



May 23, 2024

To,
Listing Department
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051

To,
Listing Department
BSE LIMITED
P. J. Towers,
Dalal Street,
Mumbai – 400 001

Scrip Symbol: HONASA

Scrip Code: 544014

Sub: Outcome of Board Meeting pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)

Dear Sir / Madam,

This is to inform you that the Board of Directors of the Company in its meeting held today i.e. May 23, 2024, inter-alia:

Approved the Audited Standalone & Consolidated Financial Results of the Company for the quarter and year ended March 31, 2024.

A signed copy of the above Financial Results (Standalone & Consolidated) along with Auditors’ Reports thereon is attached herewith as “**Annexure – A**”.

We would like to inform that M/s S. R. Batliboi and Associates LLP, Statutory Auditors of the Company has issued audit reports with unmodified opinion on the Audited Financial Results (Standalone and Consolidated) for the financial year ended March 31, 2024.

The meeting commenced at 03:00 PM and concluded at 04:30 PM.

This is for your information, records and meeting the disclosure requirements as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you,

Yours faithfully

For, **HONASA CONSUMER LIMITED**

DHANRAJ DAGAR
COMPANY SECRETARY & COMPLIANCE OFFICER
Encl: a/a

Honasa Consumer Limited

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

Corporate Office: 10th & 11th Floor, Capital Cyberscape, Ullahwas, Sector-59, Gurugram, Haryana - 122102

Email: info@mamaearth.in; Phone: 011 - 44123544 | Website: www.honasa.in

| CIN: U74999DL2016PLC306016 |

Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Honasa Consumer Limited

Report on the audit of the Standalone Financial Results**Opinion**

We have audited the accompanying statement of quarterly and year to date standalone financial results of Honasa Consumer Limited (the "Company") for the quarter and year ended March 31, 2024 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income/(loss) and other financial information of the Company for the quarter and year ended March 31, 2024.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income/(loss) of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.

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



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Other Matter

The Statement includes the results for the quarter ended March 31, 2024 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2024 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per Rajeev Kumar
Partner

Membership No.: 213803

UDIN: 24213803BKGLW1832

Place: Mumbai

Date: May 23, 2024





Honasa Consumer Limited

CIN: U74999DL2016PLC306016

Registered office: Unit No - 404, 4th floor, City Centre, Plot No 05, Sector-12, Dwarka, New Delhi - 110075, India

Website: www.honasa.in; Email: compliance@mamaearth.in; Telephone: +91 124 4071960

Statement of Audited Standalone Financial Results for the quarter and year ended March 31, 2024

(Amount in Rs. Million)

Particulars	Quarter ended			Year ended	
	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	March 31, 2023
	Audited (Refer note 2)	Unaudited	Unaudited (Refer note 2)	Audited	Audited
Income					
Revenue from operations	4,271.67	4,508.92	3,603.26	17,643.89	13,948.03
Other income	182.54	109.64	68.22	481.35	204.36
Total income	4,454.21	4,618.56	3,671.48	18,125.24	14,152.39
Expenses					
Purchases of traded goods	1,387.44	1,278.65	1,090.07	5,530.63	4,830.83
(Increase)/Decrease in inventories of traded goods	(88.67)	139.53	72.06	(128.49)	(496.37)
Employee benefits expense	411.24	406.17	326.20	1,580.18	1,253.46
Depreciation and amortization expenses	77.34	59.05	45.83	228.72	147.80
Finance costs	26.53	21.35	13.53	71.90	50.57
Other expenses	2,271.89	2,343.12	2,037.84	9,361.51	7,859.37
Change in fair value of derivative liability (refer note 7(b))	-	-	38.90	(102.00)	54.20
Total expenses	4,085.77	4,247.87	3,624.43	16,542.45	13,699.86
Profit/(loss) before exceptional items and taxes	368.44	370.69	47.05	1,582.79	452.53
Exceptional items					
Impairment loss on investment in subsidiary (refer note 7(a))	-	-	(1,525.37)	-	(1,525.37)
Profit/(loss) before tax	368.44	370.69	(1,478.32)	1,582.79	(1,072.84)
Tax expenses					
Current tax	96.01	75.69	36.75	352.40	160.00
Deferred tax charge/(credit)	5.31	5.86	(0.17)	20.73	(27.28)
Total tax expenses	101.32	81.55	36.58	373.13	132.72
Profit/(loss) after tax	267.12	289.14	(1,514.90)	1,209.66	(1,205.56)
Other comprehensive income/(loss) (OCI)					
Items that will not be reclassified subsequently to profit or loss:					
Re-measurement gains/(losses) on defined benefit plans	(0.15)	2.87	0.43	3.10	3.13
Income tax effect on above	0.04	(0.73)	(0.11)	(0.78)	(0.79)
Total other comprehensive income/(loss), net of tax	(0.11)	2.14	0.32	2.32	2.34
Total comprehensive income/(loss), net of tax	267.01	291.28	(1,514.58)	1,211.98	(1,203.22)
Earnings/(loss) per equity share (of Rs. 10/- each) (not annualised)					
a) Basic	0.85	0.91	(4.94)	3.86	(3.93)
b) Diluted	0.85	0.90	(4.94)	3.84	(3.93)
Paid up share capital (Face value Rs. 10/- each, fully paid)	3,242.44	3,217.47	1,363.36	3,242.44	1,363.36
Other equity				8,002.28	4,905.42



