

Hintastica Private Limited
Balance Sheet as at 31 March 2021

(₹ in lakh)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	4	318.57	-
(b) Capital work-in-progress	43	867.00	-
(c) Goodwill	5	3,474.70	-
(d) Income tax assets	40	0.19	-
(e) Deferred-tax assets (net)	20	53.49	-
Total non-current assets		4,713.95	-
2 Current assets			
(a) Inventories	6	1,344.26	-
(b) Financial assets			
(i) Trade receivables	7	472.01	-
(ii) Cash and cash equivalents	8	-	19.76
(c) Other current assets	9	50.65	0.08
Total current assets		1,866.92	19.84
Total assets		6,580.87	19.84
EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	10	20.00	20.00
(b) Other equity	11	(271.87)	(2.31)
Total equity		(251.87)	17.69
2 Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	12	11.40	-
(b) Other non-current liabilities	13	0.10	-
(c) Provisions	14	21.48	-
Total non-current liabilities		32.98	-
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	669.82	-
(ii) Trade payables	16		
- due to micro and small enterprises		262.53	-
- due to other than micro and small enterprises		195.64	-
(iii) Other financial liabilities	17	5,643.32	2.08
(b) Other current liabilities	18	27.77	0.07
(c) Provisions	19	0.68	-
Total current liabilities		6,799.76	2.15
Total liabilities		6,832.74	2.15
Total equity and liabilities		6,580.87	19.84

Notes 1 to 44 form an integral part of these financial statements.
In terms of our report attached.

For **Lodha & Co**
Chartered Accountants
Firm Registration No.: 301051E

For and on behalf of the Board of Directors

Sd/-
Gaurav Lodha
Partner
M. No. 507462
Place : New Delhi
Date : 25 May 2021

Sd/-
Sandip Somany
Director
DIN: 00053597

Sd/-
Rakesh Kaul
Director
DIN: 08560772

Place : Gurugram
Date : 25 May 2021

Hintastica Private Limited
Statement of Profit and Loss for the year ended 31 March 2021

(₹ in lakh)

Particulars	Note	Year ended 31 March 2021	For the period from 14 November 2019 to 31 March 2020
I Revenue from operations	21	458.19	-
II Other income	22	0.09	-
III Total Income		458.28	-
IV Expenses			
Purchases of stock-in-trade	23	310.66	-
Changes in inventories of stock-in-trade	24	103.93	-
Employee benefit expense	25	146.80	-
Finance costs	26	2.33	-
Depreciation expense	27	9.38	-
Other expense	28	209.52	2.31
Total expenses		782.62	2.31
V Profit/ (Loss) before tax		(324.34)	(2.31)
VI Tax expense			
(i) Current tax		-	-
(ii) Deferred tax	30	(53.69)	-
Total tax expense		(53.69)	-
VII Profit/ (Loss) for the year		(270.65)	(2.31)
VIII Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plan		1.29	-
(ii) Income tax relating to these items		(0.20)	-
Other comprehensive income (net of tax)		1.09	-
IX Total comprehensive income for the year		(269.56)	(2.31)
Earning per equity share (of Rs. 10/- each):			
Basic and diluted	29	(135.33)	(1.15)

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Hintastica Private Limited
Statement of Changes in Equity for the year ended 31 March 2021

a. Equity share capital		(₹ in lakh)	
Particulars	No. of shares	Amount	
Issued and Paid up capital			
Opening Balance as at 14 November 2019	-	-	
Changes in Equity Share Capital during the year	2,00,000	20.00	
Balance as at 31 March 2020	2,00,000	20.00	
Changes in Equity Share Capital during the year	-	-	
Balance as at 31 March 2021	2,00,000	20.00	

b. Other equity		(₹ in lakh)		
Particulars	Reserves and surplus	Other comprehensive income	Total	
	Retained earnings	Actuarial gain / (loss)		
Opening Balance as at 14 November 2019	-	-	-	
Profit / (Loss) for the period	(2.31)	-	(2.31)	
Other comprehensive income for the period (net of tax)	-	-	-	
Balance as at 31 March 2020	(2.31)	-	(2.31)	
Profit / (Loss) for the year	(270.65)	-	(270.65)	
Other comprehensive income for the year (net of tax)	-	1.09	1.09	
Total comprehensive income for the year	(270.65)	1.09	(269.56)	
Balance as at 31 March 2021	(272.96)	1.09	(271.87)	

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Place : New Delhi
Date : 25 May 2021

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Date : 25 May 2021

Hintastica Private Limited
Statement Cash flows for the year ended 31 March 2021

(₹ in lakh)

Particulars	Year ended 31 March 2021	Period ended 31 March 2020
A. Cash flow from Operating activities		
Loss before tax	(324.34)	(2.31)
Adjustments:		
Depreciation and amortisation expense	9.38	-
Finance costs	2.33	-
Excess provision written back	(0.09)	-
Operating loss before working capital changes	(312.72)	(2.31)
Changes in working capital:		
(Increase)/ decrease in Trade and other receivable	(472.01)	-
(Increase)/ decrease in current assets	(50.57)	(0.08)
(Increase)/ decrease in Inventories	78.14	-
Increase/ (decrease) in Trade and other payable	738.26	2.15
Increase/ (decrease) in Provision	23.53	-
Cash generated from / (used in) operations	4.63	(0.24)
Income tax paid (net)	(0.19)	-
Net cash generated from / (used in) operating activities	4.44	(0.24)
B. Cash flow from Investing activities		
Purchase of property, plant & equipment and CWIP	(692.42)	-
Net cash flow investing activities	(692.42)	-
C. Cash flow from Financing activities		
Proceeds from borrowings (net)	669.82	-
Proceeds from issue of equity shares	-	20.00
Interest paid on borrowing	(1.60)	-
Net cash flow financing activities	668.22	20.00
Net Increase / (decrease) in cash and cash equivalent (A+B+C)	(19.76)	19.76
Cash and cash equivalent at the beginning of the year	19.76	-
Cash and cash equivalent at the end of the year	-	19.76

