

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Honasa Consumer Private Limited

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

**Opinion**

We have audited the accompanying financial statements of Honasa Consumer Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Other Information**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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



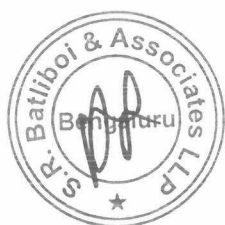
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If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

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) The provisions of section 197 read with Schedule V of the Act in relation to managerial remuneration are not applicable to the Company for the year ended March 31, 2021; and



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

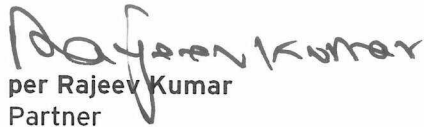
Chartered Accountants

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 25 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

  
per Rajeev Kumar  
Partner

Membership Number: 213803  
UDIN: 21213803AAAAEP6090



Place: Bengaluru

Date: September 16, 2021

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

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2021 and no material discrepancies were noticed in respect of such confirmations.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products of the Company.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and services tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there have been slight delays in remittance of withholding taxes in few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of customs, goods and services tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax and cess which have not been deposited on account of any dispute.



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

Chartered Accountants

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans. Hence, reporting under clause (ix) is not applicable to the Company.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act relating to managerial remuneration are not applicable to the Company and hence reporting under clause 3(xi) are not applicable.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

  
per Rajeev Kumar  
Partner

Membership Number: 213803  
UDIN: 21213803AAAAEP6090



Place: Bengaluru

Date: September 16, 2021

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

Chartered Accountants

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HONASA CONSUMER PRIVATE LIMITED**

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

We have audited the internal financial controls with reference to the financial statements of Honasa Consumer Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### **Auditor's Responsibility**

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

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

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



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

Chartered Accountants

## **Meaning of Internal Financial Controls with Reference to these Financial Statements**

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

## **Inherent Limitations of Internal Financial Controls with Reference to these Financial Statements**

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


## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to these financial statements and such internal financial controls with reference to these financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

  
per Rajeev Kumar  
Partner  
Membership number: 213803  
UDIN: 21213803AAAAEP6090



Place: Bengaluru

Date: September 16, 2021



Honasa Consumer Private Limited  
Balance sheet as at March 31, 2021  
(All amounts in Indian Rupees, except as otherwise stated)

	Notes	March 31, 2021 (Rs)	March 31, 2020 (Rs)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	2,45,970	2,45,790
Reserves and surplus	4	1,82,02,43,939	1,53,11,89,907
		<b>1,82,04,89,909</b>	<b>1,53,14,35,697</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	50,45,964	-
Other non-current liabilities	6	11,75,067	-
Long-term provisions	7	95,46,949	32,37,161
		<b>1,57,67,980</b>	<b>32,37,161</b>
<b>Current liabilities</b>			
Trade payables	8		
-Total outstanding dues of micro enterprises and small enterprises		12,13,09,071	7,69,71,611
-Total outstanding dues of creditors other than micro enterprises and small enterprises		68,20,94,939	14,20,58,501
Other current liabilities	6	9,07,77,874	2,25,08,229
Short-term provisions	7	2,12,69,874	56,80,430
		<b>91,54,51,758</b>	<b>24,72,18,771</b>
<b>TOTAL</b>		<b>2,75,17,09,647</b>	<b>1,78,18,91,629</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9(a)	2,08,31,323	41,55,130
Intangible assets	9(b)	-	9,000
Long-term loans and advances	10	1,82,19,520	57,22,275
Deferred tax asset (Net)	11	1,11,54,517	-
Other non-current assets	16	5,32,71,531	-
		<b>10,34,76,891</b>	<b>98,86,405</b>
<b>Current assets</b>			
Current investments	12	1,54,21,63,917	1,21,89,36,454
Inventories	13	41,34,73,655	13,67,11,147
Trade receivables	14	33,84,26,834	10,60,57,685
Cash and bank balances	15	20,75,43,825	26,41,64,485
Short-term loans and advances	10	14,55,15,325	3,96,52,555
Other current assets	16	11,09,200	64,82,898
		<b>2,64,82,32,756</b>	<b>1,77,20,05,224</b>
<b>TOTAL</b>		<b>2,75,17,09,647</b>	<b>1,78,18,91,629</b>

Summary of significant accounting policies 2.1

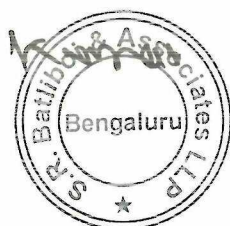
The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

per Rajeev Kumar  
Partner  
Membership no.: 213803

Place: Bengaluru, India  
Date: September 16, 2021



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

For HONASA CONSUMER PVT. LTD. For HONASA CONSUMER PVT. LTD.

Varun Alagh  
Director  
DIN: 07597289

Place: New Delhi, India  
Date: September 16, 2021

Ghazal Alagh  
Director  
DIN: 07608292

Place: New Delhi, India  
Date: September 16, 2021

Honasa Consumer Private Limited  
Statement of profit or loss for the year ended March 31, 2021  
(All amounts in Indian Rupees, except as otherwise stated)

	Notes	For the year ended March 31, 2021 (Rs)	For the year ended March 31, 2020 (Rs)
<b>Income</b>			
Revenue from operations	17	4,60,85,94,986	1,09,78,41,731
Other income	18	4,42,16,288	2,22,84,016
<b>Total revenue (i)</b>		<b>4,65,28,11,274</b>	<b>1,12,01,25,747</b>
<b>Expenses</b>			
Purchases of traded goods	19	1,60,77,70,889	50,54,85,141
(Increase) in inventories of traded goods	20	(27,67,62,508)	(12,26,80,742)
Employee benefits expenses	21	27,81,74,175	8,51,31,564
Finance costs	22	17,66,958	2,65,810
Depreciation and amortization expenses	23	47,11,513	31,00,120
Other expenses	24	2,74,04,93,220	70,80,18,659
<b>Total expenses (ii)</b>		<b>4,35,61,64,247</b>	<b>1,17,93,20,552</b>
<b>Profit/(Loss) before tax [(iii) = (i) - (ii)]</b>		<b>29,66,57,027</b>	<b>(5,91,94,805)</b>
<b>Tax expense:</b>			
Current tax		6,18,92,800	-
Deferred tax (credit)		(1,11,54,517)	-
<b>Total tax expenses (iv)</b>		<b>5,07,38,283</b>	<b>-</b>
<b>Profit/(Loss) after tax [(v) = (iii) - (iv)]</b>		<b>24,59,18,744</b>	<b>(5,91,94,805)</b>
Basic earning/(loss) per equity share [nominal value of Rs.10 each (March 31, 2020: Rs 10)]		18,758	(4,281)
Basic earning/(loss) per equity share [nominal value of Rs.100 each (March 31, 2020: Rs 100)]		18,758	(4,281)
Diluted earning/(loss) per equity share [nominal value of Rs.10 each (March 31, 2020: Rs 10)]	28	8,699	(4,281)
Diluted earning/(loss) per equity share [nominal value of Rs.100 each (March 31, 2020: Rs 100)]		18,758	(4,281)

Summary of significant accounting policies 2.1

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

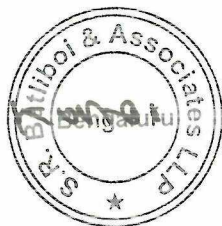
As per our report of even date

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

  
per Rajeev Kumar  
Partner

Membership no.: 213803

Place: Bengaluru, India  
Date: September 16, 2021



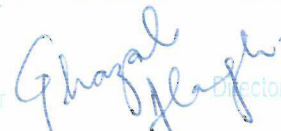
For and on behalf of the Board of Directors of  
Honasa Consumer Private Limited

For HONASA CONSUMER PVT. LTD.