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Audited Standalone Balance Sheet as of March 31, 2024

(Amount in Rs. Million)

Particulars	As at	
	March 31, 2024	March 31, 2023
	Audited	Audited
Assets		
Non-current assets		
Property, plant and equipment	109.54	72.43
Capital work in progress	2.88	-
Goodwill	8.89	8.89
Other intangible assets	522.30	526.50
Right-of-use assets	1,057.34	656.24
Investments in subsidiaries	1,522.31	1,333.90
Financial assets		
Loans	160.00	105.00
Other financial assets	1,885.87	702.16
Income tax assets (net)	-	33.43
Other non-current assets	9.80	4.27
Total non-current assets	5,278.93	3,442.82
Current assets		
Inventories	1,149.74	1,026.36
Financial assets		
Investments	2,734.58	2,584.95
Trade receivables	1,468.03	1,143.48
Cash and cash equivalents	1,009.96	16.72
Bank balances other than cash and cash equivalents	3,785.80	517.52
Other financial assets	430.49	341.30
Other current assets	273.34	319.20
Total current assets	10,851.94	5,949.53
Total assets	16,130.87	9,392.35
Equity and liabilities		
Equity		
Equity share capital	3,242.44	1,363.36
Instruments entirely in the nature of equity	-	17,929.36
Other equity	8,002.28	(13,023.94)
Total equity	11,244.72	6,268.78
Non-current liabilities		
Financial liabilities		
Lease liabilities	959.31	588.03
Provisions	66.01	43.52
Deferred tax liabilities (net)	26.74	5.23
Total non-current liabilities	1,052.06	636.78
Current liabilities		
Financial liabilities		
Borrowings	-	36.09
Lease liabilities	142.61	110.38
Trade payables		
Total outstanding due of micro enterprises and small enterprises	109.05	45.06
Total outstanding due of creditors other than micro enterprises and small enterprises	2,620.72	1,756.48
Other financial liabilities	199.87	197.23
Provisions	58.00	38.21
Other current liabilities	657.33	263.96
Income tax liability (net)	46.51	39.38
Total current liabilities	3,834.09	2,486.79
Total liabilities	4,886.15	3,123.57
Total equity and liabilities	16,130.87	9,392.35



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Audited Standalone Statement of Cash Flows for the year ended 31 March, 2024

(Amount in Rs. Million)

Particulars	Year ended	
	March 31, 2024	March 31, 2023
	Audited	Audited
Cash flow from operating activities:		
Profit/(loss) before tax	1,582.79	(1,072.84)
Adjustments to reconcile Profit/(loss) before tax to net cash flows:		
Depreciation of property, plant and equipment	35.90	16.98
Amortisation of intangible assets	4.20	23.35
Depreciation of right-of-use-assets	188.62	107.47
Provision for doubtful debts	109.50	48.43
Provision for slow moving inventory	5.38	79.33
Share based payments expenses (equity settled)	172.37	234.70
Share based payments expenses (cash settled)	-	7.59
Impairment loss on investment in subsidiary (refer note 7(a))	-	1,525.37
Fair value gain on investments measured at fair value through profit and loss ('FVTPL')	(162.57)	(16.52)
Change in fair valuation of derivative liability (refer note 7(b))	(102.00)	54.20
Gain on sale of investments measured at FVTPL	(12.69)	(77.16)
Gain on lease modification	(36.91)	-
Interest income	(259.46)	(98.06)
Finance costs	71.90	50.57
Provision for Doubtful Advance	3.94	-
Operating cash flow before working capital changes	1,600.97	883.41
Movement in working capital:		
(Increase) Trade receivables	(434.05)	(633.48)
(Increase) in Other financial assets	(48.56)	(244.06)
Increase in Trade payables	928.23	171.66
(Decrease) in Financial liabilities	93.58	15.43
Increase in Provisions	45.38	40.88
(Increase) in Inventories	(128.76)	(463.83)
(Decrease) / Increase in Other liabilities	393.37	147.24
(Increase) in Other assets	41.92	(25.60)
Cash flow generated from/(used in) operating activities	2,492.08	(108.35)
Income tax paid	(311.84)	(120.61)
Net cash flow generated from/(used in) operating activities [A]	2,180.24	(228.96)
Cash flow from Investing activities:		
Purchase of property, plant and equipment (including capital work in progress, capital advances and payable for capital goods)	(70.37)	(77.04)
Payment of Initial direct costs on leases	(1.88)	(4.86)
Investment in subsidiaries	(230.08)	(798.21)
Loan to subsidiaries	(55.00)	(105.00)
(Investment in)/Redemption of bank deposits (net)	(4,393.30)	118.32
Purchase of current investment	(745.04)	(1,520.50)
Redemption of current investment	770.67	2,333.24
Interest received	137.59	83.67
Net cash flow generated (used in) / from investing activities [B]	(4,587.41)	29.62
Cash flow from Financing activities:		
Proceeds from issuance of equity shares, net of share issue expenses	3,633.25	49.01
Principal repayment of lease liabilities	(124.86)	(64.74)
Interest on lease liabilities	(67.56)	(44.95)
Finance cost paid	(4.33)	(5.62)
Net cash flows (used in)/generated from financing activities [C]	3,436.50	(66.30)
Net increase/ (decrease) in cash and cash equivalents [A+B+C]	1,029.33	(265.64)
Cash and cash equivalents at the beginning of the period	(19.37)	246.27
Cash and cash equivalents at the end of the period	1,009.96	(19.37)
Components of cash and cash equivalents		
Balance with banks		
- On current accounts	256.61	15.14
Cash in hand	2.65	1.58
Deposits with remaining maturity of less than or equal to three months	750.70	-
Less: Bank overdraft	-	(36.09)
Total cash and cash equivalents	1,009.96	(19.37)