The movement in liabilities from financing activities:

Particulars	As at 31 March 2020	Cash flows	Non-cash flow changes - other	As at 31 March 2021
Short term borrowings	-	669.82	-	669.82
Total liabilities from financing activities	-	669.82	-	669.82

Particulars	As at 14 November 2019	Cash flows	Non-cash flow changes - other	As at 31 March 2020
Proceeds from issue of equity shares	-	20.00	-	20.00
Total liabilities from financing activities	-	20.00	-	20.00

Notes:

1. Previous year's figures have been re-grouped/ re-arranged wherever necessary.
2. The Cash flow statement has been prepared under the Indirect method as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash flows.

Notes 1 to 44 form an integral part of these financial statements.
 In terms of our report attached.

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 Chartered Accountants
 Firm Registration No.: 301051E

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Place : Gurugram
 Date : 25 May 2021

Hintastica Private Limited

Significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021

1. Corporate information

Hintastica Private Limited (the 'Company') is a private limited company incorporated in India on November 14, 2019 under the Companies Act, 2013. The registered office of the Company is located in Kolkata. The Company is engaged into the business of import, export, produce, buy, sell, process, manufacture, assemble and deal in all kinds of water heaters, electrical equipment and appliances. The Company is wholly owned subsidiary of Somany Home Innovation Limited.

The financial statements were approved and authorized for issue in accordance with the resolution of the Company's Board of Directors on 25th May 2021.

2. Application of new and revised Indian Accounting Standard ("Ind AS")

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized have been considered in preparing these financial statements.

2.1 Recent accounting pronouncements

A. Application of New Accounting Pronouncements

The Company applied for the first-time amendments to the following standards from 1st April 2020.

i. Amendments to Ind AS 1 and Ind AS 8, Definition of Material:

The amended definition states that, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments to the definition of material are not expected to have a significant impact on the Company's financial statements, nor is there expected to have any future impact to the Company.

ii. Amendments to Ind AS 107 and Ind AS 109, Interest Rate Benchmark Reform:

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are not expected to have a significant impact on the Company's financial statements.

iii. Amendment to Ind AS 116, Covid-19-Related Rent Concessions:

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

This amendment had no significant impact on the financial statements of the Company.

iv. Amendments to Ind AS 103, Business Combination:

Significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021 (contd.)

These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

B. Changes and revision in Schedule III

MCA issued notifications dated 24th March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1st April, 2021.

3. Significant accounting policies and other explanatory information

3.1 Statement of compliance with Indian Accounting Standards (Ind AS)

The financial statements of the Company have been prepared in accordance with Ind AS notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. (as amended) and presentation requirement of division II of the schedule III of the companies act 2013. Accordingly, the financial statements for the year ended 31 March 2021 are prepared complying applicable Ind AS.

3.2 Historical cost convention

These financial statements have been prepared on a historical cost convention except where certain financial assets and liabilities have been measured at fair value. (refer accounting policy of financial instruments)

3.3 Business combinations

Business combinations involving entities under common control are accounted for using the pooling of interest's method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

3.4 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses, if any.

3.5 Revenue recognition

Revenue from contracts with customers are recognized when the performance obligation towards customer have been made i.e on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. Revenue is

Significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021 (contd.)

recognized net of sales reductions such as discounts and sales incentives granted. This variable consideration is estimated based on the expected value of outflow.

Sale of products:

Revenue from the sale of products is recognized when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods.

Sales-related warranties associated with the goods are integral to sales price and cannot be purchased separately, hence they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Company accounts for warranties in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Rendering of services:

Revenue from services is recognized over time by measuring progress towards satisfaction of performance obligation for the services rendered.

Interest and dividends

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends are recognised at the time the right to receive payment is established.

3.6 Leases

The Company's lease asset classes primarily consist of leases for Buildings. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) The contract involves the use of an identified asset
- (ii) The Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) The Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021 (contd.)

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

3.7 Foreign currency transactions and translations

Initial recognition

The Company's financial statements are presented in INR, which is also the Company's functional currency. Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Treatment of exchange difference

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred and reported in finance cost.

3.9 Employee benefits

Employee benefits include provident fund, pension fund, gratuity and compensated absences.

Significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021 (contd.)

Defined contribution plans

The Company's contribution to provident fund and pension fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees. The Company has no legal or constructive obligation to pay contribution in addition to its fixed contribution.

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using 'the Projected Unit Credit method', with actuarial valuations being carried out at each Balance Sheet date. Re-measurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are allowed to carried forward over a period in excess of 12 months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date out of which the obligations are expected to be settled.

3.10 Taxation

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021 (contd.)

Deferred tax

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future opening results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although Ind AS 12, Income Taxes, specifies limited exemptions.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.11 Operating cycle

Based on the nature of products/activities of the Company and the normal time between purchase of raw materials and their realisation in cash or cash equivalents, the Company has determined its operation cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3.12 Operating expenses

Operating expenses are recognised in statement of profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Company incurs an obligation, which is usually when the related goods are sold.

3.13(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Property, plant and equipment are stated at their original cost including freight, duties, taxes and other incidental expenses relating to acquisition and installation.

