%**
Equity shares of Rs. 10 each, fully paid				
Varun Alagh	8,514	82%	8,514	83%
Ghazal Alagh	788	8%	1,000	10%
	9,302		**9,514**	
Equity shares of Rs. 100 each fully paid				
Shilpa Shetty Kundra	290	100%	290	100%
	290		**290**	

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

14 Share Capital (continued)

(e) Details of shares held by promoters:

As at March 31, 2021

Promoter Name	**No. of shares at the beginning of the**	**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 March 31, 2020

Promoter Name	**No. of shares at the beginning of the**	**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 NCCCPS, Refer note 15.
For details of shares reserved for issue against share warrants, Refer note 35.
For details of shares reserved for issue under the employee stock option plan (ESOP), Refer note 37.

(g) The Company has not issued any bonus shares 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 46(f) for bonus shares issued subsequent to the year ended March 31, 2021.

15 Instrument entirely in the nature of equity

Preference shares
i) Authorised share capital

	NCCCPS	
	Numbers	**Amount**
0.001% Non-Cumulative Compulsorily Preference Shares ("NCCCPS") of Rs. 10 each		
As at April 01, 2019		
Class A NCCCPS	10,000	0.10
Class B NCCCPS	1,885	0.02
Class C NCCCPS	4,845	0.05
As at March 31, 2020	**16,730**	**0.17**
Change during the year		-
Reclassed from Class A to Class D		
Class D NCCCPS	4,161	0.04
Class A NCCCPS	(4,161)	(0.04)
As at March 31, 2021	**16,730**	**0.17**

ii) Issued, subscribed and fully paid up shares

NCCCPS of Rs. 10 each		
As at April 01, 2019		
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	-
Total	**7,311**	**-**
Increase during the year		
Class D NCCCPS- Refer note (i) below	4,161	-
As at March 31, 2020	**11,472**	**-**
Increase during the year	-	-
As at March 31, 2021	**11,472**	**-**

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 of Rs. 398.61 million, Rs. 5,927.56 million and Rs. 19,539.99 million as at April 01, 2019, March 31, 2020 and as at March 31, 2021 respectively and the change in fair value of liability of Rs. 4,238.68 million and Rs. 13,612.43 million has been recognized as an expense in the Special Purpose Standalone Ind AS Statement of Profit and Loss for the year ended March 31, 2020 and year ended March 31, 2021 respectively.

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 as at April 01, 2021 (refer note 17).

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

15 Instrument entirely in the nature of equity (continued)

(iii) Terms/rights attached to NCCCPS

The Company has issued NCCCPS - Class A, B, C, D shares of Rs. 10 each fully paid-up. NCCCPS Class A, B, C, 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, 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, D 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 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 shares would be paid prior and in preference to any payment or distribution to equity share holders.

Also Refer note 17.

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

	March 31, 2021		March 31, 2020	
	Nos.	%	Nos.	%
Class A NCCCPS of Rs. 10 each, fully paid				
Fireside Venture Trust	141	24%	254	44%
Suhail Sameer	116	20%	116	20%
SCI Investments VI	209	36%	186	32%
Sofina Ventures S.A.	64	11%	-	0%
	530		**556**	
Class B NCCCPS of Rs. 10 each, fully paid				
Fireside Ventures Investment Fund-I	199	10%	1,347	72%
Kunal Bahl	-	-	269	14%
Rohit Kumar Bhansal	-	-	269	14%
SCI Investments VI	454	24%	-	0%
Sofina Ventures S.A.	1,062	56%	-	0%
	1,715		**1,885**	
Class C NCCCPS of Rs. 10 each, fully paid				
Fireside Ventures Investment Fund-I	1,780	37%	1,780	37%
Stellaris Venture Partners	1,764	36%	2,131	44%
Rishabh Mariwala	642	13%	734	15%
Sofina Ventures S.A.	252	5%	-	0%
	4,438		**4,645**	
Class D NCCCPS of Rs. 10 each, fully paid				
SCI Investments VI	3,346	80%	3,346	80%
Fireside Ventures Investment Fund-I	363	9%	363	9%
Stellaris Venture Partners	363	9%	363	9%
	4,072		**4,072**	

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

16 Other equity

	March 31, 2021	March 31, 2020
Securities premium	20.08	18.76
Retained earnings	(17,719.98)	(4,397.81)
Employee stock option outstanding reserve	48.34	7.22
	(17,651.56)	**(4,371.83)**
Securities premium		
Opening Balance	18.76	18.38
Add: Premium on issue of Class D NCCCPS	0.90	-
Add: Premium on issue of equity shares	-	0.38
Add: Transferred to securities premium on exercise of stock options	0.42	-
Closing balance	**20.08**	**18.76**
Retained earnings		
Opening Balance	(4,397.91)	(117.34)
Add: Loss for the year	(13,322.15)	(4,280.26)
Add: Other comprehensive income	0.08	(0.21)
Closing balance	**(17,719.98)**	**(4,397.81)**
Employee stock option outstanding reserve		
Opening Balance	7.22	0.68
Add: Share based payment expenses (Refer note 37)	41.54	6.54
Less: Transferred to securities premium on exercise of stock options	(0.42)	-
Closing balance	**48.34**	**7.22**

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 record the fair value of equity-settled share based payment transactions with employees.