Notes to the Audited Standalone Financial Results

- 1 The above Standalone Financial Results of Honasa Consumer Limited (the 'Company') (formerly known as Honasa Consumer Private Limited) have been prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules thereunder and in terms of the Regulation 33 of the Securities Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended. These Standalone Financial Results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 23, 2024.
- 2 The figures for the quarter ended March 31, 2024 and corresponding quarter ended March 31, 2023 are the derived balancing figures between audited figures in respect of full financial year ended March 31, 2024 and March 31, 2023 respectively and the unaudited figures of nine months ended December 31, 2023 and December 31, 2022 respectively. The standalone financial results for the nine months ended December 31, 2022 have been prepared solely based on the information compiled by the Company and has been approved by the Board of Directors which have not been audited or reviewed by our statutory auditors.
- 3 During the quarter ended March 31, 2024, the employees of the Company have exercised 2,497,400 employee stock options and the Company has allotted 2,497,400 equity shares of Rs 10 each thereon.
- 4 During the year ended March 31, 2024, the Company has completed its Initial Public Offer (IPO) of 52,515,692 equity shares of face value of Rs. 10 each at an issue price of Rs. 324 per share (including a share premium of Rs. 314 per share). A discount of Rs. 30 per share was offered to eligible employees bidding in the employee's reservation portion of 22,678 equity shares. The issue comprised of a fresh issue of 11,267,530 equity shares aggregating to Rs. 3,650 Million and offer for sale of 41,248,162 equity shares by selling shareholders aggregating to Rs. 13,364.40 Million. Pursuant to the IPO, the equity shares of the Holding Company were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on November 07, 2023.
- 5 The utilisation of the IPO proceeds from fresh issue of Rs 3,504.92 million (net of IPO expenses of Rs 145.08 million) is summarized below:

Particulars	Amount to be utilised as per Prospectus (Rs million)	Utilisation upto March 31, 2024 (Rs million)	Unutilised upto March 31, 2024 (Rs million)
Advertisement expenses towards enhancing the awareness and visibility of brands	1,820.00	58.09	1,761.91
Capital expenditure to be incurred by the Company for setting up new EBOs	206.00	5.21	200.79
Investment in Subsidiary, BBlunt for setting up new salons	260.00	-	260.00
General corporate purposes and unidentified inorganic acquisition	1,218.92	-	1,218.92
Total	3,504.92	63.30	3,441.62

- 6 The Company is principally engaged in trading of variety of beauty and personal care products and related services with products across baby care, skin care, hair and other related personal care categories which are manufactured through third party contract manufacturers. Accordingly, these, in the context of Ind AS 108 on operating segments reporting, are considered to constitute one segment by the Chief Operating Decision Maker and hence the Company has not made any additional segment disclosures.
- 7 (a) The business of Just4kids Services Private Limited ("Momspresso") was acquired to expand content and influencer management capabilities and to strengthen content creation capabilities by enabling the access to a large and ready library of the relevant content of Momspresso. However, the performance and profitability of Momspresso was deteriorating with the business significantly underperforming vis-à-vis the business plan during the year ended March 31, 2023. Further the business synergies envisaged from the investment could not be realized despite best efforts of the management. Accordingly, the management has accounted for an Impairment loss of Rs. 1,525.37 Million on investment in Just4Kids Services Private Limited and the same has been disclosed as an exceptional item during the year ended March 31, 2023.

