

## INDEPENDENT AUDITOR'S REPORT

**To The Members of CREDO BRANDS MARKETING LIMITED (formerly known as Credo Brands Marketing Private Limited)**

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of CREDO BRANDS MARKETING LIMITED (formerly known as Credo Brands Marketing Private Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards Rules, 2015, as amended, ("Ind AS")), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial 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 system 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

#### **Other Matter**

The comparative financial information of the Company for the year ended March 31, 2023, and the related transition date opening balance sheet as at April 01, 2021 included in these standalone financial statements, have been prepared after adjusting previously issued standalone financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2021 to comply with Ind AS. Adjustments made to the previously issued standalone financial statements to comply with Ind AS have been audited by us.

Our opinion on the standalone financial statements is not modified in respect of this the above matter on the comparative financial information.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

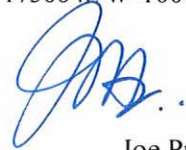


- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,
- h) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 33 to the standalone financial statements
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 42(g) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities.  
  
(b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 42(h) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities.  
  
(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with section 123 of the Companies Act 2013.



- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Joe Pretto  
(Partner)  
(Membership No. 77491)  
(UDIN: 23077491BGXCWA5386)

Mumbai, June 26, 2023

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

**Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls with reference to standalone financial statements of CREDO BRANDS MARKETING LIMITED (formerly known as Credo Brands Marketing Private Limited) (“the Company”) as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company’s management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on “the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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



**Meaning of Internal Financial Controls with reference to standalone financial statements**

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

**Inherent Limitations of Internal Financial Controls with reference to standalone financial statements**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Joe Pretto  
(Partner)  
(Membership No. 77491)  
(UDIN: 23077491BGXCWA5386)

Mumbai, June 26, 2023

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that;

- i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work in progress, investment properties and relevant details of right of use assets.
  - (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) Some of the Property, Plant and Equipment, capital work in progress, investment properties and right of use assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the Property, Plant and Equipment, capital work in progress, investment properties and right of use assets at reasonable intervals having regard to the size of the Company and the nature of its activities. According to the information and explanations given to us, no material discrepancies were noticed on such verification
- (c) Based on our examination of the registered agreement for sale provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in investment property are held in the name of the Company as at the balance sheet date. Immovable properties of investment property whose title deeds have been pledged as security for term loan are held in the name of the Company.
- (d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventories (except for goods-in-transit) were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.
- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the monthly statements comprising (stock statements, book debt statements and other stipulated financial information) filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.





- (iii) The Company has made investment in subsidiary. The Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year.
- (a) The Company has not provided any loans or advances in the nature of loans or stood guarantee or provided security to any other entity during the year, and hence reporting under clause (iii)(a) and (c) to (f) of the Order is not applicable.
- (b) The investments made during the year are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
- (iv) The Company has complied with the provisions of Section 186 of the Act in respect of investments made. According to the information and explanations given to us, the Company has not granted any loan or provided guarantee or security that are covered under the provisions of sections 185 of the Companies Act, 2013
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.
- (vii) In respect of statutory dues:
- (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year. We have been informed that the provisions of the Sales Tax, Service Tax, duty of Excise and Value added tax are not applicable to the Company.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, due of Custom, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable except for :

Name of Statute	Nature of Dues	Period for which the amount relates	Amount (Rs. in millions)	Due Date	Date of Payment
The Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	FY 2018-19 to FY 2019-20 FY 2021-22	0.08	Various Dates	Not Paid

- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount (Rs. in millions)	Period to which the Amount Relates	Forum where Dispute is Pending
Income Tax Act 1961	Income Tax	1.18	FY 2010-11	The Commissioner of Income-tax (Appeals)
Income Tax Act 1961	Income Tax	2.82	FY 2015-16	National Faceless Appeal Center

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
  - (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
  - (c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.
  - (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, *prima facie*, not been used during the year for long-term purposes by the Company.
  - (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.
  - (f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.
- (x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
  - (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
  - (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
  - (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with section 188 of the Companies Act for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable accounting standards. The Company was a private company and hence the provisions of section 177 of the Companies Act, 2013 are not applicable to the Company.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
  - (b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 31, 2023.



- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- (b) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Joe Pretto  
(Partner)  
(Membership No. 77491)  
(UDIN: 23077491BGXCWA5386)

Mumbai, June 26, 2023

**CREDO BRANDS MARKETING LIMITED**  
**(Formerly known as CREDO BRANDS MARKETING PRIVATE LIMITED)**  
**Standalone Balance Sheet**  
(All amounts in Millions, unless otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
<b>A ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Property, plant and equipment	5(a)	615.84	403.31	387.34
(b) Right of use asset	5(b)	1,731.27	1,371.25	1,371.47
(c) Capital work-in-progress	5(c)	2.08	5.58	4.35
(d) Investment Property	6	16.66	17.04	17.42
(e) Intangible assets	7	3.76	1.38	1.93
(f) Financial assets				
Investments	8	-	0.10	-
Other financial assets	9	126.83	151.10	173.99
(g) Deferred tax assets (net)	10	202.52	157.90	100.25
(h) Non-current tax assets	11	15.02	18.85	1.10
(i) Other non-current assets	12	154.85	116.50	85.68
<b>Total non-current assets</b>		<b>2,868.83</b>	<b>2,243.01</b>	<b>2,143.53</b>
<b>2 Current assets</b>				
(a) Inventories	13	1,134.03	657.38	586.09
(b) Financial assets				
Investments	8	-	-	-
Trade receivables	14	1,372.82	1,235.87	1,224.24
Cash and cash equivalents	15	81.20	505.82	251.63
Other bank balances	15	7.72	7.52	7.20
Other financial assets	9	80.31	34.90	20.33
(c) Other current assets	12	199.93	75.80	47.74
<b>Total current assets</b>		<b>2,876.01</b>	<b>2,517.29</b>	<b>2,137.23</b>
<b>Total assets</b>		<b>5,744.84</b>	<b>4,760.30</b>	<b>4,280.76</b>
<b>B EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
(a) Equity share capital	16	32.15	31.92	31.92
(b) Other equity	17	2,781.43	2,326.02	1,970.42
<b>Total equity</b>		<b>2,813.58</b>	<b>2,357.94</b>	<b>2,002.34</b>
<b>2 Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Financial liabilities				
Borrowings	18	67.55	100.79	134.04
Lease liabilities	5(b)	1,512.41	1,111.11	1,088.92
Other financial liabilities	19	355.36	316.46	281.51
(b) Provisions	20	38.16	35.35	42.27
<b>Total non-current liabilities</b>		<b>1,973.48</b>	<b>1,563.71</b>	<b>1,546.74</b>
<b>Current liabilities</b>				
(a) Financial liabilities				
Borrowings	18	33.24	33.24	17.62
Lease Liabilities	5(b)	305.94	296.73	232.91
Trade payables	22			
Total outstanding dues of micro enterprises and small enterpris		118.26	85.11	57.32
Total outstanding dues of creditors other than micro enterpris		306.40	281.38	289.48
Other financial liabilities	19	23.30	10.37	9.99
(b) Provisions	20	25.83	18.27	23.74
(c) Current tax liabilities (net)	23	-	-	28.36
(d) Other current liabilities	21	144.81	113.55	72.26
<b>Total current liabilities</b>		<b>957.78</b>	<b>838.65</b>	<b>731.68</b>
<b>Total liabilities</b>		<b>2,931.26</b>	<b>2,402.36</b>	<b>2,278.42</b>
<b>Total equity and liabilities</b>		<b>5,744.84</b>	<b>4,760.30</b>	<b>4,280.76</b>

The accompanying notes form an integral part of the Standalone Financial Statements 1-47

As per our report of even date attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

**Joe Pretto**  
(Partner)  
(Membership No. 77491)

Place: Mumbai  
Date: June 26, 2023



For and on behalf of the Board of Directors  
**Credo Brands Marketing Limited**  
CIN: U18101MH1999PLC119669