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

17 Borrowings

Non Current	**March 31, 2021**	**March 31, 2020**
Carried at fair value		
Non- Cumulative Compulsorily Convertible Preference Shares (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 of Rs. 398.61 million, Rs. 5,927.56 million and Rs. 19,539.99 million as at April 01, 2019, March 31, 2020 and as at March 31, 2021 respectively and the change in fair value of liability of Rs. 4,238.68 million and Rs. 13,612.43 million has been recognized as an expense in the Special Purpose Standalone Ind AS Statement of Profit and Loss for the year ended March 31, 2020 and year ended March 31, 2021 respectively.

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 as at April 01, 2021 (refer note 15).

18 Other financial liabilities

	March 31, 2021	**March 31, 2020**
Current		
Carried at amortised cost		
Employee benefits payable	45.13	10.72
	45.13	**10.72**

19 Provisions

	March 31, 2021	**March 31, 2020**
Non-current		
Provision for gratuity (Refer Note 33)	9.55	3.24
	9.55	**3.24**
Current		
Provision for gratuity (Refer Note 33)	0.04	-
Provision for leave benefits	9.42	2.57
	9.46	**2.57**

20 Other liabilities

Current		
Statutory dues payable	25.63	8.76
Advance from customers	15.32	3.03
Deferred Revenue	11.81	3.11
	52.76	**14.90**

<u>Movement during the year</u>	**Advance from Customers**	**Deferred Revenue**
Balance as at April 01, 2019	**0.06**	**-**
Arising during the year	3.03	3.11
Utilised during the year or recognised as revenue	(0.06)	-
Balance as at March 31, 2020	**3.03**	**3.11**
Arising during the year	15.32	11.81
Utilised during the year or recognised as revenue	(3.03)	(3.11)
Balance as at March 31, 2021	**15.32**	**11.81**

21 Trade payables

Carried at amortised cost

	March 31, 2021	**March 31, 2020**
Total outstanding dues of micro enterprises and small enterprises	121.27	76.97
Total outstanding dues of creditors other than micro enterprises and small enterprises	682.15	142.04
	803.42	**219.01**

There are no non-current trade payables as on March 31, 2021 (March 31, 2020: Nil).

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

21 Trade payables (continued)

The amount due to Micro, small and medium enterprises as per the "Micro, small and medium Enterprises 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, 2021**	**March 31, 2020**
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
Principal amount due to micro and small enterprises	120.32	76.88
Interest due on the above	0.95	0.09
Total	**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	0.86	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	0.95	0.09

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 39.

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

Particulars	**Not Due**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
March 31, 2021						
(i) Undisputed dues - MSME	-	121.27	-	-	-	121.27
(ii) Undisputed dues - 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**
March 31, 2020						
(i) Undisputed dues - MSME	-	76.97	-	-	-	76.97
(ii) Undisputed dues - Others	35.31	106.73	-	-	-	142.04
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**35.31**	**183.70**	**-**	**-**	**-**	**219.01**

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

22 Tax expense (net)

The major components of income tax expense for the year ended March 31, 2021 and March 31, 2020 are:

a) Statement of Profit and Loss

Profit or loss section

	March 31, 2021	March 31, 2020
Current income tax:		
Current tax	61.89	-
Deferred tax:		
Relating to origination and reversal of temporary differences	14.17	-
Total tax expense	**76.06**	**-**

b) Other comprehensive income/(loss)

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

	March 31, 2021	March 31, 2020
Net loss / (gain) on remeasurements of defined benefit plans	0.03	-
Tax (income) / expense charged to OCI	**0.03**	**-**

c) Reconciliation of tax expense and the accounting profit multiplied by India’s domestic tax rate for March 31, 2021 and March 31, 2020:

	March 31, 2021	March 31, 2020
Accounting loss before income tax	(13,246.09)	(4,280.26)
Applicable India's statutory income tax rate	25.17%	25.17%
Computed tax charge/(credit)	(3,334.04)	(1,077.34)
Deferred tax asset not recognised in previous years	(18.49)	18.49
Expenses not deductible under income tax (Including change in fair valuation of preference shares)	3,426.59	1,061.21
Others	2.00	(2.36)
Income tax expense reported in the statement of profit and loss	**76.06**	**-**

d) Deferred tax relates to the following:

		March 31, 2021	March 31, 2020
Deferred tax liability			
Investments - Fair value		25.41	6.13
	(A)	**25.41**	**6.13**
Deferred tax asset			
Allowance for bad & doubtful debts		1.26	0.51
Provision for gratuity		2.41	0.82
Provision for leave benefits		2.37	0.65
Provision for bonus		0.27	-
Provision for deferred revenue		2.97	0.78
Brought forward losses and unabsorbed depreciation		-	20.80
Right-of-use-asset, net		0.93	0.51
Interest Income on security deposits		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
Total	**(B)**	**11.21**	**24.62**
	(C = A - B)	**14.20**	**(18.49)**
Less: Deferred tax not recognised (Refer note (i) below)	**(D)**	**-**	**18.49**
Net Deferred tax liability	**(E = C - D)**	**14.20**	**-**

Notes:

(i) No deferred tax asset has been recognised as at March 31, 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.