(b) Pursuant to the Shareholders Agreement between the Company and erstwhile shareholders of Just4kids Services Private Limited, both the parties had the obligation to purchase and sell the remaining shares of the existing shareholders at a pre-agreed valuation. This had been treated as a derivative instrument and fair valued through profit and loss account and accordingly an amount of Rs 102 million was accounted as derivative liability as at March 31, 2023. Further, the promoters of Momspresso were also entitled to retention bonus from the Company in the form of employee stock options of the Company, subject to vesting conditions. Subsequently, the promoters of Momspresso have resigned from their employment and the vesting conditions of the employee stock options were not fulfilled. Accordingly, the Company has reversed the share based payment reserve of Rs 47.47 Million during the current financial year. During the current financial year, the Company has acquired the remaining stake in Just4Kids Services Private Limited on September 12, 2023 based on the Share Purchase Agreement entered on August 25, 2023 for a consideration of Rs. 230.08 Million. Accordingly, considering that the liability was settled at a value which was lower than the initial agreed valuation, the change in fair value of derivative liability of Rs 102 Million has been reversed during the current financial year on completion of balance stake acquisition.
- 8 During the previous financial year, the Company acquired 65.49% in Fusion Cosmeceutics Private Limited by virtue of Share Purchase and Share Subscription Agreement which is into the business of trading skin care and beauty products under the brand "Dr. Sheth's". The Company acquired 861,308 equity shares of Rs 10 each and 373,306 0.001% Compulsorily Convertible Preference Shares of Rs 10 each at an aggregate consideration of Rs 141.23 Million and further, committed subscription amount of Rs. 100 Million which has been infused. The Company has further acquired the remaining stake of 34.51% for a consideration of Rs. 300 million.
- 9 During the previous financial year, the Company incorporated Honasa Consumer General Trading L.L.C., a company based in UAE. The Company subscribed to the share capital and invested an amount of Rs 2.34 Million during the year ended March 31, 2023.



- 10 RSM General Trading LLC ('RSM'), an overseas distributor of the Company had filed a legal suit against the Company in the Court of First Instance in UAE on the grounds that the Distributorship Agreement between RSM and the Company has been terminated illegally by the Company without complying with provisions of the Distributorship Agreement and RSM has claimed damages to the tune of AED 45 million (equivalent to Rs 1,001.25 million) citing various reasons such as loss of future business opportunities, moral damage, recovery towards damaged inventory etc. An expert was appointed by the Court to support on factual commercial matters. The expert in his final report had held that termination of the distributor was in accordance with the terms of Agreement. Subsequent to the year end, the Court in its hearing held on May 16, 2024, has ordered the Company to pay an amount of AED 25.07 million (equivalent to Rs 576.65 million) plus interest at the rate of 5% from the date of order till the date of payment. The management is in the process of filing an appeal. The Company's counsel are of the view that the Court Order is devoid of merits and erroneous on several points and have completely disregarded the favourable expert report. Accordingly, the Company is confident of a favourable decision on conclusion of the appeal and does not expect any material financial impact.
- 11 Subsequent to the year ended March 31, 2024, the Board of Directors of the Company and its wholly owned subsidiaries Fusion Cosmeceutics Private Limited ('Transferor Company-1') and Just4Kids Services Private Limited ('Transferor Company-2'), have approved the Scheme of Amalgamation between the Company, Transferor Company-1, Transferor Company-2 and their respective shareholders and creditors (hereinafter referred to as "the Scheme") in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 to transfer the business of Transferor Company-1 and Transfer Company-2 to the Company. The Company has filed the scheme with the regulatory authorities and is awaiting the necessary approvals. Pending such approvals, the Scheme has not been accounted for in the accompanying audited standalone financial results for the year ended March 31, 2024.
- 12 Subsequent to the year ended March 31, 2024, the Company has entered into an asset purchase agreement with Cosmogensis Cosmetics to acquire formulations expertise, research and development lab along with a small manufacturing facility for a purchase consideration of Rs. 40 million.

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



Varun Aggh
Chairperson, Whole Time Director and CEO
DIN:07597289
Gurugram
May 23, 2024



Independent Auditor's Report on the Quarterly and Year to Date Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Honasa Consumer Limited

Report on the audit of the Consolidated Financial Results**Opinion**

We have audited the accompanying statement of quarterly and year to date consolidated financial results of Honasa Consumer Limited ("Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter and year ended March 31, 2024 ("Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate audited financial statements and other financial information of the subsidiaries, the Statement:

- i. includes the results of the following entities;
 - (i) Just4Kids Services Private Limited
 - (ii) Bhabani Blunt Hairdressing Private Limited
 - (iii) B:Blunt-Spratt Hairdressing Private Limited
 - (iv) Fusion Cosmeceutics Private Limited (w.e.f. April 06, 2022)
 - (v) Honasa Consumer General Trading LLC (w.e.f. June 23, 2022)
 - (vi) PT Honasa Consumer Indonesia
- ii. are presented in accordance with the requirements of the Listing Regulations in this regard; and
- iii. gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the consolidated net profit and other comprehensive income/(loss) and other financial information of the Group for the quarter and year ended March 31, 2024.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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 obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Management's Responsibilities for the Consolidated Financial Results

The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net profit and other comprehensive income/(loss) and other financial information of the Group in accordance with the applicable accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

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

Those Charged with Governance are also responsible for overseeing the financial reporting process of their respective companies.