The carrying amount of assets, including those assets that are not yet available for use, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, recoverable amount of asset is determined. An impairment loss is recognised in the statement of profit and loss whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognised.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises the new part and is depreciated accordingly. Further, when major overhauling/ repair are performed, the cost associated with this is capitalised, if the recognition criteria are satisfied, and is then depreciated over the remaining useful life of asset or over the period of next overhauling due, whichever is earlier. All other repair and maintenance costs are recognised in the statement of profit and loss as and when incurred.

Hintastica Private Limited

Significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021 (contd.)

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.

(b) Intangible assets

Intangible are stated at cost less accumulated amortisation and impairment losses, (if any). Cost related to technical assistance for new projects are capitalized.

(c) Capital work-in-progress

Expenditure incurred during the period of construction, including all direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment. Capital work-in-progress includes capital inventory.

3.14 Depreciation and amortisation

Depreciation is charged on a pro-rata basis on the straight line method at rates prescribed in Schedule II to the Companies Act, 2013 and is charged to the statement of profit and loss.

The estimated useful life of the items of property, plant and equipment are as follows:

Asset class	Useful life
Property, plant and equipment	
Plant and machinery	3-10 years*
Computer	3-6 years

* Moulds are included in plant and machinery, are depreciated over a life of 10 years, which is different from life prescribed in Schedule II of the Act, based on independent chartered engineer certificate.

3.15 Impairment of property, plant and equipment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021 (contd.)

3.17 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/loss before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

3.18 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises of all costs of purchase, (net of tax credits where applicable) costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Costs of inventories are determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

3.19 Provisions and contingencies

A provision is recognised in the financial statements where there exists a present obligation as a result of a past event, the amount of which can be reliably estimated, and it is probable that an outflow of resources would be necessitated in order to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes unless the outflow of resources is considered to be remote. Contingent assets are neither recognised nor disclosed in the financial statements.

3.20 Equity, reserves and dividend payments

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings include current and prior period retained profits. All transactions with owners of the Company are recorded separately within equity.

Dividend distribution payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

3.21 Earnings per share

Basic earnings or 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. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings or loss 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.

Significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021 (contd.)

3.22 Fair value measurement

The Company measures financial instruments such as investments in mutual funds, investment in certain equity shares etc. at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.23 Financial instruments

I. Financial assets

a. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset, which are not at fair value through profit and loss, are added to fair value on initial recognition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

b. Subsequent measurement

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through statement of profit and loss.

Significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021 (contd.)

c. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its assets measured at amortised cost and assets measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 38 details how the Company determines whether there has been a significant increase in credit risk.

d. Derecognition of financial assets

A financial asset is derecognised when:

- The Company has transferred the right to receive cash flows from the financial assets or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity transfers the financial asset, it evaluates the extent to which it retains the risk and rewards of the ownership of the financial assets. If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the entity retains substantially all the risks and rewards of ownership of the financial asset, the entity shall continue to recognise the financial asset.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of the ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial assets. Where the Company retains control of the financial assets, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

II. Financial liabilities

a. Initial recognition and subsequent measurement

All financial liabilities are recognized initially at fair value and in case of borrowings and payables, net of directly attributable cost.

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. Changes in the amortised value of liability are recorded as finance cost.

III. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realization on future date.

IV. Offsetting of financial instruments

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

Significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021 (contd.)

3.24 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

3.25 Significant accounting judgements, estimates and assumptions

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Estimation of defined benefit obligation

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

(ii) Estimation of current tax and deferred tax

Management judgment is required for the calculation of provision for income - taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in the financial statements.

Hintastica Private Limited

Significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021 (contd.)

(iii) Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain property, plant and equipment.

(iv) Impairment of trade receivables

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is recognised based on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

(v) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Note 4 : Property, plant and equipment

(₹ in lakh)

	Description of assets	Plant and equipment	Computers	Total
I.	Gross Block			
	Opening balance as at 14 November 2019	-	-	-
	Additions	-	-	-
	Disposal/Adjustments	-	-	-
	Balance as at 31 March 2020	-	-	-
	Additions on business acquisition (refer note 41)	322.08	5.87	327.95
	Balance as at 31 March 2021	322.08	5.87	327.95
II.	Accumulated depreciation			
	Opening balance as at 14 November 2019	-	-	-
	Depreciation charge for the year	-	-	-
	Balance as at 31 March 2020	-	-	-
	Depreciation charge for the year	8.87	0.51	9.38
	Balance as at 31 March 2021	8.87	0.51	9.38
	Net Block (I-II)			
	Balance as at 31 March 2021	313.21	5.36	318.57
	Balance as at 31 March 2020	-	-	-

Note:

1. Refer note 15 for details of property, plant and equipment hypothecated as security by the Company.
2. Capital work-in-progress mainly comprises of cost incurred on Land, plant and equipments etc. and borrowing cost capitalised ₹ 6.05 lakh (previous year ₹ Nil)

Hintastica Private Limited

Significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021

Note 5 - Goodwill

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Gross carrying value	3,474.70	-

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period

Particulars	Amount
Balance as at 14 November 2019	-
Impairment for the year	-
Balance as at 31 March 2020	-
Addition during the year	3,474.70
Impairment for the year	-
Balance as at 31 March 2021	3,474.70

Slump Purchase of Water Heater Business Undertaking

During the year the Company has acquired Water Heater Business Undertaking from Somany Home Innovation Ltd.(Holding Company) by way of slump purchase. Excess of purchase consideration over net assets has recognised as Goodwill of Rs.3,474.70 lakh. in the books.