  
Director

Varun Alagh  
Director  
DIN: 07597289

Place: New Delhi, India  
Date: September 16, 2021

  
Director

Ghazal Alagh  
Director  
DIN: 07608292

Place: New Delhi, India  
Date: September 16, 2021

**Honasa Consumer Private Limited**  
**Cash flow statement for the year ended March 31, 2021**  
**(All amounts in Indian Rupees, except as otherwise stated)**

	<u>March 31, 2021</u> (Rs)	<u>March 31, 2020</u> (Rs)
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax	29,66,57,027	(5,91,94,805)
Adjustment to reconcile (Loss) before tax to net cash flows:		
Depreciation and amortization expense	47,11,513	31,00,120
Unrealized foreign exchange loss/(gain)	(17,61,812)	41,112
Interest expenses	12,22,908	2,19,904
Interest income on bank deposits	(1,91,34,248)	(69,31,990)
Net gain on sale of current investments	(2,22,06,851)	(1,48,85,207)
Provision no longer required written back	-	(4,66,819)
Employee stock compensation expense (Refer note 30)	4,22,40,121	24,37,253
Loss on sale of property, plant and equipment	1,20,300	-
Provision for diminution in value of investments	11,15,663	-
Provision for doubtful debts	29,77,639	9,25,242
<b>Operating Profit/(Loss) before working capital changes</b>	<b>30,59,42,260</b>	<b>(7,47,55,190)</b>
Movements in working capital :		
Increase in provisions	2,18,99,232	77,70,002
Increase in trade payables	58,43,99,282	18,18,78,047
Increase in other liabilities	6,55,55,862	1,73,75,494
(Increase) in loans and advances	(11,74,07,769)	(3,56,75,539)
(Increase) in trade receivables	(23,36,10,358)	(8,06,45,965)
(Increase) in inventories	(27,67,62,508)	(12,26,80,742)
Cash generated from operations	35,00,16,001	(10,67,33,893)
Direct taxes paid, net of refund	(6,28,45,045)	(3,97,513)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>28,71,70,956</b>	<b>(10,71,31,406)</b>
<b>Cash flows from investing activities</b>		
Interest income received	2,45,07,946	7,32,892
Redemption/(Investment) in fixed deposits, net	8,17,76,751	(22,37,66,700)
Investment in mutual funds	(74,98,63,707)	(1,34,34,59,381)
Redemption of mutual funds	44,77,27,430	40,19,04,263
Purchase of property, plant and equipment	(1,31,70,015)	(46,16,970)
Proceeds from sale of property, plant and equipment	6,05,822	-
<b>Net cash flow (used in) investing activities (B)</b>	<b>(20,84,15,773)</b>	<b>(1,16,92,05,896)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(12,22,908)	(2,19,904)
Proceeds from issue of equity shares	8,95,347	3,81,584
Proceeds from issue of preference shares	-	1,29,02,84,028
(Repayments of)/Proceeds from short term borrowings	-	(5,25,417)
<b>Net cash flow from financing activities (C)</b>	<b>(3,27,561)</b>	<b>1,28,99,20,291</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>7,84,27,622</b>	<b>1,35,82,989</b>
Cash and cash equivalents at the beginning of the year	1,91,64,485	55,81,496
<b>Cash and cash equivalents at the end of the year</b>	<b>9,75,92,107</b>	<b>1,91,64,485</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	3,52,320	1,11,674
With banks:		
- on current accounts	9,72,39,787	1,90,52,811
<b>Total cash and cash equivalents (note 15)</b>	<b>9,75,92,107</b>	<b>1,91,64,485</b>

Summary of significant accounting policies

2.1

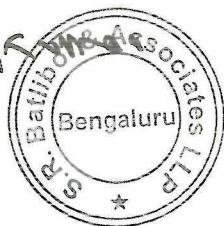
The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

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

Place: Bengaluru, India  
Date: September 16, 2021



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

**Varun Alagh**  
Director  
DIN: 07597289

Place: New Delhi, India  
Date: September 16, 2021

**Ghazal Alagh**  
Director  
DIN: 07608292

Place: New Delhi, India  
Date: September 16, 2021

## Honasa Consumer Private Limited

### Notes to financial statements for the year ended March 31, 2021

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

#### 1. Corporate Information

Honasa Consumer Private Limited ('the Company') was incorporated under the provisions of the Companies Act, 2013 ('the Act') on September 16, 2016 in New Delhi. The Company is engaged in the trading of variety of personal care products such as baby care, skin care, hair and other related products which are manufactured through third party contract manufacturers under the brand name of 'Mamaearth' and 'The Derma Co'.

#### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014.

The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

##### 2.1 Summary of significant accounting policies

###### (a) Use of estimates

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

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

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

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

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.



**Honasa Consumer Private Limited**  
**Notes to financial statements for the year ended March 31, 2021**  
**(All amounts in Indian Rupees, except as otherwise stated)**

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

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

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

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

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

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

**(d) Intangible assets**

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

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

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

The Company assesses at each reporting date whether there is an indication that property, plant and equipment or intangible asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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



**Honasa Consumer Private Limited**  
**Notes to financial statements for the year ended March 31, 2021**  
**(All amounts in Indian Rupees, except as otherwise stated)**

**(f) Leases**

*Where the Company is lessee*

**Finance lease**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

**Operating Lease**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**(g) Revenue recognition**

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

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

**Sale of goods**

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

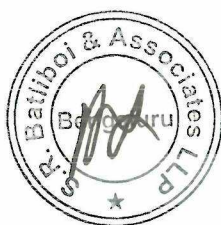
**Interest**

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

**(h) Inventories**

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



## Honasa Consumer Private Limited

### Notes to financial statements for the year ended March 31, 2021

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

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

i. Initial recognition - Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion - Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences - The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as income or as expense in the period in which they arise.

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

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

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

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

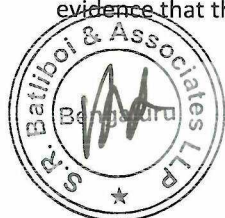
The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method, made at the end of each financial year. Actuarial gains/losses are immediately taken to the statement of profit and loss. The Company presents the accumulated leave liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

#### (k) Income taxes

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

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

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



## Honasa Consumer Private Limited

### Notes to financial statements for the year ended March 31, 2021

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

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

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

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

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

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.