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

22 Tax expense (net) (continued)

e) Reconciliation of deferred tax liabilities (net):

	March 31, 2021	March 31, 2020
Opening balance	-	-
Tax income/(expense) during the period		
- recognised in statement of profit and loss	14.17	-
- recognised in OCI	0.03	-
Closing balance	**14.20**	**-**

f) Movement for the year ended March 31, 2021

	April 01, 2020	Recognised in profit or loss	Recognised in OCI	March 31, 2021
Deferred tax liability				
Investments - Fair value	6.13	19.28	-	25.41
	6.13	**19.28**	**-**	**25.41**
Deferred tax asset				
Allowance for bad & doubtful debts	0.51	0.75	-	1.26
Provision for gratuity	0.82	1.63	(0.03)	2.42
Provision for leave benefits	0.65	1.72	-	2.37
Provision for bonus	-	0.27	-	0.27
Provision for deferred revenue	0.78	2.19	-	2.97
Right-of-use-asset, net	0.51	0.41	-	0.92
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
Others	20.80	(20.80)	-	-
	24.62	**(13.38)**	**(0.03)**	**11.21**
Deferred tax	**(18.49)**	**32.66**	**0.03**	**14.20**
Less: Deferred tax not recognised	**(18.49)**	**18.49**	**-**	**-**
Net Deferred tax liability	**-**	**14.17**	**0.03**	**14.20**

Movement for the year ended March 31, 2020

	April 01, 2019	Recognised in profit or loss	Recognised in OCI	March 31, 2020
Deferred Tax Liability				
Investments	1.03	5.10	-	6.13
	1.03	**5.10**	**-**	**6.13**
Deferred Tax Asset				
Allowance for bad & doubtful debts	0.39	0.12	-	0.51
Provision for Gratuity	0.30	0.52	-	0.82
Provision for leave encashment	0.16	0.49	-	0.65
Provision for deferred revenue	-	0.78	-	0.78
Right of Use Asset, net	-	0.51	-	0.51
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	0.17	0.38	-	0.55
Others	10.64	10.16	-	20.80
	11.66	**12.96**	**-**	**24.62**
Deferred Tax	**(10.63)**	**(7.86)**	**-**	**(18.49)**
Less: Deferred tax not recognised	**(10.63)**	**(7.86)**	**-**	**(18.49)**
Net Deferred tax liability/(asset)	**-**	**-**	**-**	**-**

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

23 Revenue from operations

	March 31, 2021	March 31, 2020
Sale of products	4,599.90	1,097.84
Revenue from operations	**4,599.90**	**1,097.84**
<u>Sale of products (net of Goods and Service Tax)</u>		
Traded goods	4,599.90	1,097.84
	4,599.90	**1,097.84**

23.1 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.

23.2 Contract balances

	March 31, 2021	March 31, 2020
a) Trade receivables	338.43	106.06
b) Contract Liabilities		
Advance received from customers (refer note 20)	15.32	3.03
Deferred Revenue (refer note 20)	11.81	3.11

23.3 Timing of revenue recognition

	March 31, 2021	March 31, 2020
Revenue recognised at a point in time	4,599.90	1,097.84
Revenue from contract with customers	**4,599.90**	**1,097.84**

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

	March 31, 2021	March 31, 2020
Revenue as per contracted price	4,736.70	1,109.69
Adjustments		
Claims and Rebates	(128.10)	(8.74)
Provision for customer wallets	(8.70)	(3.11)
Revenue from contract with customers	**4,599.90**	**1,097.84**

23.5 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.

24 Other income

	March 31, 2021	March 31, 2020
Interest income on:		
Investments	15.10	-
Deposits with bank	4.03	6.93
Unwinding of discount on security deposits	0.25	0.13
Foreign exchange fluctuation gain (net)	1.76	-
Fair value gain on investments measured at FVTPL	76.64	21.41
Gain on sale of investments measured at FVTPL	22.21	14.89
Others	1.12	0.47
	121.11	**43.83**

25 Purchases of traded goods

	March 31, 2021	March 31, 2020
Purchases (traded goods)	1,607.77	490.38
	1,607.77	**490.38**

26 Increase in inventories of traded goods

	March 31, 2021	March 31, 2020
Inventories at the beginning of the year		
Traded goods	136.71	14.10
	136.71	**14.10**
Inventories at the end of the year		
Traded goods	417.42	136.71
	417.42	**136.71**
(Increase) in inventories of traded goods	**(280.71)**	**(122.61)**

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

27 Employee benefits expense

	March 31, 2021	March 31, 2020
Salaries, wages and bonus	215.69	75.56
Contribution to provident fund and other funds (Refer note 33)	4.88	2.23
Gratuity (Refer note 33)	6.46	2.33
Share based payments expenses (equity settled-ESOP) (Refer note 37)	41.54	6.54
Staff welfare expenses	9.02	2.36
	277.59	**89.02**

28 Depreciation and amortisation expense

	March 31, 2021	March 31, 2020
Depreciation of property, plant and equipment (refer note 3)	2.97	3.09
Depreciation of right-of-use-assets (refer note 5)	14.14	3.36
Amortisation of intangible assets (refer note 4)	0.01	0.01
	17.12	**6.46**

29 Finance costs

	March 31, 2021	March 31, 2020
Interest on		
Lease liabilities	8.05	0.22
Others	1.16	0.22
Bank charges	0.54	0.05
	9.75	**0.49**