The Company tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash generating units ("CGU") is determined from value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. These assumptions have been determined in light of the economic environment which has resulted in more conservative estimates about the future. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Value in use has been determined by discounting the future cash flows generated from the continuing use of the unit. The calculation of the value in use is based on the following key assumptions :

Particulars	As at 31 March 2021	As at 31 March 2020
Discount rate	18.29%	-
Terminal value of growth rate	4%	-

Based on valuation report there is no indicator which suggest any impairment of Goodwill. Hence Goodwill , has been carried in books at book value.

Hintastica Private Limited**Significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021****Note 6 - Inventories****(₹ in lakh)**

Particulars	As at	As at
	31 March 2021	31 March 2020
(Valued at lower of cost or net realisable value)		
Stock-in-trade of goods acquired for trading	1,318.48	-
Packing material	25.78	-
	1,344.26	-
Included above, goods-in-transit		
Stock-in-trade of goods acquired for trading	30.08	-
	30.08	-

Note:

Refer note 15 for information on inventory hypothecated as security by the Company.

Note 7 - Trade receivables**(₹ in lakh)**

Particulars	As at	As at
	31 March 2021	31 March 2020
Secured, considered good	6.39	-
Unsecured considered good*	465.62	-
	472.01	-

* Including of Hindware Home Retail Private Limited of ₹ 0.24 Lakh (previous year Nil).

Refer note 15 for information on book debts hypothecated as security by the Company.

Note 8 - Cash and cash equivalents**(₹ in lakh)**

Particulars	As at	As at
	31 March 2021	31 March 2020
Balances with banks in current account	-	19.76
	-	19.76

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

Note 9 - Other Current Assets**(₹ in lakh)**

Particulars	As at	As at
	31 March 2021	31 March 2020
(Unsecured, considered good)		
Balances with Government Authorities	43.47	0.08
Other current assets	1.08	-
Prepaid Expenses	6.10	-
	50.65	0.08

Note 10 - Equity share capital

(₹ in lakh)

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of ₹ 10 each	10,00,000	100.00	5,00,000	50.00
Issued:				
Equity shares of ₹ 10 each	2,00,000	20.00	2,00,000	20.00
Subscribed and fully paid:				
Equity shares of ₹ 10 each	2,00,000	20.00	2,00,000	20.00
	2,00,000	20.00	2,00,000	20.00

(a) Reconciliation of share outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares outstanding at the beginning of the year	2,00,000	20.00	-	-
Add: Shares issued during the period	-	-	2,00,000	20
Equity shares outstanding at the end of the year	2,00,000	20.00	2,00,000	20.00

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company after distributions of all preferential amount. The distributions will be in proportion to the number of equity shares held by the shareholders; and any other right as the Memorandum and Articles of Association of the Company may prescribe in relation to the aforesaid equity shares of the Company.

(c) List of shareholders holding more than 5% of the equity share capital of the Company at the beginning and at the end of the reporting period

Name of the Shareholders	31 March 2021		31 March 2020	
	No. of Equity Shares held	% of Equity Shares	No. of Equity Shares held	% of Equity Shares
Somany Home Innovation Limited (Holding Co) and its nominees	2,00,000	100.00	2,00,000	100.00

(d) There are no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus shares and bought back during the last 5 years.

11. Other equity

(₹ in lakh)

Particulars	Reserves and surplus	Other comprehensive income	Total
	Retained earnings	Actuarial gain / (loss)	
Opening Balance as at 14 November 2019	-	-	-
Profit / (Loss) for the period	(2.31)	-	(2.31)
Other comprehensive income for the period (net of tax)	-	-	-
Balance as at 31 March 2020	(2.31)	-	(2.31)
Profit / (Loss) for the year	(270.65)	-	(270.65)
Other comprehensive income for the year (net of tax)	-	1.09	1.09
Total comprehensive income for the year	(270.65)	1.09	(269.56)
Balance as at 31 March 2021	(272.96)	1.09	(271.87)

Nature of Reserves:

(a) Retained Earning - The balance consists of surplus/ (deficit) retained from earned profits/ (loss) after payment of dividend and taxes thereon.

Hintastica Private Limited**Significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2021****Note 12 - Non current financial liabilities - other financial liabilities**

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Trade deposits	11.40	-
	11.40	-

Note 13 - Other non-current liabilities

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Employee related payable	0.10	-
	0.10	-

Note 14 - Non current liabilities - Provisions

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Provision for Gratuity	10.69	-
Provision for leave encashment	10.79	-
	21.48	-

Note 15 - Current financial liabilities - Current Borrowing

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Secured borrowing		
Cash credit facility from Banks	49.82	-
Unsecured borrowing		
Borrowing from Holding Company	620.00	-
	669.82	-

Note:

Details of security and term of repayment of each type of borrowing:

Secured borrowing:

a) Cash credit facility from HDFC Bank

(i) Cash credit facility from banks is repayable on demand and is secured by hypothecation of all current assets (including stocks and book debts) present and future, of the Company.

(ii) The said facility is also secured by way of first pari passu charge on the movable fixed assets of the company both present and future.

(iii) The said facility is also secured by way of first pari passu charge on the all immovable fixed assets both present and future. The company does not have any immovable property as of now. However, future immovable fixed assets including the proposed manufacturing facility shall have first pari passu charge of HDFC Bank. Charges over land included in capital work in progress shall be created subsequent to transfer of ownership in favour of company.

(iii) The said facility is also secured by a Corporate Guarantee from parent company M/s Somany Home Innovation Limited.

(iv) The interest rate for the above facility carried upto 10% p.a. during the year.

Unsecured borrowing:

b) Borrowing from Holding Company

- Borrowing from Holding company is repayable on demand.