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

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.

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



S.R. BATLIBOI & ASSOCIATES LLP

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- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group which we are the independent auditors to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the Master Circular issued by the Securities Exchange Board of India under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

Other Matter

The accompanying Statement includes the audited financial statements and other financial information, in respect of:

- 5 subsidiaries, whose financial statements include (before elimination) total assets of Rs 1,074.66 million as at March 31, 2024, total revenues of Rs 457.31 million and Rs 1,573.19 million, total net profit after tax of Rs. 40.21 million and Rs 8.75 million, total comprehensive income/(loss) of Rs 40.07 million and Rs 8.22 million, for the quarter and the year ended on that date respectively, and net cash outflow of Rs 6.05 million for the year ended March 31, 2024, as considered in the Statement which have been audited by their respective independent auditors.

The independent auditor's report on the financial statements and other financial information of these entities have been furnished to us by the Management and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.

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

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.



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The Statement includes the results for the quarter ended March 31, 2024 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2024 and the published unaudited year-to-date figures up to the end of the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per Rajeev Kumar

Partner

Membership No.: 213803

UDIN: 24213803BK6W4578

Place: Mumbai

Date: May 23, 2024





Honasa Consumer Limited

CIN: U74999DL2016PLC306016

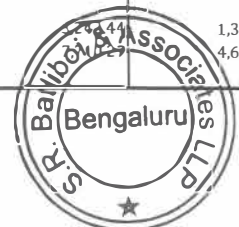
Registered office: Unit No - 404, 4th floor, City Centre, Plot No 05, Sector-12, Dwarka, New Delhi - 110075, India

Website: www.honasa.in; Email: compliance@mamaearth.in; Telephone: +91 124 4071960

Statement of Audited Consolidated Financial Results for the quarter and year ended March 31,2024

(Amount in Rs. Million)

Particulars	Quarter ended			Year ended	
	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	March 31, 2023
	Audited (Refer note 2)	Unaudited	Unaudited (Refer note 2)	Audited	Audited
Income					
Revenue from operations	4,710.94	4,882.15	3,878.55	19,199.04	14,927.48
Other income	190.48	109.66	62.11	497.01	225.20
Total income	4,901.42	4,991.81	3,940.66	19,696.05	15,152.68
Expenses					
Purchases of traded goods	1,495.67	1,367.15	1,181.83	5,935.66	5,024.23
(Increase)/Decrease in inventories of traded goods	(80.44)	164.40	37.18	(128.38)	(556.90)
Employee benefits expense (refer note 7(b))	447.79	441.66	419.64	1,705.63	1,648.80
Depreciation and amortization expenses	97.75	80.59	76.62	306.17	249.64
Finance costs	31.41	26.39	17.37	90.41	66.63
Other expenses	2,516.70	2,564.43	2,269.26	10,315.26	8,583.71
Total expenses	4,508.88	4,644.62	4,001.90	18,224.75	15,016.11
Profit/(loss) before exceptional items and taxes	392.54	347.19	(61.24)	1,471.30	136.57
Exceptional items					
Impairment loss on investment in subsidiary (refer note 7(a))	-	-	(1,546.97)	-	(1,546.97)
Profit/(loss) before tax	392.54	347.19	(1,608.21)	1,471.30	(1,410.40)
Tax expenses					
Current tax	98.67	81.16	44.01	368.01	171.78
Deferred tax charge/(credit)	(10.88)	7.02	(34.64)	(1.99)	(72.52)
Total tax expenses	87.79	88.18	9.37	366.02	99.26
Profit/(loss) after tax	304.75	259.01	(1,617.58)	1,105.28	(1,509.66)
Other comprehensive income/(loss) (OCI)					
Items that will not be reclassified subsequently to profit or loss:					
Re-measurement gains/(losses) on defined benefit plans	(0.32)	2.87	(0.61)	2.41	4.36
Income tax effect on above	(0.09)	(0.72)	0.19	(0.78)	(1.02)
Items that will be reclassified subsequently to profit or loss:					(0.55)
Net exchange (loss)/ gain on translation of foreign operations	(0.22)	(0.30)	(0.55)	(0.48)	-
Total other comprehensive income/(loss), net of tax	(0.63)	1.85	(0.97)	1.15	2.79
Total comprehensive income/(loss), net of tax	304.12	260.86	(1,618.55)	1,106.43	(1,506.87)
Profit/(Loss) after tax attributable to:	304.75	259.01	(1,617.58)	1,105.28	(1,509.66)
Owners of the company	304.75	259.01	(1,599.71)	1,117.75	(1,428.09)
Non-controlling interests	-	-	(17.87)	(12.47)	(81.57)
Other comprehensive income/(loss), net of tax attributable to:	(0.63)	1.85	(0.97)	1.15	2.79
Owners of the company	(0.63)	1.85	(0.99)	1.15	2.77
Non-controlling interests	-	-	0.02	-	0.02
Total comprehensive income/(loss), net of tax attributable to:	304.12	260.86	(1,618.55)	1,106.43	(1,506.87)
Owners of the company	304.12	260.86	(1,600.70)	1,118.90	(1,425.32)
Non-controlling interests	-	-	(17.85)	(12.47)	(81.55)
Earnings/(loss) per equity share (of Rs. 10/- each) (not annualised)					
a) Basic	0.97	0.82	(5.22)	3.57	(4.66)
b) Diluted	0.97	0.81	(5.22)	3.55	(4.66)
Paid up share capital (Face value Rs. 10/- each, fully paid)	3,242.44	3,217.47	1,363.36	3,242.44	1,363.36
Other equity	-	-	-	-	4,695.65