30 Other expenses

	March 31, 2021	March 31, 2020
Freight and forwarding charges	543.53	150.20
Advertisement expense	1,779.38	458.43
Power and fuel	0.80	0.26
Rent (Refer note 5)	8.29	4.19
Rates and taxes	0.93	1.37
Contract Labour charges	59.41	8.07
Insurance	1.00	0.33
Repairs and maintenance	3.56	3.10
Packaging materials and other consumables	83.73	15.11
Travelling and conveyance	9.07	8.04
Communication costs	1.04	0.40
Sales Commission	134.29	40.05
Printing and stationery	0.77	0.76
Legal and professional charges (refer note (a) below)	30.45	14.73
Software support expenses	48.28	13.29
Provision for doubtful debts	2.98	0.93
Payment gateway charges	11.37	-
Loss on sale/disposal of PPE	0.12	-
Provision for slow moving inventory	3.95	-
Foreign exchange fluctuation loss (net)	-	0.04
Miscellaneous expenses	0.20	0.21
	2,723.15	**719.51**

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

Statutory audit fee (excluding goods and services tax)	2.20	1.00
Reimbursement of expenses	0.01	0.05
	2.21	**1.05**

b) Corporate Social Responsibility

No amount is required to be spent by the Company towards corporate social responsibility under section 135 of the Companies Act, 2013 on account of losses during the year ended March 31, 2021 and March 31, 2020.

31 Earnings/ (Loss) per share (EPS)

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

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

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

	March 31, 2021	March 31, 2020
Profit after tax attributable to equity holders of the Company (a) (Rs in millions)	(13,322.15)	(4,280.26)
Equity shares of Rs. 10 each	(12,954.20)	(4,161.93)
Equity shares of Rs. 100 each	(367.95)	(118.33)
Weighted average number of shares outstanding during the year for basic EPS (b)		
Equity shares of Rs. 10 each	131,709,000	131,580,000
Equity shares of Rs. 100 each	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	281,871,922	280,682,718
Equity shares of Rs. 100 each	3,741,000	3,741,000
Basic earnings per share (in Rs) (a/b)		
Equity shares of Rs. 10 each	(98.35)	(31.63)
Equity shares of Rs. 100 each	(98.36)	(31.63)
Diluted earnings per share (in Rs) (a/c)		
Equity shares of Rs. 10 each	(98.35)	(31.63)
Equity shares of Rs. 100 each	(98.36)	(31.63)
Equity share reconciliation for EPS		
Equity shares of Rs 10 each	131,709,000	131,580,000
Total considered for basic EPS	**131,709,000**	**131,580,000**
Add: Employee share options	2,174,122	1,113,918
Add: NCCCPS	147,988,800	147,988,800
Total considered for diluted EPS	**281,871,922**	**280,682,718**
Equity share reconciliation for EPS - Face value of Rs. 100		
Equity shares of Rs. 100 each	3,741,000	3,741,000

Notes:

1) Equity shares with face value of Rs.10 and Rs.100 rank paripassu and do not have differential voting rights.
2) Subsequent to the year ended March 31, 2021, the Company has issued bonus shares to the shareholders at conversion ratio of 12,899: 1. The weighted average number of shares for the year end March 31, 2021 and March 31, 2020 have been adjusted to reflect the impact of bonus issue as per Ind AS 33.
3) During the year ended March 31, 2021 and March 31, 2020, the effects of potential equity shares are anti-dilutive, hence the same has been ignored for calculating dilutive earnings/(loss) per share.

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

32 Related party disclosures

a) Names of related parties and description of relationships:

Key management personnel (KMP)

Directors	
Varun Alagh	Director & Chief Executive Officer
Ghazal Alagh	Director
Ishaan Mittal	Director
Vivek Gambhir (w.e.f. March 24, 2021)	Independent Director
Namita Gupta (w.e.f. June 08, 2022)	Independent Director
Rahul Chowdhri (Resigned w.e.f. June 08, 2022)	Director
Subramaniam Somasundaram (w.e.f. February 11, 2022)	Independent Director
Vettakkorumakankav Siva Subramaniam Sitaram (Resigned w.e.f. October 20, 2022)	Director
Relatives of KMP	Mukesh Alagh
Other KMP	
Ramanpreet Sohi (w.e.f. July 26, 2022)	Chief Financial Officer
Dhanraj Dagar (w.e.f. May 11, 2022)	Company Secretary

b) Transactions with related parties

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.
There are no commitments with related parties.

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, 2021**	**March 31, 2020**
Sale of products (net)		
Varun Alagh*	0.00	0.00
Ghazal Alagh**	0.01	0.00
Mukesh Alagh***	-	0.00
	0.01	**0.01**
Reimbursement of expenses		
Varun Alagh	0.15	1.74
Ghazal Alagh	0.13	0.13
Mukesh Alagh	-	0.03
	0.28	**1.90**
Remuneration paid****		
Varun Alagh	6.39	4.01
Ghazal Alagh	3.94	2.59
	10.33	**6.60**
Rent		
Mukesh Alagh	-	0.99
	-	**0.99**

*Represents Rs 999 and Rs 1,745 for year ended March 31, 2021 and March 31, 2020 respectively.
**Represents Rs 5,115 and Rs 2,196 for year ended March 31, 2021 and March 31, 2020 respectively.
***Represents Rs Nil and Rs 1,716 for year ended March 31, 2021 and March 31, 2020 respectively.
****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.