- The borrowing carries interest rate from 9.00% to 9.75% per annum.

- The above unsecured borrowing is a general borrowing and has been utilised for water heater business.

Note 16 - Trade payable

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
- dues of micro and small enterprises	262.53	-
- dues of other than micro and small enterprises*	195.64	-
	458.17	-

* Including of HSIL Limited of ₹ 22.27 lakh and Somany Home Innovation Limited of ₹ 265.96 lakh (previous year ₹ Nil)

Disclosure under MSMED Act, 2006

Dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 to the extent identified and information available with the Company pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006, details as certified by the management are mentioned below:

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Principal amount overdue remaining unpaid to any supplier	126.67	-
Interest due thereon remaining unpaid to any supplier	1.28	-
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid	1.28	-

Note 17 - Other Current liabilities - Other financial liabilities

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Interest accrued but not due on borrowing\$	5.39	-
Creditors for Expenses:		
- due to micro and small enterprises	6.87	-
- due to other than micro and small enterprises#	47.99	1.22
Capital creditors*	173.12	-
Payable to holding company**	5,220.48	-
Other Payables	125.76	0.86
Employee related payables	63.71	-
	5,643.32	2.08

\$ Payable to Somany Home Innovation Limited.

* Payable to HSIL Limited.

** Payable against acquisition of water heater business.

Including of Brilloca Limited of ₹ 1.46 lakh (previous year ₹ Nil) and Somany Home Innovation Limited of ₹ 22.57 lakh (previous year ₹ Nil).

Note 18 - Other current liabilities

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Statutory Dues	19.67	0.07
Advance from customers	8.10	-
	27.77	0.07

Note 19- Current liabilities - Provisions

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits:		
- Provision for Gratuity	0.15	-
- Provision for leave encashment	0.53	-
	0.68	-

Note 20 - Deferred tax assets (net)

Particulars	(₹ in lakh)	
	As at 31 March 2021	As at 31 March 2020
Deferred tax asset arising on account of		
Deferred tax on business losses	52.73	-
Provision for employee benefits	3.25	-
	56.98	-
Deferred tax liability arising on account of		
Difference between book balances and tax balances of property, plant & equipment	(2.49)	-
	53.49	-

Deferred tax assets (net) in relation to:

Particulars	As at 1 April 2020	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2021
Deferred tax liability arising on account of				
Difference between book balances and tax balances of	-	2.49	-	2.49
Sub total	-	2.49	-	2.49
Deferred tax asset arising on account of				
Deferred tax on business losses	-	(52.73)	-	(52.73)
Provision for employee benefits	-	(3.45)	0.20	(3.25)
Sub total	-	(56.18)	0.20	(55.98)
Net deferred tax asset	-	(53.69)	0.20	(53.49)

Note 21: Revenue from Operations

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the period from 14 November 2019 to 31 March 2020
i) Revenue from operations		
Sale of goods	458.19	-
	458.19	-
Segment wise revenue information		
a) Water heater business	458.19	-
b) others	-	-
Total	458.19	-
ii) Unsatisfied performance obligation		
Aggregated amount of transaction price allocated to the contracts that are fully or partially unsatisfied at the end of the reporting period:		
i) Sale of goods	8.10	-
iii) Reconciliation of contract price vis a vis revenue recognised in profit and loss statement is as follows:		
Contract price:		
a) Sale of goods	633.52	-
Adjustments:		
Discount/Rebate	175.33	-
Revenue recognised in the statement of profit and loss	458.19	-

Note 22: Other income

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the period from 14 November 2019 to 31 March 2020
Excess provision written back	0.09	-
	0.09	-

Note 23 : Purchase of traded goods

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the period from 14 November 2019 to 31 March 2020
Water heater products and others	310.66	-
	310.66	-

Note 24 : Changes in inventories of stock-in-trade

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the period from 14 November 2019 to 31 March 2020
Inventories at the end of the year		
Stock-in-trade	1,318.48	-
	1,318.48	-
Inventories at the beginning of the year		
Stock-in-trade	-	-
Inventories acquired on account of business acquisition (Refer note 41)	1,422.41	-
Changes in inventories of stock-in-trade	103.93	-

Note 25 : Employee benefit expense

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the period from 14 November 2019 to 31 March 2020
Salaries, wages and bonus	139.77	-
Contribution to provident funds and other funds	4.53	-
Staff welfare expense	2.50	-
	146.80	-

Note 26 : Finance costs

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the period from 14 November 2019 to 31 March 2020
Interest expense on financial liabilities		-
- Bank	1.05	
- Other	1.28	
	2.33	-

Note 27 : Depreciation expense

Particulars	(₹ in lakh)	
	For the year ended 31 March 2021	For the period from 14 November 2019 to 31 March 2020
Depreciation on property, plant and equipments (Refer Note.4)	9.38	-
	9.38	-

Note 28 : Other expense

(₹ in lakh)

Particulars	For the year ended 31	For the period from 14
	March 2021	November 2019 to 31 March 2020
Rent (including short term lease charges)	18.61	0.50
Rates and taxes	3.70	-
Insurance	2.03	-
Travelling and conveyance	25.85	-
Advertisement and publicity	14.41	-
Transportation and forwarding	26.53	-
Sales promotion expenses	67.11	-
Preliminary expenses	-	1.12
Other selling expenses	30.00	-
Legal and professional fees	8.96	0.28
Call centre charges	4.48	-
License fees	4.58	-
Bank charges	-	0.00
Miscellaneous expenses	3.26	0.40
	209.52	2.31