Honasa Consumer Limited
CIN: U74999DL2016PLC306016

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Website: www.honasa.in; Email: compliance@mamaearth.in; Telephone: +91 124 4071960

Audited Consolidated Balance Sheet as at March 31, 2024

(Amount in Rs. Million)

Particulars	As at	
	March 31, 2024	March 31, 2023
	Audited	Audited
Assets		
Non-current assets		
Property, plant and equipment	199.60	134.25
Capital work in progress	4.63	-
Goodwill	527.75	527.75
Other intangible assets	1,017.51	1,036.72
Right-of-use assets	1,242.61	825.91
Financial assets		
Other financial assets	2,008.29	790.00
Income tax assets (net)	8.88	40.87
Other non-current assets	9.80	4.27
Deferred tax assets (net)	17.98	-
Total non-current assets	5,037.05	3,359.77
Current assets		
Inventories	1,228.36	1,109.77
Financial assets		
Investments	2,917.69	2,600.38
Trade receivables	1,593.76	1,307.79
Cash and cash equivalents	1,070.21	82.55
Bank balances other than cash and cash equivalents	3,786.30	598.02
Other financial assets	392.94	335.81
Other current assets	294.13	371.77
Total current assets	11,283.39	6,406.09
Total assets	16,320.44	9,765.86
Equity and liabilities		
Equity		
Equity share capital	3,242.44	1,363.36
Instruments entirely in the nature of equity	-	17,929.36
Other equity	7,710.27	(13,233.71)
Equity attributable to equity holders of the parent	10,952.71	6,059.01
Non-controlling interest	-	-
Total equity	10,952.71	6,059.01
Non-current liabilities		
Financial liabilities		
Lease liabilities	1,124.50	739.38
Provisions	73.17	60.61
Deferred tax liabilities (net)	30.87	14.10
Total non-current liabilities	1,228.54	814.09
Current liabilities		
Financial liabilities		
Borrowings	-	36.09
Lease liabilities	185.19	146.43
Trade payables		
Total outstanding due of micro enterprises and small enterprises	159.18	86.59
Total outstanding due of creditors other than micro enterprises and small	2,781.89	1,880.13
Other financial liabilities	226.51	373.33
Provisions	61.84	40.34
Other current liabilities	673.57	290.47
Income tax liability (net)	51.01	39.38
Total current liabilities	4,139.19	2,892.76
Total liabilities	5,367.73	3,706.85
Total equity and liabilities	16,320.44	9,765.86



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Audited Consolidated Statement of Cash Flows for the year ended 31 March,2024

(Amonut in Rs. Million)