**Kamal Khushlani**  
(Chairman and Managing Director)  
DIN: 00638929

**Poonam Khushlani**  
(Whole-time Director)  
DIN: 01179171

**Rasik Mittal**  
(Chief Financial Officer)

**Sanjay Kumar Mutha**  
(Company Secretary)  
(Membership No. 15884)

Place: Mumbai  
Date: June 26, 2023



**CREDO BRANDS MARKETING LIMITED**  
**(Formerly known as CREDO BRANDS MARKETING PRIVATE LIMITED)**  
**Standalone Statement of Profit and Loss**  
(All amounts in Millions, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
1 Revenue from operations	24	4,981.82	3,411.72
2 Other income	25	131.40	136.62
<b>3 Total income (1+2)</b>		<b>5,113.22</b>	<b>3,548.34</b>
<b>4 Expenses</b>			
(a) Cost of material consumed	26	278.47	157.68
(b) Purchases of stock-in-trade	26	2,308.79	1,379.84
(c) Changes in inventories of finished goods and stock-in-trade	27	(467.85)	(66.85)
(d) Employee benefits expense	28	267.36	291.76
(e) Finance costs	29	177.36	150.30
(f) Depreciation and amortization expense	30	534.30	458.85
(g) Other expenses	31	977.28	718.31
<b>Total expenses</b>		<b>4,075.71</b>	<b>3,089.89</b>
<b>5 Profit before tax (3-4)</b>		<b>1,037.51</b>	<b>458.45</b>
<b>6 Tax expense</b>			
Current tax	32	309.05	187.38
Short/(Excess) provision of income tax of earlier years		(1.42)	(6.52)
Deferred tax	10	(44.65)	(59.93)
<b>Total tax expense</b>		<b>262.98</b>	<b>120.93</b>
<b>7 Profit for the year (5-6)</b>		<b>774.53</b>	<b>337.52</b>
<b>8 Other comprehensive income</b>			
<b>A Items that will not be reclassified to profit or loss</b>			
Re-measurement gain/(loss) on defined benefit liability		0.13	9.06
Tax related to above item		(0.03)	(2.28)
		0.10	6.78
<b>Total comprehensive income for the year (net of tax)</b>		<b>0.10</b>	<b>6.78</b>
<b>9 Total restated comprehensive income for the year (7+8)</b>		<b>774.63</b>	<b>344.30</b>
<b>Earnings per share face value of ₹2 each fully paid up</b>			
Basic earnings per share (in Rs.)	35	12.05	5.29
Diluted earnings per share (in Rs.)	35	12.05	5.25

The accompanying notes form an integral part of the Standalone Financial Statements

1-47

As per our report of even date attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

**Joe Pretto**  
(Partner)  
(Membership No. 77491)

Place: Mumbai  
Date: June 26, 2023



**For and on behalf of the Board of Directors**  
**Credo Brands Marketing Limited**  
CIN: U18101MH1999PLC119669

**Kamal Khushlani**  
(Chairman and Managing Director)  
DIN: 00638929

**Poonam Khushlani**  
(Whole-time Director)  
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**Rasik Mittal**  
(Chief Financial Officer)