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

	March 31, 2021	**March 31, 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**

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

33 Employee benefits plan

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

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. During the the year ended March 31, 2021 and March 31, 2020, the Company recognised Rs. 4.88 million and Rs. 2.23 million towards such contribution in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Defined benefit plans (unfunded):

The Company 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 of illiquid assets not being sold in time.

Salary escalation risk The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic risk The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumptions made.

Regulatory risk Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

	As at March 31, 2021	As at March 31, 2020
Current	0.04	-
Non-current	9.55	3.24
	9.59	**3.24**

The following table sets out movement in defined benefits liability and the amount recognised in the Special Purpose Ind AS 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, 2019	**0.70**	**-**	**0.70**
Amount recognised in statement of profit and loss			
Current Service cost	2.28	-	**2.28**
Interest cost on benefit obligation	0.05	-	**0.05**
Total amount recognised in statement of profit and loss	**2.33**	**-**	**2.33**
Benefits paid	-	-	**-**
Remeasurement			
Actuarial changes arising from changes in demographic assumptions	**-**	-	**-**
Actuarial changes arising from changes in financial assumptions	0.30	-	**0.30**
Experience adjustments	(0.09)	**-**	**(0.09)**
Total amount recognised in other comprehensive income	**0.21**	**-**	**0.21**
Contributions by employer	-	-	**-**
As at March 31, 2020	**3.24**	**-**	**3.24**

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

33 Employee benefits plan (continued)

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**

(ii) Defined benefit plans (unfunded):
The principal assumptions used in determining gratuity benefit obligations for the company's plans are shown below:

	March 31, 2021	March 31, 2020
Discount rate	6.76%	6.76%
Future salary increases	10%	10%
Normal retirement age	60 years	60 years
Attrition / withdrawal (per annum)	10.00%	10.00%
Mortality	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

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

	Sensitivity Level	As at March 31, 2021		As at March 31, 2020	
		Defined benefit obligation on increase/decrease in assumptions			
		Increase	Decrease	Increase	Decrease
Discount rate	0.5% increase / decrease	(0.90)	1.01	(0.31)	0.35
Future salary increase	0.5% increase / decrease	0.84	(0.78)	0.28	(0.25)
Attrition rate sensitivity*	0.5% increase / decrease	(0.26)	0.28	-	-

The above sensitivity analysis is based on a change in an assumption while 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 March 31, 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 17.03 years (March 31, 2020: 16.72 years). The expected maturity analysis of undiscounted gratuity is as follows:

	March 31, 2021	March 31, 2020
Within the next 12 months	0.04	-
Between 2 and 5 years	0.69	0.23
Beyond 5 years	9.54	3.01

(This space has been intentionally left blank.)

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

34 Segment information

The Company is principally engaged in trading of variety of beauty and personal care products with products across baby care, skin care, hair and other related personal care categories, which are manufactured through third party contract manufacturers under the brand name of 'Mamaearth' and 'The Derma Co'. The Company sells its products primarily in India. The Board of Directors being the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. All operating segment results are reviewed regularly by CODM to make decisions about resources to be allocated to the segments and assess their performance. CODM believes that these are governed by same set of risks and returns hence, CODM reviews them as one component. Further, the economic environment in which the Company operates is significantly similar and not subject to materially different risk and rewards. The revenues, total expenses and net profit/(loss) as per the Special Purpose Ind AS Standalone Statement of Profit and Loss represents the revenue, total expenses and net profit/(loss) of the sole reportable segment.

(b) Geographical Information

The operations of the Company are are primarily in India and accordingly, geographical information is presented for India and rest of the world. The following table describes the segment information of the Company.

The Company's revenue from operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	March 31, 2021	March 31, 2020
(i) The amount of revenue from external customers broken down by location of customers is shown below:		
India	4,517.63	1,089.22
Outside India	82.27	8.62
	4,599.90	**1,097.84**

(ii) The non-current assets of the Company are located in the country of domicile i.e. India. Hence no specific disclosures have been made.

35 Commitments

a) 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.

Subsequent to the year end, the Company has also entered into a second addendum. 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. The Company has settled the said commitment by issuing the equity shares.

b) Refer note 15 and 17 for NCCCPS related commitments.

c) Refer note 5 for lease commitments.

36 Contingent liabilities

	As at March 31, 2021	As at March 31, 2020
i) Claims against the Company not acknowledged as debts*	-	-
ii) Bank guarantee**	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 special purpose Ind AS 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 14.27 million as at March 31, 2021 (March 31, 2020: Nil).

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

37 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. 2,63,566 per option.
Economic Benefits / Voting Rights	The holders of the equity shares will be entitled to the economic benefits of 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 13, 2018.