Note 29 : Earning per share

Particulars	For the year ended 31	For the period from 14
	March 2021	November 2019 to 31 March 2020
Profit / (Loss) for the year/period attributable to owners of the Company (₹ in lakh)	(270.65)	(2.31)
Weighted average number of equity shares (Nos.)	2,00,000	2,00,000
Nominal value per share (₹)	10	10
Earning per share (Basic and diluted) (₹)	(135.33)	(1.15)

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

Note 30: Current tax and deferred tax

(a) Current tax expense through profit and loss

(₹ in lakh)

Particulars	For the year ended 31	For the period from 14
	March 2021	November 2019 to 31 March 2020
Current tax:		
Current income tax charge	-	-
Earlier year income tax	-	-
	-	-
Deferred tax:		
In respect of current year origination and reversal of temporary difference	(53.69)	-
Total tax expense recognised in profit and loss account	(53.69)	-

(b) Current tax on other comprehensive income

(₹ in lakh)

Particulars	For the year ended 31 March 2021	For the period from 14 November 2019 to 31 March 2020
Deferred tax		
Re-measurement of defined benefit obligations	0.20	-
	0.20	-

(c) Numerical reconciliation between average effective tax rate and applicable tax rate:

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 15.60% and the reported tax expense in the statement of profit and loss are as follows:

Particulars	(₹ in lakh) For the year ended 31 March 2021
Profit/ (loss) before tax	(324.34)
Domestic tax rate of the Company	15.60%
Latest statutory enacted tax expense for the company	(50.60)
Tax effect of:	
- Non deductible expenses	0.20
- Others	(3.29)
Tax expense recognised in statement of profit and loss	(53.69)

(d) The Company has decided to choose the option permitted under section 115BAB of the Income tax act, 1961 from the current financial year. Accordingly, tax expenses has been recognised @ 15% and Health & Education cess @ 4% i.e. total tax @ 15.60%.

Note 31: Related party transactions

In accordance with the requirements of IND AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exits and with whom transactions have taken place during reported periods, are:

(i) List of related parties

Relationship	Name of related party
Key management Personnel (KMP)	Shri Sandeep Somany - Director Shri Girdhari Lal Sultania - Director Shri Niranjan Kumar Goenka - Director Shri Rakesh Kaul - Director
Holding Company	Somany Home Innovation Limited
Fellow subsidiary	Brilloca Limited - (Subsidiary of Somany Home Innovation Limited) Hindware Home Retail Private Limited (Subsidiary of Somany Home Innovation Limited)
Others	HSIL Limited (Subsidiary of Somany Impresa Limited (which is having significant influence over the holding company) w.e.f. 31 December 2020)

(ii) Transactions during the year

(₹ in lakh)

Particulars	For the year ended 31 March 2021	For the period from 14 November 2019 to 31 March 2020
Purchase of goods:		
Somany Home Innovation Limited	225.92	-
HSIL Limited	19.31	-
Sale of goods:		
HSIL Limited	0.06	-
Hindware Home Retail Private Limited	0.37	-
Issue of equity shares:		
Somany Home Innovation Limited	-	20.00
Borrowing:		
Somany Home Innovation Limited	620.00	-
Interest on borrowing:		
Somany Home Innovation Limited	6.05	-
Net assets purchase on business acquisition:		
Somany Home Innovation Limited	1,745.78	-
Goodwill on business acquisition:		
Somany Home Innovation Limited	3,474.70	-
Rent paid:		
Brilloca Limited	0.82	0.50
Somany Home Innovation Limited	17.60	-
License fees paid:		
Somany Home Innovation Limited	4.58	-
Purchase of assets		
HSIL Limited	798.77	-

(iii) Balance outstanding as at the end of the year:

(₹ in lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Receivable:		
Hindware Home Retail Private Limited	0.24	-
Payable:		
Somany Home Innovation Limited		
- Loan	620.00	-
- Others	5,514.40	-
HSIL Limited	195.39	-
Brilloca Limited	1.46	-

Note 32: Segment Reporting

The Company has operated in single line of product i.e. water heater.

Note 33: Employee benefits**A. Define contribution plans**

The Company operates defined contribution retirement benefit plans for all employees. The Provident Fund contributions are made to Regional Provident Fund, the Company has no further obligations beyond its monthly contributions.

The Company's contribution to Provident fund for Rs. 4.47 lakh (previous period ended 31 March 2020 : Nil) has been recognised in the statement of profit and loss under the head Employee benefit expense.

B. Define benefit plans**Gratuity**

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested, it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Details of the Company's defined benefit plans are as follows:

(₹ in lakh)

Particulars	Gratuity (Unfunded)	
	31 March 2021	31 March 2020
Current service cost	0.98	-
Past service cost	-	-
Net interest expenses/ (income)	0.18	-
Defined benefit costs recognised in statement of profit or loss	1.16	-
Net actuarial (gain)/ loss	(1.29)	-
Expected return on plan assets excluding interest income	-	-
Defined benefit costs recognised in other comprehensive income	(1.29)	-
I. Changes in the obligation during the year ended 31 March 2021		
1. Present value of defined benefit obligation at the beginning of the year	-	-
2. Defined benefit obligation received on account of business acquisition	10.97	-
3. Expenses recognised in the statement of profit or loss		-
- Current Service Cost	0.98	-
- Interest Expenses	0.18	-
4. Recognised in other comprehensive income		-
- Actuarial (gain)/loss arising from experience adjustments	(0.95)	-
- Actuarial (gain)/loss arising from financial assumption	(0.34)	-
5. Benefit payments	-	-
Present value of defined benefit obligation at the end of the year	10.84	-

II. Actuarial assumptions

	31 March 2021	31 March 2020
1. Discount rate	6.80%	-
2. Expected rate of increase in compensation level	5.50%	-
3. Attrition rate	1.00%	-
4. Mortality rate	IALM (2012-14)	-
5. Supcrannuation age	58	-

III. Sensitivity analysis

Particulars	(₹ in lakh)			
	March 31, 2021		March 31, 2020	
	Change in assumption	Effect on gratuity obligation	Change in assumption	Effect on gratuity obligation
Discount rate	+5%	(0.69)	-	-
	-5%	0.76	-	-
Expected rate of increase in compensation level	+5%	0.76	-	-
	-5%	(0.71)	-	-

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the balance sheet.