#### (m) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

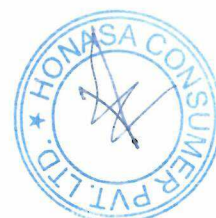
#### (n) Contingent liabilities

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

#### (o) Employee stock option

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

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





**Honasa Consumer Private Limited**  
**Notes to financial statements for the year ended March 31, 2021**  
**(All amounts in Indian Rupees, except as otherwise stated)**

**(p) Cash and cash equivalents**

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

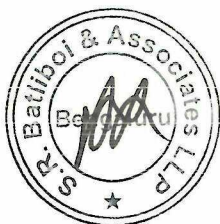
**(q) Investments**

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

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

**(r) Segment reporting**

The Company's business activity falls within a single business segment i.e. business of trading of personal care products. Further, the Company's operations are predominantly in India and there are no significant operations outside of India. Hence, there are no material additional disclosures to be provided under Accounting Standard 17 - Segment Reporting, other than those already provided in the financial statements.



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Honasa Consumer Private Limited

Notes to the financial statements for the year ended March 31, 2021  
(All amounts in Indian Rupees, except as otherwise stated)

3. Share Capital

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
<b>Authorised share capital</b>		
40,000 (March 31, 2020: 40,000) equity shares of Rs 10 each	4,00,000	4,00,000
580 (March 31, 2020: 580) equity shares of Rs 100 each	58,000	58,000
5,839 (March 31, 2020: 5,839) 0.001 % Class A non cumulative compulsorily convertible preference shares ('NCCCPS') of Rs 10 each	58,390	58,390
1,885 (March 31, 2020: 1,885) 0.001% Class B NCCCPS of Rs 10 each	18,850	18,850
4,845 (March 31, 2020: 4,845) 0.001% Class C NCCCPS of Rs 10 each	48,450	48,450
4,161 (March 31, 2020: 4,161) 0.001% Class D NCCCPS of Rs 10 each	41,610	41,610
	<b>6,25,300</b>	<b>6,25,300</b>
<b>Issued, subscribed and fully paid-up shares</b>		
10,225 (March 31, 2020: 10,207) equity shares of Rs 10 each	1,02,250	1,02,070
290 (March 31, 2020: 290) equity shares of Rs 100 each	29,000	29,000
581 (March 31, 2020: 581) 0.001 % Class A NCCCPS of Rs 10 each	5,810	5,810
1,885 (March 31, 2020: 1,885) 0.001% Class B NCCCPS of Rs 10 each	18,850	18,850
4,845 (March 31, 2020: 4,845) 0.001% Class C NCCCPS of Rs 10 each	48,450	48,450
4,161 (March 31, 2020: 4,161) 0.001% Class D NCCCPS of Rs 10 each	41,610	41,610
	<b>2,45,970</b>	<b>2,45,790</b>

(a) Reconciliation of share capital

	March 31, 2021		March 31, 2020	
	Number	(Rs)	Number	(Rs)
<b>Equity shares of Rs 10/- each fully paid</b>				
At the beginning of the year	10,207	1,02,070	10,200	1,02,000
Issued during the year	18	180	7	70
Outstanding at the end of the year	<b>10,225</b>	<b>1,02,250</b>	<b>10,207</b>	<b>1,02,070</b>

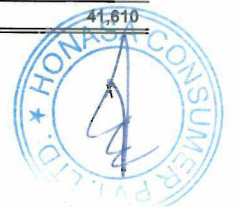
	March 31, 2021		March 31, 2020	
	Number	(Rs)	Number	(Rs)
<b>Equity shares of Rs 100/- each fully paid</b>				
At the beginning of the year	290	29,000	290	29,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>290</b>	<b>29,000</b>	<b>290</b>	<b>29,000</b>

	March 31, 2021		March 31, 2020	
	Number	(Rs)	Number	(Rs)
<b>Class A NCCCPS of Rs 10/- each fully paid</b>				
At the beginning of the year	581	5,810	581	5,810
Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>581</b>	<b>5,810</b>	<b>581</b>	<b>5,810</b>

	March 31, 2021		March 31, 2020	
	Number	(Rs)	Number	(Rs)
<b>Class B NCCCPS of Rs 10/- each fully paid</b>				
At the beginning of the year	1,885	18,850	1,885	18,850
Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>1,885</b>	<b>18,850</b>	<b>1,885</b>	<b>18,850</b>

	March 31, 2021		March 31, 2020	
	Number	(Rs)	Number	(Rs)
<b>Class C NCCCPS of Rs 10/- each fully paid</b>				
At the beginning of the year	4,845	48,450	4,845	48,450
Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>4,845</b>	<b>48,450</b>	<b>4,845</b>	<b>48,450</b>

	March 31, 2021		March 31, 2020	
	Number	(Rs)	Number	(Rs)
<b>Class D NCCCPS of Rs 10/- each fully paid</b>				
At the beginning of the year	4,161	41,610	-	-
Issued during the year	-	-	4,161	41,610
Outstanding at the end of the year	<b>4,161</b>	<b>41,610</b>	<b>4,161</b>	<b>41,610</b>



Honasa Consumer Private Limited  
Notes to the financial statements for the year ended March 31, 2021  
(All amounts in Indian Rupees, except as otherwise stated)

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

	March 31, 2021		March 31, 2020	
	Number	%	Number	%
<b>Equity shares of Rs 10/- each fully paid</b>				
Varun Alagh	8,514	82%	8,514	83%
Ghazal Alagh	788	8%	1,000	10%
<b>Equity shares of Rs 100/- each fully paid</b>				
Shilpa Shetty Kundra	290	100%	290	100%
<b>Class A NCCCPS of Rs 10/- each fully paid</b>				
Fireside 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%	-	-
<b>Class B NCCCPS of Rs 10/- each fully paid</b>				
Fireside Ventures Investment Fund-I	199	10%	1,347	72%
Kunal Bahl	85	5%	269	14%
Rohit Kumar Bhansal	85	5%	269	14%
SCI Investments VI	454	24%	-	-
Sofina Ventures S.A.	1,062	56%	-	-
<b>Class C NCCCPS of Rs 10/- each fully paid</b>				
Fireside Ventures Investment Fund-I	1,780	37%	1,780	37%
Stellaris Venture Partners	1,764	36%	2,131	44%
Rishabh Mariwala	642	13%	734	15%
Sofina Ventures S.A.	252	5%	-	-
<b>Class D NCCCPS of Rs 10/- each fully paid</b>				
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%

(c) Terms /rights attached to equity shares

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

- Equity share of Rs.10/- represents shares held by Promoters and Investors
- Equity share of Rs 100/- held by Shilpa Shetty Kundra

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

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

(d) Terms of conversion of preference shares

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

Each holder of NCCCPS Class A, B, C and D shares may convert the shares at the option of the holder into 1 equity share of the Company at the earlier of the following events:

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

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

(e) Shares reserved for issue under options, warrants and in lieu of service rendered.

For details of shares reserved for issue against share warrants and under the employee stock option plan (ESOP) of the Company, refer note 25 and 30 respectively.