Movements during the year

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

Particulars	March 31, 2021		March 31, 2020	
	No. of options	WAEP	No. of options	WAEP
Outstanding at the beginning of the year	279	116,143.23	167	51,264.00
Granted during the year	168	263,565.86	140	181,232.00
Forfeited during the year	-	-	(21)	54,512.00
Exercised during the year	(18)	49,724.80	(7)	54,512.00
Outstanding at the end of the year	429	176,661.96	279	116,143.23
Exercisable at the end of the year	102	103,271.93	42	49,383.00
Weighted average remaining contractual Life	5.62 years		5.16 years	

The weighted average fair value of the options granted during the year ended March 31, 2021 is Rs. 0.28 million (March 31, 2020: Rs. 0.15 million)

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

	March 31, 2021	March 31, 2020
Expense arising from equity-settled share-based payment transactions	41.54	6.54
Total expense arising from share-based payment transactions	**41.54**	**6.54**

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, 2021	March 31, 2020
Weighted average fair values at the measurement date	276,000	153,274
Dividend yield (%)	0.00%	0.00%
Expected volatility (%)	45.00%	45.00%
Risk-free interest rate (%)	6.23% - 5.69%	7.44% - 6.54%
Expected life of the options/SARs granted (in years)	7.00	7.00
Weighted average share price	241,595	186,314

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The 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.

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

38 Financial instruments- accounting classification and fair value measurement

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

	March 31, 2021	March 31, 2020
Measured at fair value through statement of profit and loss (FVTPL)		
Investment in mutual funds (Level 1)	1,644.26	1,058.90
Total financial assets measured at FVTPL	**1,644.26**	**1,058.90**
Measured at amortised cost		
Investment in bonds and commercial paper	-	184.38
Trade receivables	338.43	106.06
Cash and cash equivalents	97.59	19.16
Bank balances other than cash and cash equivalents	109.95	244.99
Other financial assets	65.09	10.96
Total financial assets measured at amortised cost	**611.06**	**565.55**
Total financial assets	**2,255.32**	**1,624.45**

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

	March 31, 2021	March 31, 2020
Measured at fair value through statement of profit and loss (FVTPL)		
Borrowings - NCCCPS (Level 3) (Refer Note 17)	19,539.99	5,927.56
Total financial liabilities measured at FVTPL	**19,539.99**	**5,927.56**
Measured at amortised cost		
Lease liabilities	203.31	3.82
Trade payables	803.41	219.01
Other financial liabilities	45.13	10.72
Total financial liabilities measured at amortised cost	**1,051.85**	**233.55**
Total financial liabilities	**20,591.84**	**6,161.11**

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, 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**
		March 31, 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**

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 advance to employees approximates their fair value largely due to short-term maturities of these instruments. The carrying value of financial asset and liabilities carried at amortised cost approximates the fair value of financial assets and liabilities, hence no seperate disclosure provided for fair value of these amortised cost financial asset/liabilities.

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

38 Financial instruments- accounting classification and fair value measurement (continued)

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.
There have been no transfers between levels during the year.

Valuation techniques and significant unobservable inputs - Level 3

Type	Valuation technique	Significant unobservable inputs	Sensitivity analysis
March 31, 2021			
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. 1,345 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.
March 31, 2020			
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. 342 million.

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

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

	April 01, 2019	Charge to profit and loss	Addition	Accounted in equity	March 31, 2020
Borrowings - NCCCPS	398.61	4,238.68	1,290.27	-	5,927.56

39 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 financials risk are identified, measured and managed in accordance with Company's policies and risk objectives. The Company reviews and agrees on policies for managing each of these risks which are summarised below:

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

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

ii. Foreign Currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exchange risk arises from its foreign currency assets and liabilities. The Company's exposure to the risk of changes in foreign exchange rates arises on account of purchases from foreign countries and export sales. The Company has not taken any derivative instrument during the year and there is no derivative instrument outstanding as at the year end.

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

		March 31, 2021		March 31, 2020	
Currency	**Particulars**	**FC**	**Rs.**	**FC**	**Rs.**
AED	**Liability**				
	Trade payables	(1.21)	(24.14)	-	-
	Assets				
	Trade receivables	1.12	22.43	-	-
	Advance to suppliers	0.04	0.80	-	-
	Cash in hand	0.01	0.01	-	-
	Net exposure on foreign currency risk	**(0.04)**	**(0.90)**	-	-
GBP	**Liability**				
	Advance from customers	(0.03)	0.27	-	-
		(0.03)	**0.27**	-	-

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

39 Financial risk management (continued)

Currency	Particulars	March 31, 2021 FC	March 31, 2021 Rs.	March 31, 2020 FC	March 31, 2020 Rs.
USD	**Liability**				
	Trade Payables	(0.01)	(0.05)	-	-
	Assets				
	Trade receivables	0.22	16.12	0.03	0.23
	Net exposure on foreign currency risk	**0.21**	**16.07**	**0.03**	**0.23**

Sensitivity:

		Impact on profit before tax March 31, 2021	Impact on profit before tax March 31, 2020
AED	Increases by 5%	(0.04)	-
	Decreases by 5%	0.04	-
GBP	Increases by 5%	(0.01)	-
	Decreases by 5%	0.01	-
USD	Increases by 5%	0.80	0.01
	Decreases by 5%	(0.80)	(0.01)

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.

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, 2021	March 31, 2020
Trade receivables (refer note (i) below)	338.43	106.06
Other financial assets (refer note (ii) below)	65.09	10.96
Cash and cash equivalents	97.59	19.16
Bank balances other than cash and cash equivalents	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, 2021	March 31, 2020
Opening balance	2.04	1.11
Allowance made during the year (net)	2.98	0.93
Closing balance	**5.02**	**2.04**

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.