**Sanjay Kumar Mutha**  
(Company Secretary)  
(Membership No. 15884)

Place: Mumbai  
Date: June 26, 2023

**CREDO BRANDS MARKETING LIMITED**  
**(Formerly known as CREDO BRANDS MARKETING PRIVATE LIMITED)**  
**Standalone Statement of Cash Flows**  
(All amounts in Millions, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Cash flows from operating activities</b>		
Profit before tax	1,037.51	458.45
Adjustments for :		
Depreciation and amortization expenses	534.30	458.85
Interest income on financial assets	(22.50)	(27.42)
Rental income on investment property	(4.25)	(2.66)
Finance cost	146.09	132.12
Loss on property, plant and equipment sold / scrapped / written off	4.05	6.31
Allowance for expected credit loss and doubtful deposits	10.84	131.60
Impairment on Investment in Subsidiary	21.40	-
Share based payments to employees	2.29	11.30
Bad debts written off	0.23	-
Security deposits written off	4.88	-
Sundry balances (written back) / written off	(3.00)	(0.07)
Excess Provision written back	(49.25)	(2.60)
Covid-19 related rent concessions	(3.58)	(79.20)
<b>Operating cash flows before working capital changes</b>	<b>1,679.01</b>	<b>1,086.68</b>
<b>Working capital adjustments :</b>		
Decrease/ (increase) in inventories	(476.65)	(71.29)
Decrease/ (increase) in trade receivables	(97.34)	(115.51)
Decrease/ (increase) in other financial assets	(14.31)	(2.31)
Decrease/ (increase) in other current assets	(124.13)	(28.06)
Decrease/ (increase) in non-current assets	(40.30)	(43.20)
(Decrease)/ increase in trade payables	58.93	21.78
(Decrease)/ increase in other current liabilities	31.63	29.17
(Decrease)/ increase in other financial liabilities	23.68	106.39
(Decrease)/ increase in provisions	12.75	(2.74)
<b>Cash generated from operations</b>	<b>1,053.27</b>	<b>980.91</b>
Less: Income tax paid (net)	(308.04)	(197.09)
<b>Net cash generated from operating activities (A)</b>	<b>745.23</b>	<b>783.82</b>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment (including capital work-in-progress and capital advances)	(341.47)	(152.25)
Purchase of intangible assets	(3.06)	(0.06)
Proceeds from sale of property, plant and equipment	0.53	0.35
Investment made in Subsidiary	(21.30)	(0.10)
In demand deposit accounts - Having maturity more than 3 months	139.74	(140.14)
Interest income on financial assets	9.17	10.00
Rental income on investment property	4.25	2.66
<b>Net cash used in investing activities (B)</b>	<b>(212.14)</b>	<b>(279.54)</b>
<b>C. Cash flows from financing activities</b>		
Repayment of Short term borrowings	(33.25)	(17.62)
Proceeds from issue of shares under employee stock options scheme	0.23	-
Repayment of lease liabilities	(432.62)	(342.35)
Interest paid	(30.84)	(30.27)
Dividend paid	(321.51)	-
<b>Net cash used in financing activities (C)</b>	<b>(817.98)</b>	<b>(390.24)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)</b>	<b>(284.89)</b>	<b>114.04</b>
Cash and cash equivalent at the beginning of the year	<b>361.98</b>	<b>247.94</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>77.09</b>	<b>361.98</b>
<b>Cash and cash equivalents as above comprises of the following</b>		
Cash in hand	4.61	4.37
Balances with bank		
In current accounts	72.48	57.51
In demand deposit accounts - Having maturity less than 3 months	-	300.10
<b>Total cash and cash equivalents (Refer note no. 15)</b>	<b>77.09</b>	<b>361.98</b>



**CREDO BRANDS MARKETING LIMITED**  
**(Formerly known as CREDO BRANDS MARKETING PRIVATE LIMITED)**  
**Standalone Statement of Cash Flows**  
 (All amounts in Millions, unless otherwise stated)

**Notes:**

**Reconciliation of liabilities from financing activities For the year ended March 31, 2023**

Particulars	Opening Balance	Additions of Lease Liabilities	Proceeds	Repayment	Closing Balance
Borrowings	134.04	-	-	(33.25)	100.79
Lease liabilities	1,407.84	843.13	-	(432.62)	1,818.35
<b>Total liabilities from financing activities</b>	<b>1,541.88</b>	<b>843.13</b>	<b>-</b>	<b>(465.89)</b>	<b>1,919.14</b>

**Reconciliation of liabilities from financing activities for the year ended March 31, 2022**

Particulars	Opening Balance	Additions of Lease Liabilities	Proceeds	Repayment	Closing Balance
Borrowings	151.66	-	-	(17.62)	134.04
Lease liabilities	1,321.83	428.36	-	(342.35)	1,407.84
<b>Total liabilities from financing activities</b>	<b>1,473.49</b>	<b>428.36</b>	<b>-</b>	<b>(359.97)</b>	<b>1,541.88</b>

The accompanying notes form an integral part of the Standalone Financial Statements