**Honasa Consumer Private Limited**  
**Notes to the financial statements for the year ended March 31, 2021**  
**(All amounts in Indian Rupees, except as otherwise stated)**

**4. Reserves and surplus**

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
<b>Securities premium account</b>		
Balance as per the last financial statements	1,62,94,16,687	33,87,92,755
Add: Premium on issue of Class D NCCCPS	-	1,29,02,42,418
Add: Premium on issue of Rs.10/- per equity shares	13,13,275	3,81,514
<b>Balance at the end of the year (i)</b>	<b>1,63,07,29,962</b>	<b>1,62,94,16,687</b>
<b>Surplus/Deficit in the statement of profit and loss</b>		
Balance as per the last financial statements	(10,06,64,033)	(4,14,69,228)
Profit/(Loss) for the year	24,59,18,744	(5,91,94,805)
<b>Net surplus/deficit in the statement of profit and loss (ii)</b>	<b>14,52,54,711</b>	<b>(10,06,64,033)</b>
<b>Employee stock option outstanding</b>		
Balance as per the last financial statements	24,37,253	-
Add: Compensation expense for options granted during the year (Refer note 21)	4,22,40,121	24,37,253
Less: Transferred to securities premium on exercise of stock options	(4,18,108)	-
<b>Balance at the end of the year (iii)</b>	<b>4,42,59,266</b>	<b>24,37,253</b>
<b>Total reserves and surplus [(iv) = (i) + (ii) + (iii)]</b>	<b>1,82,02,43,939</b>	<b>1,53,11,89,907</b>

**5. Long-term borrowings**

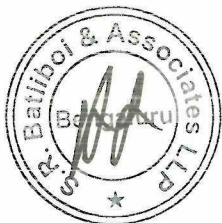
	Non-current		Current maturities	
	March 31, 2021 (Rs)	March 31, 2020 (Rs)	March 31, 2021 (Rs)	March 31, 2020 (Rs)
<b>Other loans and advances</b>				
Finance lease obligations (unsecured)*	50,45,964	-	38,88,850	-
	<b>50,45,964</b>	<b>-</b>	<b>38,88,850</b>	<b>-</b>
<b>The above amount includes</b>				
Unsecured borrowings	50,45,964	-	38,88,850	-
Amount disclosed under the head "other current liabilities" (Note 6)	-	-	(38,88,850)	-
	<b>50,45,964</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*Finance lease obligation includes computer equipment taken on lease. The gross investment in leases, i.e lease obligation plus interest, is payable in 12 quarterly installments of approx. Rs 1,068,140 each including interest.

**6. Other liabilities**

	Non-current		Current	
	March 31, 2021 (Rs)	March 31, 2020 (Rs)	March 31, 2021 (Rs)	March 31, 2020 (Rs)
Rent equalization reserve	11,75,067	-	7,85,676	-
Current maturities of long term borrowings (Note 5)	-	-	38,88,850	-
Statutory dues payable	-	-	2,56,30,790	87,56,248
Employee benefits payable*	-	-	4,51,52,939	1,07,21,841
Advance from customers	-	-	1,53,19,619	30,30,140
	<b>11,75,067</b>	<b>-</b>	<b>9,07,77,874</b>	<b>2,25,08,229</b>

\*Employee benefits payable also includes expense payable to directors (Refer note 29).



Honasa Consumer Private Limited

Notes to the financial statements for the year ended March 31, 2021

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

7. Provisions

	Long-term		Short-term	
	March 31, 2021 (Rs)	March 31, 2020 (Rs)	March 31, 2021 (Rs)	March 31, 2020 (Rs)
<b>Provision for employee benefits</b>				
Provision for gratuity (Refer note 27)	95,46,949	32,37,161	38,576	-
Provision for leave benefits	-	-	94,21,313	25,69,902
<b>Other provisions</b>				
Provision for customer credits	-	-	1,18,09,985	31,10,528
	<b>95,46,949</b>	<b>32,37,161</b>	<b>2,12,69,874</b>	<b>56,80,430</b>

8. Trade payables

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
Total outstanding dues of micro enterprises and small enterprises*	12,13,09,071	7,69,71,611
Total outstanding dues of creditors other than micro enterprises and small enterprises	68,20,94,939	14,20,58,501
	<b>80,34,04,010</b>	<b>21,90,30,112</b>

\*Refer note 35 for details of dues to micro and small enterprises

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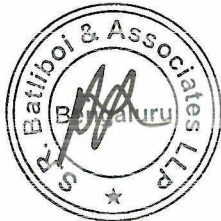
Honasa Consumer Private Limited  
Notes to the financial statements for the year ended March 31, 2021  
(All amounts in Indian Rupees, except as otherwise stated)

10. Loans and advances (unsecured, considered good)	Long-term		Short-term	
	March 31, 2021 (Rs)	March 31, 2020 (Rs)	March 31, 2021 (Rs)	March 31, 2020 (Rs)
Security deposit	1,66,96,000	51,51,000	2,81,000	13,63,500
<b>Advances recoverable in cash or kind</b>				
Advance to suppliers	-	-	6,83,54,048	1,40,31,405
Advance to employees	-	-	65,04,415	-
<b>Other loans and advances</b>				
Prepaid expenses	-	-	1,86,32,704	4,40,432
Balance with statutory/government authorities	-	-	5,17,43,158	2,38,17,218
Advance income tax (net)	15,23,520	5,71,275	-	-
	<b>1,82,19,520</b>	<b>57,22,275</b>	<b>14,55,15,325</b>	<b>3,96,52,555</b>

11. Deferred tax assets (Net)

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
<b>Deferred tax assets</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	1,01,86,385	-
Property, plant and equipment: Impact of difference between tax depreciation allowed under the Income Tax Act and depreciation/amortization charged for the financial reporting	9,32,997	-
<b>Gross deferred tax assets</b>	<b>1,11,19,382</b>	<b>-</b>
<b>Net deferred tax assets</b>	<b>1,11,54,517</b>	<b>-</b>

\*The Company has recognized deferred tax asset (DTA) on the basis of differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates.



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**Honasa Consumer Private Limited**