3. Liquidity risk

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

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

Particulars	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
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 March 31, 2020					
Borrowings	-	-	5,927.56	-	**5,927.56**
Lease liabilities	-	3.83	0.10	-	**3.93**
Trade payables	-	219.01	-	-	**219.01**
Other financial liabilities	-	10.72	-	-	**10.72**
	-	**233.56**	**5,927.66**	**-**	**6,161.22**

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

40 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, bank balances other than cash and cash equivalents and fixed deposits with maturity of more than 12 months and current investments.

Particulars	**March 31, 2021**	**March 31, 2020**
Borrowings*	-	-
Trade payables	803.42	219.01
Lease liabilities	203.31	3.82
Other Financial liabilities	45.13	10.72
Less: Bank balances other than cash and cash equivalents	(109.95)	(244.99)
Less: Cash and cash equivalents	(97.59)	(19.16)
Less: Fixed deposit with maturity of more than 12 months	(53.27)	-
Less: Current investments	(1,644.26)	(1,243.28)
Net adjusted debt (A)	**(853.21)**	**(1,273.88)**
Equity**	1,888.56	1,555.87
Total equity capital (B)	**1,888.56**	**1,555.87**
Total debt and equity (C) = (A)+(B)	**1,035.35**	**281.99**
Gearing Ratio (A)/(C) *	-	-

* Excludes the non-current borrowings on NCCCPS which are classified as liability from equity. Refer note 17.
** Includes NCCCPS amounting to Rs. 19,539.99 million and Rs. 5,927.56 million as on March 31, 2021 and March 31, 2020 respectively.
*** Disclosed as nil for year ended March 31, 2021 and March 31, 2020 since the same is negative as 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, 2021 and March 31, 2020.

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

41 Reconciliation between Indian GAAP statutory financial statements with Special Purpose Ind AS Standalone Financial Statements

A For periods up to and including the year ended March 31, 2021, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP-Indian GAAP).

The financial statements, for the year ended March 31, 2022, were the first statutory financial statements of the Company prepared in accordance with Ind AS. In preparing the first Ind AS financial statements, the Company's Ind AS opening balance sheet was prepared as at April 01, 2020, the Company's Statutory date of transition to Ind AS.

The Special purpose Ind AS standalone financial statements as at and for the year ended March 31, 2021 have been prepared after making suitable adjustments to the accounting heads from their Indian GAAP values following accounting policies and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) consistent with that used at the date of transition to Ind AS (April 01, 2020) and as per the presentation, accounting policies and grouping/classifications including revised Schedule III disclosures followed as at and for the six months period ended September 30, 2022 pursuant to the SEBI letter.

This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements as at and for the year ended March 31, 2021 and March 31, 2020.

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-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 adopted Ind AS 116 based on modified retrospective approach, wherein the present value of remaining lease payments as on the date of transition is recognised as the lease liability and right-to-use asset is considered equal to the amount of lease liability.

C Mandatory Exceptions

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

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

Classification and measurement of financial assets
Ind AS - 101 requires a Company to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS. 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
A 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, 2019, are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transitions as these were not required under previous GAAP :

• Impairment of financial assets based on expected credit loss method

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

	Notes	March 31, 2021	March 31, 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 at FVTPL	b	102.09	24.34
Non- Cummulative Compulsorily Convertible Preference Shares (NCCCPS)	c	(19,539.99)	(5,927.56)
Share based Payment	d		
Employee stock option outstanding reserve		4.08	4.78
Retained earnings (fair value impact)		(4.08)	(4.78)
Leases	d	(8.91)	0.07
Deferred tax impact on the aforesaid adjustments	g	(25.35)	-
Equity as per Ind AS		**(17,651.43)**	**(4,371.70)**

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

41 Reconciliation between Indian GAAP statutory financial statements with Special Purpose Ind AS Standalone Financial Statements (continued)

2. Total comprehensive income reconciliation for the year ended March 31, 2021 and March 31, 2020

	Notes	March 31, 2021	March 31, 2020
Profit after tax as per previous GAAP		245.91	(59.19)
Ind AS adjustments			
Fair value adjustments:			
Security deposits	a	0.23	0.02
Investments at FVTPL	b	77.75	21.41
Non- Cummulative Compulsorily Convertible Preference Shares (NCCCPS)	c	(13,612.43)	(4,238.68)
ESOP expenses		0.70	(4.10)
Leases	d	(8.88)	0.07
Remeasurement of employee benefit obligation (net of tax)	f	(0.08)	0.16
Deferred tax impact on the aforesaid adjustments	g	(25.35)	-
Net Profit after tax as per Ind AS		**(13,322.15)**	**(4,280.31)**
Other comprehensive income (net of tax)	f	0.08	(0.16)
Total comprehensive income as per Ind AS		**(13,322.07)**	**(4,280.47)**

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	10.09	297.26
Net cash flows used in investing activities	(208.41)	2.35	(206.06)
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**

4. Cash flow reconciliation for the year ended March 31, 2020:

	As per previous GAAP	Ind AS adjustments	As per Ind AS
Net cash flows from operating activities	(107.13)	3.58	(103.55)
Net cash flows used in investing activities	(1,169.22)	-	(1,169.22)
Net cash flows from financing activities	1,290.45	(3.58)	1,286.87
Cash and cash equivalents at the beginning of the year	5.06	-	5.06
Cash and cash equivalents at the end of the year	**19.16**	**-**	**19.16**

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. During the year ended March 31, 2021 and March 31, 2020, the Company has adjusted Rs. 0.25 million and Rs. 0.02 million respectively to profit and loss towards increase in fair value of security deposit.

b) Investments

Under previous GAAP, the Company were carrying their current investment ats 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 the special purpose Ind AS standalone statement of profit and loss. During the year March 31, 2021 and March 31, 2020 the company has accounted other income of Rs. 77.75 million and Rs. 24.34 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 March 31, 2021 and March 31, 2020. The company has accounted fair value loss of Rs. 13,612.43 million and Rs. 4,238.68 million for the year ended March 31, 2021 and March 31, 2020 respectively 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.