Particulars	Year ended	
	March 31, 2024	March 31, 2023
	Audited	Audited
Cash flow from operating activities:		
Profit/(loss) before tax	1,471.30	(1,410.40)
Adjustments to reconcile Profit/(loss) before tax to net cash flows:		
Depreciation of property, plant and equipment ('PPE')	55.62	25.72
Amortisation of intangible assets	19.53	71.54
Depreciation of right-of-use-assets	231.02	152.38
Allowance for bad and doubtful debts	103.55	48.09
Provision for slow moving inventory	9.59	79.33
Loss on sale/disposal of PPE	11.00	-
Share based payments expenses (equity settled)(refer note 7(b))	130.69	273.91
Share based payments expenses (cash settled)	-	7.59
Impairment loss on goodwill and other intangible assets	-	1,546.97
Fair value gain on investments measured at fair value through profit and loss ('FVTPL')	(167.22)	(17.12)
Gain on sale of investments measured at FVTPL	(13.35)	(77.41)
Gain on lease modification	(38.88)	-
Interest income	(254.32)	(110.02)
Provision for Doubtful Advance	3.94	-
Finance costs	90.41	66.63
Operating cash flow before working capital changes	1,652.88	657.21
Movement in working capital:		
(Increase) Trade receivables	(389.51)	(695.81)
(Increase) in Other financial assets	(20.41)	(249.55)
Increase in Trade payables	974.34	246.43
Increase in Financial liabilities	95.41	22.71
Increase in Provisions	36.46	42.94
(Increase) in Inventories	(128.18)	(524.36)
Increase in Other liabilities	383.09	150.02
Decrease/(Increase) in Other assets	73.70	(40.48)
Cash flow generated from/(used in) operating activities	2,677.78	(390.89)
Income tax paid	(324.40)	(124.65)
Net cash flow generated from/(used in) operating activities [A]	2,353.38	(515.54)
Cash flow from Investing activities:		
Purchase of property, plant and equipment (including capital work in progress, capital advances and payable for capital goods)	(117.68)	(117.19)
Purchase of intangible assets, including payable for capital goods	(0.32)	-
Payment of Initial direct costs on leases	(1.88)	(8.13)
Redemption/(Investment in) of bank deposits	(4,331.57)	49.94
Purchase of current investment	(940.81)	(1,545.72)
Sale proceeds of current investment	790.72	2,424.95
Interest received	133.40	89.11
Acquisition of subsidiaries, net of cash acquired	-	(139.17)
Settlement of consideration payable	-	(20.53)
Settlement of NCI Liability	(230.08)	(4.63)
Further acquisition of NCI	-	(300.00)
Net cash flow generated (used in) / from investing activities [B]	(4,698.22)	428.63
Cash flow from Financing activities:		
Repayment of borrowings	-	(24.70)
Proceeds from issuance of equity shares (net)	3,633.25	49.01
Principal repayment of lease liabilities	(174.25)	(98.23)
Interest on lease liabilities	(82.51)	(55.65)
Finance cost paid	(7.90)	(10.99)
Payment of Initial direct costs	-	-
Net cash flows (used in)/generated from financing activities [C]	3,368.59	(140.56)
Net increase/ (decrease) in cash and cash equivalents [A+B+C]	1,023.75	(227.47)
Cash and cash equivalents at the beginning of the period	46.46	303.88
Less: Bank overdraft on date of acquisition during the period/year	-	(29.95)
Cash and cash equivalents at the end of the period	1,070.21	46.46
Components of cash and cash equivalents		
Balance with banks		
- On current accounts	315.77	80.22
Cash in hand	3.74	2.33
Deposits with remaining maturity of less than or equal to three months	750.70	-
Less: Bank overdraft	-	(36.09)
Total cash and cash equivalents	1,070.21	46.46



Notes to the Audited Consolidated Financial Results

- The above Consolidated Financial Results of Honasa Consumer Limited (the 'Holding Company') (formerly known as Honasa Consumer Private Limited) together with its subsidiaries (collectively the 'Group') have been prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules thereunder and in terms of the Regulation 33 of the Securities Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended. These Consolidated Financial Results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 23, 2024.
- The figures for the quarter ended March 31, 2024 and corresponding quarter ended March 31, 2023 are the derived balancing figures between audited figures in respect of full financial year ended March 31, 2024 and March 31, 2023 respectively and the unaudited figures of nine months ended December 31, 2023 and December 31, 2022 respectively. The consolidated financial results for the nine months ended December 31, 2022 have been prepared solely based on the information compiled by the Group and has been approved by the Board of Directors which have not been audited or reviewed by our statutory auditors.
- During the quarter ended March 31, 2024, the employees of the Group have exercised 2,497,400 employee stock options and the Holding Company has allotted 2,497,400 equity shares of Rs 10 each thereon.
- During the year ended March 31, 2024, the Holding Company has completed its Initial Public Offer (IPO) of 52,515,692 equity shares of face value of Rs. 10 each at an issue price of Rs. 324 per share (including a share premium of Rs. 314 per share). A discount of Rs. 30 per share was offered to eligible employees bidding in the employee's reservation portion of 22,678 equity shares. The issue comprised of a fresh issue of 11,267,530 equity shares aggregating to Rs. 3,650 Million and offer for sale of 41,248,162 equity shares by selling shareholders aggregating to Rs. 13,364.40 Million. Pursuant to the IPO, the equity shares of the Holding Company were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on November 07, 2023.
- The utilisation of the IPO proceeds from fresh issue of Rs 3,504.92 million (net of IPO expenses of Rs 145.08 million) is summarized below:

Particulars	Amount to be utilised as per Prospectus (Rs million)	Utilisation upto March, 2024 (Rs million)	Unutilised upto March 31, 2024 (Rs million)
Advertisement expenses towards enhancing the awareness and visibility of brands	1,820.00	58.09	1,761.91
Capital expenditure to be incurred by the Company for setting up new EBOs	206.00	5.21	200.79
Investment in Subsidiary, BBlunt for setting up new salons	260.00	-	260.00
General corporate purposes and unidentified inorganic acquisition	1,218.92	-	1,218.92
Total	3,504.92	63.30	3,441.62