As per our report of even date attached  
**For Deloitte Haskins & Sells LLP**  
 Chartered Accountants  
 (Firm Registration No. 117366W/W-100018)

**Joe Pretto**  
 (Partner)  
 (Membership No. 77491)

Place: Mumbai  
 Date: June 26, 2023



**For and on behalf of the Board of Directors**  
**Credo Brands Marketing Limited**  
 CIN: U18101MH1999PLC119669

**Kamal Khushlani**  
 (Chairman and Managing Director)  
 DIN: 00638929

**Rasik Mittal**  
 (Chief Financial Officer)

Place: Mumbai  
 Date: June 26, 2023

**Poonam Khushlani**  
 (Whole-time Director)  
 DIN: 01179171

**Sanjay Kumar Mutha**  
 (Company Secretary)  
 (Membership No. 15884)

**CREDO BRANDS MARKETING LIMITED**  
**(Formerly known as CREDO BRANDS MARKETING PRIVATE LIMITED)**  
**Standalone Statement of changes in equity**  
(All amounts in Millions, unless otherwise stated)

**(A) Equity share capital**

	No. of shares	Amount
<b>Balance as at April 1, 2021</b>	31,92,037.00	31.92
Changes in equity share capital during the year	-	-
<b>Balance as at March 31, 2022</b>	31,92,037.00	31.92
Changes in equity share capital during the year	23,057.00	0.23
<b>Balance as at March 31, 2023</b>	32,15,094.00	32.15

**(B) Other equity**

Particulars	Reserve and surplus			
	Securities premium	Retained earnings	Share option outstanding account	Total
<b>Balance as at April 1, 2021</b>	<b>147.85</b>	<b>1,815.85</b>	<b>6.72</b>	<b>1,970.42</b>
Recognition of share based payments	-	-	11.30	11.30
Profit for the year	-	337.52	-	337.52
Re-measurement of defined benefit plan (net of tax)	-	6.78	-	6.78
<b>Balance as at March 31, 2022</b>	<b>147.85</b>	<b>2,160.16</b>	<b>18.02</b>	<b>2,326.03</b>
Recognition of share based payments	-	-	2.29	2.29
Transfer in respect to share option exercised during the year	11.29	-	(11.29)	-
Payment of dividends	-	(321.51)	-	(321.51)
Profit for the year	-	774.53	-	774.53
Re-measurement of defined benefit plan (net of tax)	-	0.10	-	0.10
<b>Balance as at March 31, 2023</b>	<b>159.14</b>	<b>2,613.27</b>	<b>9.02</b>	<b>2,781.44</b>

The accompanying notes form an integral part of the Standalone Financial Statements

1-47

As per our report of even date attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

**Joe Pretto**  
(Partner)  
(Membership No. 77491)  
Place: Mumbai  
Date: June 26, 2023



For and on behalf of the Board of Directors  
**Credo Brands Marketing Limited**  
CIN: U18101MH1999PLC119669

**Kamal Khushlani**  
(Chairman and  
Managing Director)  
DIN: 00638929

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(Company Secretary)  
(Membership No. 15884)

Place: Mumbai  
Date: June 26, 2023





**CREDO BRANDS MARKETING LIMITED**  
**(Formerly known as CREDO BRANDS MARKETING PRIVATE LIMITED)**  
**Notes Forming part of the Standalone Financial Statements**  
(All amounts in Millions, unless otherwise stated)

**1 Corporate information**

CREDO BRANDS MARKETING LIMITED (Formerly known as CREDO BRANDS MARKETING PRIVATE LIMITED) 'the Company' is a public limited company domiciled and incorporated in India under the Companies Act, 2013 vide CIN: U18101MH1999PTC119669 and incorporated on April 29, 1999. The Company is a public limited company w.e.f. May 11, 2023 with new CIN: U18101MH1999PLC119669. The registered office of the Company is located at B-8, MIDC Central Road, Marol, Next to MIDC Police Station, Andheri (E), Mumbai - 400093.