Notes to the financial statements for the year ended March 31, 2021

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

**12. Current investments**

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

**Quoted mutual funds**

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
Kotak Money Market Fund Direct - Growth 12,005 units of Rs 3,268.6839 each (March 31, 2020: 15,297 units of Rs 3,268.6148 each)	3,92,40,550	5,00,00,000
UTI MMMF Direct - Growth 1,675 units of Rs 2,238.1763 each (March 31, 2020: 26,806 units of Rs 2,238.3049 each)	37,48,945	6,00,00,000
Aditya Birla SL Savings Direct - Ultra Short term 143,477 units of Rs 395.4271 each (March 31, 2020: 143,477 units of Rs 395.4271 each)	5,67,34,689	5,67,34,689
SBI Magnum Ultra Short Duration Direct - Growth 16,781 units of Rs 4,469.3403 each (March 31, 2020: 13,578 units of Rs 4,418.9129 each)	7,50,00,000	6,00,00,000
IDFC Banking and PSU Debt Fun - Direct Plan - Growth 6,089,294 units of Rs 16.8328 each (March 31, 2020: 6,089,294 units of Rs 16.8328 each)	10,25,00,000	10,25,00,000
HDFC Corporate Bond Direct - Growth 4,446,936.70 units of Rs 22.5053 each (March 31, 2020: 4,446,936.70 units of Rs 22.5053 each)	10,00,79,645	10,00,79,645
ICICI Prudential Corporate Bond Direct - Growth 7,098,408 units of Rs 21.1315 each (March 31, 2020: 7,098,408 units of Rs 21.1315 each)	15,00,00,000	15,00,00,000
DSP Short Term Direct - Growth 3,685,984 units of Rs 35.2830 each (March 31, 2020: 3,685,984 units of Rs 35.2830 each)	13,00,52,578	13,00,52,578
HDFC Short Term Debt Direct - Growth 2,011,797 units of Rs 24.8534 each (March 31, 2020: 4,464,425 units of Rs 22.3993 each)	5,00,00,000	10,00,00,000
IDFC Bond ShortTerm Direct - Growth 2,354,846 units of Rs 42.4879 each (March 31, 2020: 2,354,846 units of Rs 42.4879 each)	10,00,52,442	10,00,52,442
Kotak Bond Short-term Direct - Growth 2,550,009 units of Rs 39.2727 each (March 31, 2020: 2,550,009 units of Rs 39.2727)	10,01,45,731	10,01,45,731
Tata Short Term Bond Direct-Growth 1,114,192 units of Rs 40.3880 each (March 31, 2020: Nil)	4,50,00,000	-
HDFC Money Market Direct-Growth 24,238 units of Rs 4,317.8459 each (March 31, 2020: Nil)	10,46,55,949	-
HDFC Ultra Short Term Fund Direct-Growth 4,341,031 units of Rs 11.5180 each (March 31, 2020: Nil)	5,00,00,000	-
Axis Banking & PSU Debt Direct-Growth 12,250 units of Rs 2,040.8163 each (March 31, 2020: Nil)	2,50,00,000	-
Kotak Banking and PSU Debt Direct-Growth 774,560 units of Rs 51.6422 each (March 31, 2020: Nil)	4,00,00,000	-
Kotak Corporate Bond Direct-Growth 10,038 units of Rs 2,988.6432 each (March 31, 2020: Nil)	3,00,00,000	-
L&T Triple Ace Bond Direct-Growth 1,330,969 units of Rs 60.1066 each (March 31, 2020: Nil)	8,00,00,000	-
Axis Treasury Advantage Direct-Growth 816 units of Rs 2,403.5477 each (March 31, 2020: Nil)	19,61,295	-
ICICI Pru Short Term Direct-Growth 206,717 units of Rs 48.3753 each (March 31, 2020: Nil)	1,00,00,000	-
Bharat Bond FOF - April 2025 Direct-Growth 4,710,982 units of Rs 10.2951 each (March 31, 2020: Nil)	4,85,00,000	-
Bharat Bond FOF - April 2030 Direct-G 4,620,515 units of Rs 10.8213 each (March 31, 2020: Nil)	5,00,00,000	-
India Grid Trust Invit Fund - Perpetual 146,286 units of Rs 1,004,876.5393 each (March 31, 2020: Nil)	1,99,73,786	-
UTI Liquid Cash Direct - Growth Nil (March 31, 2020: 7,789 units of Rs 3,209.6546 each)	-	2,50,00,000



**Honasa Consumer Private Limited**  
**Notes to the financial statements for the year ended March 31, 2021**  
**(All amounts in Indian Rupees, except as otherwise stated)**

**Quoted Other Investments**

Muthoot Fincorp Limited - Market Linked Debenture - Non Convertible 130 units of Rs 1,004,876.6923 each (March 31, 2020: Nil)	13,06,33,970	-
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**Unquoted Other Investments**

CFSL Commercial Paper Nil (March 31, 2020: 400 units of Rs 460,928.4225 each)	-	18,43,71,369
	-	18,43,71,369

Provision for diminution in value of investments (Refer note 24)	(11,15,663)	-
--	-------------	---

	<b>1,54,21,63,917</b>	<b>1,21,89,36,454</b>
Aggregate amount of quoted investments at cost	1,54,32,79,580	1,03,45,65,085
Aggregate amount of quoted investments at fair market value	1,64,42,56,414	1,05,89,04,320

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

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
Traded goods (including goods in transit of Rs 8,334,552 (March 31, 2020: Rs. 4,744,216))	41,34,73,655	13,67,11,147
	<b>41,34,73,655</b>	<b>13,67,11,147</b>

**14. Trade receivables**

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
<b>Outstanding for period exceeding 6 months from the date they are due for payment</b>		
Unsecured, considered good	-	-
Doubtful	50,22,258	20,44,619
	50,22,258	20,44,619
Less: Provision for doubtful debts	(50,22,258)	(20,44,619)
	-	-
<b>Other receivables</b>		
Unsecured, considered good	33,84,26,834	10,60,57,685
	<b>33,84,26,834</b>	<b>10,60,57,685</b>

**15. Cash and bank balances**

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
<b>Cash and cash equivalents</b>		
Balances with banks		
On current accounts	9,72,39,787	1,90,52,811
Cash on hand	3,52,320	1,11,674
	9,75,92,107	1,91,64,485
<b>Other bank balances</b>		
Deposits with remaining maturity for less than 12 months	10,99,51,718	24,50,00,000
Deposits with remaining maturity for more than 12 months	5,32,71,531	-
Less: Amount disclosed under other non-current assets (refer note 16)	(5,32,71,531)	-
	10,99,51,718	24,50,00,000
	<b>20,75,43,825</b>	<b>26,41,64,485</b>

**16. Other assets**

	Non-current		Current	
	March 31, 2021 (Rs)	March 31, 2020 (Rs)	March 31, 2021 (Rs)	March 31, 2020 (Rs)
Interest accrued	-	-	11,09,200	64,82,898
Deposits with remaining maturity for more than 12 months (refer note 15)*	5,32,71,531	-	-	-
	<b>5,32,71,531</b>	<b>-</b>	<b>11,09,200</b>	<b>64,82,898</b>

\*Includes an amount of Rs 14,271,530 secured against bank guarantees issued in favour of Hewlett Packard Financial Services (India) Pvt Ltd against laptops taken on finance lease.