- The Group is principally engaged in trading of variety of beauty and personal care products and related services with products across baby care, skin care, hair and other related personal care categories which are manufactured through third party contract manufacturers. Accordingly, these, in the context of Ind AS 108 on operating segments reporting are considered to constitute one segment by Chief Operating Decision Maker and hence the Group has not made any additional segment disclosures.
- The business of Just4kids Services Private Limited ("Momspresso") was acquired to expand content and influencer management capabilities and to strengthen content creation capabilities by enabling the access to a large and ready library of the relevant content of Momspresso. However, the performance and profitability of Momspresso was deteriorating with the business significantly underperforming vis-à-vis the business plan during the year ended March 31, 2023. Further the business synergies envisaged from the investment could not be realized despite best efforts of the management. Accordingly, the Group has accounted for an Impairment loss of Rs. 1,360.63 Million attributable to Goodwill, Rs 19.14 Million attributable to Software and Rs 167.20 Million attributable to trademarks and the same has been disclosed as an exceptional item during the year ended March 31, 2023.
 - Pursuant to the Shareholders Agreement between the Holding Company and erstwhile shareholders of Momspresso, both the parties had the obligation to purchase and sell the remaining shares of the existing shareholders at a pre-agreed valuation. Further, the promoters of Momspresso were also entitled to retention bonus from the Holding Company in the form of employee stock options of the Holding Company, subject to vesting conditions. During the current financial year, the promoters of Momspresso have resigned from their employment and the vesting conditions of the employee stock options were not fulfilled. Accordingly, the Group has reversed the share based payment expense of Rs 47.47 Million during the current financial year. The Holding Company has also acquired the remaining stake in Momspresso on September 12, 2023 based on the Share Purchase Agreement entered on August 25, 2023 for a consideration of Rs. 230.08 Million.

- Figures for Audited standalone financial results of the Holding Company are as follows:

S No	Particulars	Quarter ended			Year ended	
		March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	March 31, 2023
		Audited (Refer note 2)	Unaudited	Unaudited (Refer note 2)	Audited	Audited
1	Revenue from operations	4,271.67	4,508.92	3,603.26	17,643.89	13,948.03
2	Profit/(Loss) before tax	368.44	370.69	(1,478.32)	1,582.79	(1,072.84)
3	Profit/(Loss) after tax	267.12	289.14	(1,514.90)	1,209.66	(1,205.56)

- During the previous financial year, the Holding Company acquired 65.49% in Fusion Cosmeceutics Private Limited by virtue of Share Purchase and Share Subscription Agreement which is into the business of trading skin care and beauty products under the brand "Dr. Sheth's". The Holding Company acquired 861,308 equity shares of Rs 10 each and 373,306 0.001% Compulsorily Convertible Preference Shares of Rs 10 each at an aggregate consideration of Rs 141.23 Million and further, committed subscription amount of Rs. 100 Million which has been infused. The Holding Company has further acquired the remaining stake of 34.51% for a consideration of Rs. 300 million.
- During the previous financial year, the Holding Company incorporated Honasa Consumer General Trading L.L.C., a company based in UAE. The Holding Company subscribed to the share capital and invested an amount of Rs 2.34 Million during the year ended March 31, 2023.



- 11 RSM General Trading LLC ('RSM'), an overseas distributor of the Company had filed a legal suit against the Holding Company in the Court of First Instance in UAE on the grounds that the Distributorship Agreement between RSM and the Holding Company has been terminated illegally by the Holding Company without complying with provisions of the Distributorship Agreement and RSM has claimed damages to the tune of AED 45 million (equivalent to Rs 1,001.25 million) citing various reasons such as loss of future business opportunities, moral damage, recovery towards damaged inventory etc. An expert was appointed by the Court to support on factual commercial matters. The expert in his final report had held that termination of the distributor was in accordance with the terms of Agreement. Subsequent to the year end, the Court in its hearing held on May 16, 2024, has ordered the Holding Company to pay an amount of AED 25.07 million (equivalent to Rs 576.65 million) plus interest at the rate of 5% from the date of order till the date of payment. The management is in the process of filing an appeal. The Holding Company's counsel are of the view that the Court Order is devoid of merits and erroneous on several points and have completely disregarded the favourable expert report. Accordingly, the Holding Company is confident of a favourable decision on conclusion of the appeal and does not expect any material financial impact.
- 12 Subsequent to the year ended March 31, 2024, the Board of Directors of the Holding Company and its wholly owned subsidiaries Fusion Cosmeceutics Private Limited ('Transferor Company-1') and Just4Kids Services Private Limited ('Transferor Company-2'), have approved the Scheme of Amalgamation between the Holding Company, Transferor Company-1, Transferor Company-2 and their respective shareholders and creditors (hereinafter referred to as "the Scheme") in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 to transfer the business of Transferor Company-1 and Transfer Company-2 to the Company. The Holding Company has filed the scheme with the regulatory authorities and is awaiting the necessary approvals. Pending such approvals, the Scheme has not been accounted for in the accompanying audited consolidated financial results for the year ended March 31, 2024.
- 13 Subsequent to the year ended March 31, 2024, the Holding Company has entered into an asset purchase agreement with Cosmogensis Cosmetics to acquire formulations expertise, research and development lab along with a small manufacturing facility for a purchase consideration of Rs. 40 million.

For and on behalf of Board of Directors of Honasa Consumer


Varun Alagh
Chairperson, Whole Time Director and CEO
DIN:07597289
Gurugram
May 23, 2024