CREDO BRANDS MARKETING LIMITED (Formerly known as CREDO BRANDS MARKETING PRIVATE LIMITED) ("the Company") is mainly engaged in the business of selling of fashion casual garments and accessories under the brand name MUFTI. A fresh certificate of incorporation consequent to the conversion of Private to Public Company was issued by the Registrar of Companies Mumbai on May 11, 2023 under section 18 of the Companies Act, 2013 to give effect of conversion.

**2 Significant Accounting Policies**

**2.1 Basis of Preparation and Presentation**

The Standalone Financial Statements of the Company comprises the Standalone Balance Sheet as at March 31, 2023, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (together referred to as the "Standalone Financial Statements").

The Standalone Financial Statements have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standard ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 (the "Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India.

In accordance with the notification dated February 16, 2015, issued by Ministry of Corporate Affairs, the Company has voluntarily adopted Indian Accounting Standards notified under section 133 of the Companies Act, 2013, as amended (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") with effect from April 01, 2022. Accordingly, the statutory transition date for adoption of Ind AS is April 01, 2021.

As such, the Standalone Financial Statements as at and year ended March 31, 2023 are prepared considering the accounting principles stated in Ind AS, as adopted by the Group and described in subsequent paragraphs.

The Standalone Financial Statements includes comparative financial information and disclosures as at and for the year ended March 31, 2022. Such comparative information as at and for the year ended March 31, 2022 included in the Standalone Financial Statements have been prepared by making Ind AS adjustments to the audited standalone financial statements of the Company as at and for the year ended March 31, 2022, prepared in accordance with the accounting standards notified under section 133 of the Act ("Indian GAAP") (the "Statutory Indian GAAP Financial Statements"), which have been approved by the Board of Directors at their meeting held on 29 November, 2022. Refer Note 46.2 for reconciliation of equity and total comprehensive income as per the Statutory Indian GAAP Financial Statements as at and for the year ended March 31, 2022 and equity and total comprehensive income as per the Standalone Financial Statements.

Subsequent to March 31, 2023, pursuant to a resolution passed in extra-ordinary general meeting dated April 18, 2023, shareholders have approved sub-division of each equity share of face value of Rs. 10 each into five equity shares of face value of Rs. 2 each (the "Split"). Further, the Company in extra-ordinary general meeting dated February 14, 2023, have approved the issuance of bonus shares to the equity shareholders in the ratio of 3:1. As required under Ind AS 33 "Earning per share" the effect of such split/bonus is required to be adjusted for the purpose of computing earning per share for all the years presented retrospectively. As a result, the effect of split/bonus has been considered in these Standalone Financial Statements for the purpose of calculating of earning per share (Refer Note No. 35 of the Standalone Financial Statements).

These Standalone Financial Statements do not reflect the effects of events that occurred subsequent to the date of the board meeting for adoption of the Statutory Indian GAAP Financial Statements except the effect of bonus and share split as mentioned above.

The Standalone Financial Statement were approved in accordance with a resolution of the directors on June 26, 2023.

The Standalone Financial Statements are presented in Indian Rupees and all amounts disclosed in the financial statements and notes have been rounded off to the nearest millions, unless otherwise stated.

**2.2 Functional and Presentation Currency**

The Standalone Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Standalone Financial Statements are presented in Indian rupee (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Millions, up to two places of decimal, unless otherwise indicated. Amounts having absolute value of less than Rs. 10,00,000 have been rounded and are presented as Rs. 0.00 Million in the Standalone Financial Statements.



**CREDO BRANDS MARKETING LIMITED**  
**(Formerly known as CREDO BRANDS MARKETING PRIVATE LIMITED)**  
**Notes Forming part of the Standalone Financial Statements**  
(All amounts in Millions, unless otherwise stated)

**2.3 Current and non-current classification**

The Company presents assets and liabilities in the Standalone Balance Sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of service and the time between rendering of services and their realization in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current / non-current classification of assets and liabilities.