Honasa Consumer Private Limited

Notes to the financial statements for the year ended March 31, 2021

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

9(a). Property, plant and equipment

Rs

	Leasehold Improvements	Computer & peripherals*	Furniture & fixtures	Office equipments	Plant and machinery	Total
<b>Cost or valuation</b>						
At April 01, 2019	21,01,525	5,86,863	2,59,200	3,64,799	1,47,251	34,59,638
Additions	-	22,60,805	14,24,372	8,36,793	95,000	46,16,970
Disposals	-	-	-	-	-	-
<b>At March 31, 2020</b>	<b>21,01,525</b>	<b>28,47,668</b>	<b>16,83,572</b>	<b>12,01,592</b>	<b>2,42,251</b>	<b>80,76,608</b>
Additions	-	1,20,37,472	23,26,127	24,13,729	53,27,500	2,21,04,828
Disposals	-	15,28,202	-	-	-	15,28,202
<b>At March 31, 2021</b>	<b>21,01,525</b>	<b>1,33,56,938</b>	<b>40,09,699</b>	<b>36,15,321</b>	<b>55,69,751</b>	<b>2,86,53,234</b>
<b>Accumulated Depreciation</b>						
At April 01, 2019	4,69,836	2,16,074	30,602	1,00,915	12,931	8,30,358
Additions	16,31,689	9,08,226	2,26,018	2,70,774	54,413	30,91,120
Charge for the year	-	-	-	-	-	-
<b>At March 31, 2020</b>	<b>21,01,525</b>	<b>11,24,300</b>	<b>2,56,620</b>	<b>3,71,689</b>	<b>67,344</b>	<b>39,21,478</b>
Charge for the year	-	24,29,664	6,06,497	8,87,096	7,79,256	47,02,513
Disposals	-	8,02,080	-	-	-	8,02,080
<b>At March 31, 2021</b>	<b>21,01,525</b>	<b>27,51,884</b>	<b>8,63,117</b>	<b>12,58,785</b>	<b>8,46,600</b>	<b>78,21,911</b>
<b>Net book value</b>						
At March 31, 2020	-	17,23,368	14,26,952	8,29,903	1,74,907	41,55,130
At March 31, 2021	-	1,06,05,054	31,46,582	23,56,536	47,23,151	2,08,31,323

\*Computer & peripherals include laptops taken on finance lease:

Gross Block Rs 11,295,947 (March 31, 2020: Nil)

Depreciation charge for the year Rs 1,741,333 (March 31, 2020: Nil)

Accumulated depreciation Rs 1,741,333 (March 31, 2020: Nil)

Net book value Rs 9,554,614 (March 31, 2020: Nil)

9(b). Intangible assets

Rs

	Trademarks	Total
<b>Cost or valuation</b>		
At April 01, 2019	45,000	45,000
Additions	-	-
Disposals	-	-
<b>At March 31, 2020</b>	<b>45,000</b>	<b>45,000</b>
Additions	-	-
Disposals	-	-
<b>At March 31, 2021</b>	<b>45,000</b>	<b>45,000</b>
<b>Amortization</b>		
At April 01, 2019	27,000	27,000
Charge for the year	9,000	9,000
Disposals	-	-
<b>At March 31, 2020</b>	<b>36,000</b>	<b>36,000</b>
Charge for the year	9,000	9,000
Disposals	-	-
<b>At March 31, 2021</b>	<b>45,000</b>	<b>45,000</b>
<b>Net book value</b>		
At March 31, 2020	9,000	9,000
At March 31, 2021	-	-



Honasa Consumer Private Limited  
Notes to the financial statements for the year ended March 31, 2021  
(All amounts in Indian Rupees, except as otherwise stated)

17. Revenue from operations

	For the year ended March 31, 2021	For the year ended March 31, 2020
	(Rs)	(Rs)
Revenue from sale of products		
Traded goods*	4,60,85,94,986	1,09,78,41,731
	<u>4,60,85,94,986</u>	<u>1,09,78,41,731</u>

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

18. Other income

	For the year ended March 31, 2021	For the year ended March 31, 2020
	(Rs)	(Rs)
Net gain on sale of current investments	2,22,06,851	1,48,85,207
Interest income on fixed deposits	1,91,34,248	69,31,990
Foreign exchange gain (net)	17,58,134	-
Miscellaneous income	11,17,055	-
Provision no longer required written back	-	4,66,819
	<u>4,42,16,288</u>	<u>2,22,84,016</u>

19. Purchases of traded goods

	For the year ended March 31, 2021	For the year ended March 31, 2020
	(Rs)	(Rs)
Purchases (traded goods)*	1,60,77,70,889	50,54,85,141
	<u>1,60,77,70,889</u>	<u>50,54,85,141</u>

\*Purchase of traded goods represents personal care products.

20. (Increase) in inventories of traded goods

	For the year ended March 31, 2021	For the year ended March 31, 2020
	(Rs)	(Rs)
Inventories of traded goods at the beginning of the year*	13,67,11,147	1,40,30,405
Inventories of traded goods at the end of the year*	(41,34,73,655)	(13,67,11,147)
	<u>(27,67,62,508)</u>	<u>(12,26,80,742)</u>

\*Inventories of traded goods represents personal care products.

21. Employee benefits expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
	(Rs)	(Rs)
Salaries, wages and bonus	21,56,88,977	7,55,55,731
Contribution to provident and other funds	48,78,582	22,26,718
Staff welfare expenses	90,18,131	23,64,979
Gratuity expenses (Refer note 27)	63,48,364	25,46,883
Employee stock compensation expense (Refer note 30)	4,22,40,121	24,37,253
	<u>27,81,74,175</u>	<u>8,51,31,564</u>



Honasa Consumer Private Limited

Notes to the financial statements for the year ended March 31, 2021  
(All amounts in Indian Rupees, except as otherwise stated)

22. Finance costs

	For the year ended March 31, 2021 (Rs)	For the year ended March 31, 2020 (Rs)
Interest:		
Bank overdraft	-	1,016
Others	12,22,908	2,18,888
Bank charges	5,44,050	45,906
	<u>17,66,958</u>	<u>2,65,810</u>

23. Depreciation and amortization expenses

	For the year ended March 31, 2021 (Rs)	For the year ended March 31, 2020 (Rs)
Depreciation of property, plant and equipment	47,02,513	30,91,120
Amortization of intangible assets	9,000	9,000
	<u>47,11,513</u>	<u>31,00,120</u>

24. Other expenses

	For the year ended March 31, 2021 (Rs)	For the year ended March 31, 2020 (Rs)
Contract labour charges	5,94,11,006	80,73,962
Power and fuel	7,97,241	2,59,377
Freight and forwarding charges	54,35,33,674	15,02,00,921
Rent	1,97,90,201	76,62,860
Packaging materials and other consumables	8,37,28,171	-
Rates and taxes	9,30,241	13,67,986
Insurance expenses	9,96,285	3,31,423
Repairs and maintenance	35,57,597	31,04,123
Advertising and sales promotion	1,78,80,76,914	45,84,29,323
Sales commission	13,42,93,934	3,40,38,635
Travelling and conveyance	90,68,727	80,87,768
Communication costs	10,42,397	4,01,049
Printing and stationery	7,70,435	7,58,281
Legal and professional fees	2,82,44,159	1,36,37,749
Software support expenses	4,82,77,545	1,32,88,735
Payment to auditor*	22,05,132	10,47,812
Foreign exchange loss (net)	-	41,112
Provision for doubtful debts	29,77,639	9,25,242
Payment gateway charges	1,13,69,848	60,13,645
Loss on sale of property, plant and equipment	1,20,300	-
Provision for diminution in value of investments	11,15,663	-
Miscellaneous expenses	1,86,110	3,48,656
	<u>2,74,04,93,220</u>	<u>70,80,18,659</u>

\*Payment to auditor

	For the year ended March 31, 2021 (Rs)	For the year ended March 31, 2020 (Rs)
Statutory audit fee (excluding goods and services tax)	22,00,000	10,00,000
Reimbursement of expenses (excluding goods and services tax)	5,132	47,812
	<u>22,05,132</u>	<u>10,47,812</u>



25. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at March 31, 2021: Nil (March 31, 2020: Nil).