41 Reconciliation between Indian GAAP statutory financial statements with Special Purpose Ind AS Standalone Financial Statements (continued)

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.

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 and during the year ended March 31, 2021 and March 31, 2020 the Group has adjusted Rs. 8.88 million and Rs. (0.07) million respectively in the Special purpose Ind AS standalone statement of profit and loss.

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 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.

(This space has been intentionally left blank.)

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

42 Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2021	March 31, 2020	% change	Reason for variance exceeding 25% as compared to the preceding period
Current ratio	Current Assets	Current Liabilities	2.97	7.26	(59)%	Due to increase in trade payables
Debt- Equity Ratio*	Net debt = Total borrowings + Lease liabilities - Cash & Cash equivalents -Bank balances other than Cash & Cash equivalents -short term investments	Shareholder's Equity	-	-	NA	Not applicable since there is no debt.
Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Depreciation+Interest	Debt service = Interest & Principal Repayments (excluding lease liabilities)	-	-	NA	Not applicable since there is no debt.
Return on Equity Ratio*	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	23%	(4.48)%	(622)%	The Company turned profitable due to increase in gross margins and reduction in expenses
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	20.70	16.58	25 %	
Trade Payable Turnover Ratio	Purchases	Average Trade Payables	3.15	3.82	(18)%	-
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	2.52	0.71	256 %	Due to increase in sales
Net Profit Ratio*	Net Profit	Net sales = Total sales - sales return	6%	(3.79)%	(267)%	The Company turned profitable due to increase in sales and reduction in expenses
Inventory Turnover Ratio	Sales	Average Inventory	16.72	14.57	15 %	-
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	20%	(2.64)%	(849)%	The Company turned profitable due to increase in sales and reduction in expenses.
Return on Investment	Interest income + Fair value gain on investments measured at FVTPL + Gain on sale of investments at FVTPL	Average Investments and deposits with banks	7.16%	4.87%	47 %	The ratio has improved on account of increase in fair value gain on investments measured at FVTPL.

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

43 Other statutory information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for 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 not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
(vi) The Company 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 (UltimateBeneficiaries) 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).
(viii) The Company is in compliance with number of layers of companies, as prescribed under clause (87)of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

44 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.

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

45 Comparative financial information

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

46 Events after the reporting period

a) The Company has issued 902 Class E NCCCPS of Rs 10 during FY 22 at a premium of Rs 2.24 million per share.

b) The Company has issued 839 Class F NCCCPS of Rs 10 during FY 22 at a premium of Rs 3.39 million per share.

c) 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 has further infused an amount of Rs 500 million in Momspresso.

d) 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 has further infused an amount of Rs 89.97 million. Bhabani Blunt Hairdressing Private Limited has a subsidiary called B:Blunt-Spratt Hairdressing Private Limited.
The Company has also entered into Business Transfer agreement with Godrej Consumer Private Limited on March 16, 2022 to acquire its "Product Business" under the brand name B-Blunt which constitutes a business together with acquisition of aforementioned service business.

e) The Company has acquired 63.07% stake in Fusion Cosmeceutics Private Limited as on April 06, 2022 which is engaged in formulation and trading of skin care products for a consideration of Rs 239.62 million.

f) 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 shareholders with equity shares of face value of Rs 10 each on May 11, 2022.

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

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

i) The Company increased its authorised share capital from 14,00,00,000 equity shares of Rs.10 each to 34,00,00,000 equity shares of Rs.10 each on October 26, 2022.

j) The Company has been converted from Private Company limited by shares (Honasa Consumer Private Limited) to Public Company limited by shares (Honasa Consumer Limited) on November 11, 2022.

k) On February 18, 2022, the Company has incorporated a wholly owned subsidiary PT Honasa Consumer Indonesia, a Company based in Indonesia. On June 23, 2022, the Company has incorporated a wholly owned subsidiary Honasa Consumer General Trading L.L.C., a company based in UAE. The overseas subsidiaries have no transactions and infusion of capital has not yet been completed.

l) The Company has entered into an addendum to celebrity endorsement agreement with Shilpa Shetty Kundra ('celebrity') pursuant to which 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.
The Company has settled the said commitment by issuing the equity shares.

m) On September 30, 2021 the board of directors approved the Honasa Consumer Private Limited Share Appreciation Rights Plan 2021 for issue of share appreciation rights ('SAR) to the permanent employees of the Company. With effect from May 31, 2022, the Company has removed the cash settlement option and these SARs would be settled through issuance of equity shares.

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: December 15, 2022

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

Varun Alagh	**Ghazal Alagh**	**Raman Preet Sohi**	**Dhanraj Dagar**
Director & Chief Executive Officer	Director	Chief Financial Officer	Company Secretary
DIN: 07597289	DIN: 07608292		

Place: Gurugram
Date: December 15, 2022