C. Other long term benefits - Compensated absences (unfunded)

Particulars	(₹ in lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Amounts recognised in the Balance sheet		
Non current (refer note 14)	10.79	-
Current (refer note 19)	0.53	-
	11.32	-
Amounts recognised in the statement of profit and loss		
Current service cost	1.14	-
Interest cost	0.19	-
Actuarial loss	(1.42)	-
Expenses recognised in Income Statement	(0.09)	-
Reconciliation of opening and closing balance of benefit obligations		
Change in benefit obligation		
Defined benefit obligation at the beginning of the year	-	-
Defined benefit obligation on account of busiiness acquicaton	11.41	-
Current service cost	1.14	-
Interest cost	0.19	-
Actuarial loss/(gain)	(1.42)	-
Defined benefit obligation at the end of the year	11.32	-

The average duration of remaining working life at the end of the reporting period is 20.64 years.

Note 34:

The Company was incorporated on November 14, 2019. Accordingly, the financial statements for the previous accounting period are prepared for the period from November 14, 2019 to March 31, 2020. Hence, figures of current year and previous period are not comparable.

Note 35: Contingent liabilities

Particulars	(₹ in lakh)	
	31 March 2021	31 March 2020
Contingent liabilities not provided for	-	-

Note 36: Capital and other commitments

(₹ in lakh)

Particulars	31 March 2021	31 March 2020
Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for	-	-

Note 37: Payment to Auditors (Excluding Goods and Service Tax)

(₹ in lakh)

Particulars	31 March 2021	31 March 2020
As Auditors	0.40	0.40
Other services	0.75	-
	1.15	0.40

Note 38: Financial instruments and risk review

Capital management

The Company manages its capital to be able to continue as a going concern while maximising the returns to shareholders through optimisation of the debt and equity balance. The capital structure consists of debt which includes the borrowings as disclosed in note 15; cash and cash equivalents as disclosed in note 8 and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings as disclosed in the Statement of changes in equity. For the purpose of calculating gearing ratio, debt is defined as non current and current borrowings. Equity includes all capital and reserves of the Company attributable to equity holders of the Company. The Company is not subject to externally imposed capital requirements. The Board of Directors of the Company reviews the capital structure and cost of capital on an annual basis but has not set specific targets for gearing ratios. The risks associated with each class of capital are also considered as part of the risk reviews presented to the Board of Directors of the Company.

The following table summarises the capital of the Company

(₹ in lakh)

Particulars	As at	As at
	31 March 2021	31 March 2020
Equity	(251.87)	17.69
Liquid assets (cash and cash equivalents) - (a)	-	19.76
Current borrowings	669.82	-
Non-current borrowings	-	-
Total Debt (b)	669.82	-
Net Debt [(c) = (b) - (a)]	669.82	(19.76)
Total capital (equity+net debt)	417.95	(2.07)
Gearing ratio		
Debt to equity	-266%	NA
Net debt to equity ratio	-266%	NA

Categories of financial instruments

Categories of financial assets/(liabilities)

(₹ in lakh)

Particulars	Notes	As at 31 March 2021			As at 31 March 2020		
		Carrying value	Gain/ (loss) to income	Gain/ (loss) to equity	Carrying value	Gain/ (loss) to income	Gain/ (loss) to equity
Financial assets measured at amortised costs							
Trade receivables	Note 7	472.01	-	-	-	-	-
Cash and bank balances	Note 8	-	-	-	19.76	-	-
Total		472.01	-	-	19.76	-	-
Financial liabilities measured at amortised costs							
Borrowings	Note 15	669.82	-	-	-	-	-
Trade payables	Note 16	458.17	-	-	-	-	-
Other financial liabilities (Current & Non Current)	Note 12 & 17	5,654.72	-	-	2.08	-	-
Total		6,782.71	-	-	2.08	-	-
Total Financial assets/ (liabilities)		(6,310.70)	-	-	17.68	-	-

Financial risk management objective

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk, and liquidity risk. The Company is not engaged in speculative treasury activities but seeks to manage risk and optimise interest and commodity pricing through proven financial instruments.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The Company is exposed to credit risk for receivables and cash and cash equivalents.

Cash and cash equivalents and short term investments

The Company considers factors such as track record, size of institution, market reputation and service standard to select the banks with which deposits are maintained. The Company does not maintain significant deposit balances other than those required for its day to day operations.

Trade receivables

The Company extends credits to customer in normal course of the business. The Company considers the factors such as credit track record in the market of each customer and past dealings for extension of credit to the customer. The Company monitors the payment track record of each customer and outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located at several jurisdiction and industries and operate in large independent markets. The Company also takes advances and security deposits from customers which mitigate the credit risk to an extent.