(b) For commitments relating to lease arrangements refer note 26.

(c) The holders of all classes of NCCCPS are entitled to call all or part of the securities held by them at valuations prescribed in the shareholders agreement, in the event the Company and the promoters fail to complete either qualified public offer or strategic sale or buyback within the exit period or material breach of the transaction documents by the promoters or the Company, subject to certain conditions prescribed in the shareholders agreement. The Company is confident that it will be able to create an exit for all classes of NCCCPS shareholders by either qualified public offer or strategic sale or buyback in near future and accordingly no provision is required in this regard.

(d) The Company has entered into a celebrity endorsement agreement ('Agreement') dated April 4th, 2018 with Shilpa Shetty Kundra ('Celebrity') and an addendum to the Agreement dated May 30th, 2020. As per the addendum, the celebrity is entitled to Rs. 10,000,000 as fixed remuneration for 1 year from May 30th, 2020 to May 29th, 2021 and additionally Rs 1,000,000 for each of the two workdays of the celebrity. Accordingly, the Company has accounted for the cost over the period of the agreement. As per the agreement, the company would issue to the celebrity a warrant certificate of Rs 10,000,000 on completion of the agreement. 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. Accordingly, the warrant has not yet been exercised and hence no accounting is required to be done as at March 31, 2021.

(e) Contingent Liabilities

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
i) Claims against the Company not acknowledged as debts*	-	-
ii) Bank guarantee**	1,42,71,530	-
	<b>1,42,71,530</b>	<b>-</b>

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

\*\*Includes Bank Guarantees issued in favour of Hewlett Packard Financial Services (India) Pvt Ltd against laptops taken on finance lease.

26. Leases

Operating lease : Company as a lessee

Office and other premises taken on lease

The Company has occupied office facilities and other premises under non-cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expense under non-cancellable operating leases was Rs. 11,260,743 for the year ended March 31, 2021 (for the year ended March 31, 2020 Rs. 2,369,444).

The total future minimum lease payments under the non-cancellable leases are as follows:

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
Within one year	4,11,00,000	3,89,813
After one year but not more than 5 years	5,28,57,500	-
	<b>9,39,57,500</b>	<b>3,89,813</b>

The Company has also occupied office facilities and other premises under cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expense under cancellable operating leases was Rs. 8,529,458 for the year ended March 31, 2021 (for the year ended March 31, 2020: Rs. 5,293,516). Office and other premises are obtained on operating lease for terms ranging from 1-5 years and are renewable at the option of the Company or lessor.

Finance lease : Company as a lessee

Computers & Peripherals taken on lease

The Company has finance leases for computer equipment. These leases have terms of renewal and bargain purchase option. However, there is no escalation clause. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

Period	March 31, 2021		March 31, 2020	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	42,72,561	38,88,850	-	-
After one year but not more than five years	61,17,544	50,45,964	-	-
Total minimum lease payments	1,03,90,105	89,34,814	-	-
Less: amounts representing finance charges	(14,55,292)	-	-	-
<b>Present value of minimum lease payments</b>	<b>89,34,814</b>	<b>89,34,814</b>	<b>-</b>	<b>-</b>

27. Employee benefits

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

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

	March 31, 2021	March 31, 2020
Discount rate	6.76%	6.76%
Salary escalation rate	10.00%	10.00%
Employee turnover	10.00%	10.00%
Retirement age	60	60

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



**Statement of profit and loss**

**Net employee benefit expense recognized in the employee benefits expense**

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
Current service cost	62,43,514	22,80,167
Interest cost on benefit obligation	2,18,832	52,875
Expected return on plan assets	-	-
Net actuarial gain recognized in the year	(1,13,982)	2,13,841
<b>Net benefit expense</b>	<b>63,48,364</b>	<b>25,46,883</b>

**Balance sheet**

**Benefit asset/ (liability)**

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
Present value of defined benefit obligation	(95,85,525)	(32,37,161)
Fair value of plan assets	-	-
<b>Plan asset / (liability)</b>	<b>(95,85,525)</b>	<b>(32,37,161)</b>

**Changes in the present value of the defined benefit obligation are as follows:**

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
Opening defined benefit obligation	32,37,161	6,90,278
Current service cost	62,43,514	22,80,167
Interest cost	2,18,832	52,875
Benefits paid	-	-
Actuarial gains on obligation	(1,13,982)	2,13,841
<b>Closing defined benefit obligation</b>	<b>95,85,525</b>	<b>32,37,161</b>

Amounts for the current and previous two periods are as follows:	March 31, 2021 (Rs)	March 31, 2020 (Rs)	March 31, 2019 (Rs)
Defined benefit obligation	(95,85,525)	(32,37,161)	(6,90,278)
Plan assets	-	-	-
Deficit	(95,85,525)	(32,37,161)	(6,90,278)
Experience adjustments on plan liabilities	(1,13,982)	2,13,841	-
Experience adjustments on plan assets	-	-	-

**28. Earnings/(Loss) per share**

Particulars	March 31, 2021 (Rs)	March 31, 2020 (Rs)
<b>Profit/(Loss) after tax (A)</b>	<b>24,59,18,744</b>	<b>(5,91,94,805)</b>
<b>Weighted average number of equity shares used for calculation of basic earnings per share</b>		
Equity shares of Rs. 10 each (B)	10,210	10,200
Equity shares of Rs. 100 each (C)	2,900	2,900
<b>Potentially dilutive shares</b>		
Equity shares of Rs. 10 each (D)	11,805	-
Equity shares of Rs. 100 each (E)	-	-
<b>Weighted average number of equity shares used for calculation of diluted earnings per share</b>		
Equity shares of Rs. 10 each (F=B+D)	22,015	10,200
Equity shares of Rs. 100 each (G=C+E)	2,900	2,900
<b>Profit/(Loss) for computing Basic and Diluted earnings/(Loss) per share</b>		
Profit/(Loss) for equity shares of Rs 10 each (H)	19,15,20,242	(4,36,69,145)
Profit/(Loss) for equity shares of Rs 100 each (I)	5,43,98,502	(1,24,15,132)
<b>Basic earnings/(loss) per share</b>		
Equity shares of Rs. 10 each (H/B)	18,758	(4,281)
Equity shares of Rs. 100 each (I/C)	18,758	(4,281)
<b>Diluted earnings/(loss) per share</b>		
Equity shares of Rs. 10 each (H/F)	8,699	(4,281)
Equity shares of Rs. 100 each (I/G)	18,758	(4,281)

**Weighted average number of equity shares (basic)**

Particulars	March 31, 2021 (Rs)	March 31, 2020 (Rs)
Opening balances	13,107	13,100
Shares issued during the year	18	7
<b>Weighted average number of equity shares for the year</b>	<b>13,110</b>	<b>13,100</b>

**Weighted average number of equity shares (diluted)**

Particulars	March 31, 2021 (Rs)	March 31, 2020 (Rs)
Weighted average number of equity shares (basic)	13,110	13,100
Effect of exercise of share option	333	-
Effect of convertible preference shares	11,472	-
<b>Weighted average number of equity shares (diluted) for the year</b>	<b>24,915</b>	<b>13,100</b>



29. Related party disclosures

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

**Related parties where control exists**

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

Fireside Ventures Investment Fund-I

SCI Investments VI  
Stellaris Venture Partners  
Sofina Ventures S.A.