The average credit period taken on sales of goods is 30 to 60 days. Generally, no interest has been charged on the receivables. Allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Before accepting any new customer, the Company uses an internal credit system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. There are no customers who represent more than 10 per cent of total net revenue from operations. The Company does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Expected credit loss

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected credit loss (%)
Not due for payment	0
Upto 6 months	0
From 6 months to 1 year	0
From 1 year to 3 years	10 to 100
More than 3 years	100

Ageing of past due trade receivables

(₹ in lakh)

Period	As at 31 March 2021	As at 31 March 2020
Not due for payment	144.73	-
Upto 6 months	327.28	-
From 6 months to 1 year	-	-
From 1 year to 3 years	-	-
More than 3 years	-	-

Ageing of impaired trade receivables

(₹ in lakh)

Period	As at 31 March 2021	As at 31 March 2020
Not due for payment	-	-
Upto 6 months	-	-
From 6 months to 1 year	-	-
From 1 year to 3 years	-	-
More than 3 years	-	-

Liquidity risk

Liquidity risk reflects the risk that the Company will have insufficient resources to meet its financial liabilities as they fall due.

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities so that it does not breach borrowing limits.

The table below provides undiscounted cash flows towards non-derivative financial liabilities into relevant maturity based on the remaining period at the balance sheet date to the contractual maturity date and, where applicable, their effective interest rates.

(₹ in lakh)

As at 31 March 2021					
Particulars	Notes	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Financial liabilities					
Borrowings - Bank loans	Note 15	49.82	-	-	49.82
Borrowings - Inter corporate loans	Note 15	620.00	-	-	620.00
Trade payables	Note 16	458.17	-	-	458.17
Other financial liabilities	Note 12 & 17	5,654.72	-	-	5,654.72
Total		6,782.71	-	-	6,782.71

(₹ in lakh)

As at 31 March 2020					
Particulars	Notes	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Financial liabilities					
Other financial liabilities	Note 12 & 17	2.08	-	-	2.08
Total		2.08	-	-	2.08

Note 39: Corporate Social Responsibility

The Company is not required to spend on Corporate Social Responsibility (CSR) as per section 135 of the Companies Act, 2013.

Note 40: Income tax assets represent tax collected at source of ₹ 0.19 lakh (previous year Nil).

Note 41: Acquisition of water heater business

The Board of Directors of Company in its meeting held on 22nd June 2020, had approved acquisition of Water Heater Business Undertaking (the "WHBU") from its holding company i.e. Somany Home Innovation Limited (the "SHIL") by way of slump sale through Business Transfer Agreement (BTA) between the Company and SHIL. The aforesaid BTA was executed between the parties on 2nd July, 2020. The Board of Directors of the Company at its meeting held on 30th December, 2020 also noted the consummation of the transaction with effect from 31st December, 2020. Excess of purchase consideration over net assets acquired has been accounted for as Goodwill.

Particulars	Amount
Total amount payable on acquisition of water heater business	5,220.48
Net assets acquired	1,745.78
Goodwill	(3,474.70)

Note 42: Event occurring after the Balance sheet date

a) The Board of Directors of the Company, at its meeting held on 24th March, 2021 had approved the execution of Share Subscription and Shareholders Agreement ("SSHA") (along with the ancillary agreements) with M/s. Atlantic Societe Francaise De Development Thermique, France ("Groupe Atlantic") and its holding company Somany Home Innovation Limited. Pursuant to the execution of SSHA, the Holding Company had infused Rs. 766.59 lakh on 13th May 2021 by subscribing 25,300 equity shares of Rs. 10 each at an agreed valuation of Rs. 3,030 per shares (Rs. 10 face value plus Share Premium of Rs. 3020 per share) in the Company, and Groupe Atlantic infused Rs.6,826.59 lakh on 19th May 2021 by subscribing 225,300 equity shares at agreed valuation of Rs. 3,030 per shares (Rs. 10 face value plus Share Premium of Rs. 3020 per share) in the Company, such that post aforesaid investments by the Holding Company and Groupe Atlantic and post allotment of equity shares to the Holding Company and Groupe Atlantic, Holding Company and Groupe Atlantic has become a 50:50 joint venture w.e.f. 20th May 2021 (subject to compliance of applicable closing conditions, regulatory fillings and approvals, if any, as may be applicable).

b) The Holding company considered the control was transitory, hence this business combination has not been considered as business combination of entities under common control as mentioned in appendix "C" of Ind AS 103 of Business combination. Hence, the Company ("acquirer") has not restated the previous period's figures.

c) The Company has been paying license fees, for using "Hindware" brand, to its holding Company at the rate of 1% of its net sales. Based on the transfer pricing study on transactions with group companies, the Company will pay license fees, for using "Hindware" and "Atlantic" brand, at the rate of 0.5% of its net sales each to its holding Company and the "Groupe Atlantic", after entering into joint venture arrangement by the Holding Company and Groupe Atlantic.

Note 43: Capital work in progress / Pre-operative expenditure pending for allocation

The Company is setting up water heater manufacturing plant in the state of Telangana. Followings are the details of cost incurred and capital work in progress till 31 March 2021:

Particulars	(₹ in lakh)	
	As on 31 March 2021	As on 31 March 2020
Cost of land (Including ROU)*	644.29	-
Project development cost	176.59	-
Finance cost on general borrowing	6.05	-
Soft cost	22.10	-
Capital work in progress	17.97	-
Total	867.00	-

* Pending registration in the name of the company

Note 44:

Previous period figures have been regrouped, re-arranged wherever considered necessary to confirm to the current year's classification.

For **Lodha & Co**
Chartered Accountants
Firm Registration No.: 301051E

For and on behalf of the Board of Directors

Sd/-
Gaurav Lodha
Partner
M. No. 507462
Place : New Delhi
Date : 25 May 2021

Sd/-
Sandip Somany
Director
DIN: 00053597

Place : Gurugram
Date : 25 May 2021

Sd/-
Rakesh Kaul
Director
DIN: 08560772