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

Key management personnel

**Executive directors**

Varun Alagh  
Ghazal Alagh

Relatives of Key management personnel

Mukesh Alagh

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

Particulars	For the year ended March 31, 2021 (Rs)	For the year ended March 31, 2020 (Rs)
<b>Reimbursement of expenses</b>		
Varun Alagh	1,54,191	17,38,042
Ghazal Alagh	1,28,000	1,27,283
Mukesh Alagh	-	32,702
	<b>2,82,191</b>	<b>18,98,027</b>
<b>Sale of traded goods</b>		
Varun Alagh	999	1,745
Ghazal Alagh	5,115	2,196
Mukesh Alagh	-	1,716
	<b>6,114</b>	<b>5,657</b>
<b>Rent</b>		
Mukesh Alagh	-	9,90,000

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

Particulars	For the year ended March 31, 2021 (Rs)	For the year ended March 31, 2020 (Rs)
<b>Expense payable</b>		
Varun Alagh	43,194	42,225
Ghazal Alagh	-	17,407
	<b>43,194</b>	<b>59,632</b>
<b>Amount Receivable</b>		
Ghazal Alagh	15,000	-
Sofina Ventures S A	2,62,610	-
	<b>2,77,610</b>	<b>-</b>
<b>Employee benefits payable*</b>		
Varun Alagh	5,41,067	3,48,140
Ghazal Alagh	4,01,334	1,58,438
	<b>9,42,401</b>	<b>5,06,578</b>

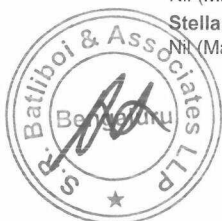
c) Managerial remuneration\* :

Particulars	For the year ended March 31, 2021 (Rs)	For the year ended March 31, 2020 (Rs)
<b>Salary, wages and bonus</b>		
Varun Alagh	63,93,409	40,11,403
Ghazal Alagh	39,43,402	25,86,403
	<b>1,03,36,811</b>	<b>65,97,806</b>

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

d) Issue of Share Capital:

Particulars	For the year ended March 31, 2021 (Rs)	For the year ended March 31, 2020 (Rs)
<b>Issued, subscribed and fully paid-up shares (including securities premium)</b>		
<b>SCI Investments VI</b>		
Nil (March 31, 2020 : 3,346) 0.001% Class D NCCCPs of Rs. 10/- each	-	1,03,75,60,768
<b>Fireside Ventures Investment Fund-I</b>		
Nil (March 31, 2020 : 363) 0.001% Class D NCCCPs of Rs. 10/- each	-	11,25,62,630
<b>Stellaris Venture Partners</b>		
Nil (March 31, 2020 : 363) 0.001% Class D NCCCPs of Rs. 10/- each	-	11,25,62,630
	-	<b>1,26,26,86,028</b>



### 30. Employee stock option plan

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

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

Particulars	March 31, 2021	March 31, 2020
Vesting period	4 years	4 years
Grant dates	Various	Various
Exercise period	Till the resignation of the employee	Till the resignation of the employee
Exercise price	Rs. 25,889, Rs. 54,522 and 263,566	Rs. 25,889, Rs. 54,522 and 263,566
Intrinsic value on date of grant	Rs. 25,889, Rs. 54,522, Rs 263,566, Rs. 869,248 and Rs. 1,054,529	Rs. 25,889, Rs. 54,522 and 263,566

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

Particulars	March 31, 2021		March 31, 2020	
	No. of options	WAEP (Rs)	No. of options	WAEP (Rs)
Outstanding at the beginning of the year	279	1,16,143	167	51,264
Granted during the year	168	2,63,566	140	1,81,232
Forfeited during the year	-	-	21	54,512
Exercised during the year	18	49,742	7	54,512
Outstanding at the end of the year	429	1,76,662	279	1,16,143
Exercisable at the end of the year	75	1,05,156	42	49,383

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

### 31. Value of imports calculated on CIF basis

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
Purchases of traded goods	-	-
	-	-

### 32. Earnings in foreign currency

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
Sale of products	8,22,69,598	86,22,684
	<b>8,22,69,598</b>	<b>86,22,684</b>

### 33. Expenditure in foreign currency (on accrual basis):

	March 31, 2021 (Rs)	March 31, 2020 (Rs)
Software support expenses	42,92,744	6,53,170
Travelling and conveyance	26,467	2,67,943
Advertising and sales promotion	2,53,55,924	34,93,525
Sales commission	-	10,88,895
Freight and forwarding charges	12,75,080	17,70,368
	<b>3,09,50,215</b>	<b>72,73,901</b>



34. Unhedged foreign currency exposure

		March 31, 2021		March 31, 2020	
		FC Value	(Rs)	FC Value	(Rs)
Trade payable	-AED	12,09,850	2,41,36,508	-	-
	-USD	691	50,770	-	-
Trade receivable	-AED	11,22,265	2,24,34,073	-	-
	-USD	2,19,372	1,61,24,873	3,083	2,32,370
Advance from customers	-GBP	2,884	2,71,531	-	-
	-USD	940	69,058	-	-
Advance to Suppliers	-AED	40,000	7,98,000	-	-
Cash in hand	-AED	670	13,364	-	-
		<b>25,96,671</b>	<b>6,38,98,176</b>	<b>3,083</b>	<b>2,32,370</b>

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

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

Particulars	March 31, 2021 (Rs)	March 31, 2020 (Rs)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	12,03,61,360	7,68,76,497
Interest due on above	8,52,597	40,181
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	8,52,597	40,181
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	9,47,711	95,114

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

36. The Code on Social Security, 2020 (the "Code") relating to employee benefits during employment and post-employment benefits, received President's 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 accordingly.

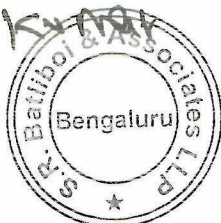
37. The Company has considered the possible effects that may result from the COVID-19 pandemic on the carrying value of assets including property, plant and equipment, intangible assets, loans, inventories and receivables. The Company has used the principles of prudence in applying judgements, estimates and assumptions and based on the current estimates, the Company expects to fully recover the carrying amount of its assets. The impact of the pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to its assessment of economic impact of COVID- 19 pandemic.

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

As per our report of even date

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

per Rajeev Kumar  
Partner  
Membership no. 213803  
Place: Bengaluru, India  
Date: September 16, 2021



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

For HONASA CONSUMER PVT. LTD. HONASA CONSUMER PVT. LTD.

Varun Alagh  
Director  
DIN: 07597289  
Place: New Delhi, India  
Date: September 16, 2021

Ghazal Alagh  
Director  
DIN: 07608292  
Place: New Delhi, India  
Date: September 16, 2021