**2.4 Property, Plant & Equipment**

Property plant and equipment are stated at their cost of acquisition, less accumulated depreciation/ amortisation and impairment loss. Cost of an item of property, plant and equipment includes purchase price including non - refundable taxes and duties, borrowing cost directly attributable to the qualifying asset, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and the present value of the expected cost for the dismantling / decommissioning of the asset. Parts (major components) of an item of Property, plant and equipments having different useful lives are accounted as separate items of property, plant and equipments.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. The other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work-in-progress comprises of cost incurred on property, plant and equipment under construction / acquisition that are not yet ready for their intended use at the Balance Sheet Date. Advances paid towards the acquisition of PPE outstanding at each reporting date is classified as Capital Advances under "Other Non-Current Assets" and assets which are not ready for intended use as on the reporting date are disclosed as "Capital Work in Progress".

**2.4.1 Depreciation method, estimated useful lives and residual value**

Depreciation on the property, plant and equipment (other than capital work in progress) is provided on a straight line method over their useful lives which is in consonance of useful life mentioned in Schedule II to the Companies Act, 2013. The estimated useful lives are as under:

Plant and machinery	15 years
Furniture and fixtures	10 years
Office equipment	5 years
Vehicles	8 years
Computers	3 years

Leasehold improvements are amortised on a straight line basis over lease term or 5 years whichever is less.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively.

**2.4.2 Derecognition**

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



**CREDO BRANDS MARKETING LIMITED**  
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**Notes Forming part of the Standalone Financial Statements**  
(All amounts in Millions, unless otherwise stated)

**2.5 Intangible assets and amortisation**

**2.5.1 Recognition and measurement**

Intangible assets that are acquired by the Company are stated at cost of acquisition less amortization and impairment losses, if any. Cost of an intangible asset includes purchase price including non - refundable taxes and duties, borrowing cost directly attributable to the qualifying asset and any directly attributable expenditure on making the asset ready for its intended use. Intangible assets are recognized only if it is probable that the future economic benefits attributable to asset will flow to the Company and the cost of asset can be measured reliably. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates. Intangible assets under development comprises of cost incurred on intangible assets under development that are not yet ready for their intended use as at the reporting period.

**2.5.2 Amortization and useful lives**

Intangible assets with finite lives comprise of trademarks/brand and software, are amortized over the period of 5 years and 3 years respectively on straight-line basis. Amortisation methods and useful lives are reviewed at each financial year end and adjusted prospectively.

**2.5.3 Derecognition policy**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

**2.6 Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**2.7 Investment Property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 requirements for cost model.

Depreciation is recognised so as to write-off the cost less residual value over the estimated useful life of 60 years, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss in the period in which the property is derecognized.



**CREDO BRANDS MARKETING LIMITED**  
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**Notes Forming part of the Standalone Financial Statements**  
(All amounts in Millions, unless otherwise stated)

**2.8 Leases**

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. The determination of whether a contract is (or contains) a lease is based on the substance of the contract at the inception of the lease. The contract is, or contains, a lease if the contract provide lessee, the right to control the use of an identified asset for a period of time in exchange for consideration. A lessee does not have the right to use an identified asset if, at inception of the contract, a lessor has a substantive right to substitute the asset throughout the period of use.

The Company accounts for the lease arrangement as follows:

(i) Where the Company is the lessee

**Right of Use Asset**

The Company applies single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. On the commencement of the lease, the Company, in its Standalone Balance Sheet, recognised the right of use asset at cost and lease liability at present value of the lease payments to be made over the lease term.

Subsequently, the right of use asset is measured at cost less accumulated depreciation [calculated on straight line method] and any accumulated impairment loss. Right-of-use assets are depreciated on a straight-line basis over the lease term as follows:

<b>Asset category</b>	<b>Lease Term</b>
Lease hold premises	3 to 9 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.6 on impairment of non-financial assets.

**Lease liabilities**

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

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The lease payment made, are apportioned between the finance charge and the reduction of lease liability, and are recognised as expense in the Consolidated Statements of profit and loss.

**Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Lease deposits given are a financial asset and are measured at amortised cost under Ind AS 109 since it satisfies Solely Payment of Principal and Interest (SPPI) condition. The difference between the present value and the nominal value of deposit is considered as Right of Use Asset and depreciated over the lease term. Unwinding of discount is treated as finance income and recognised in the Consolidated Statements of profit and loss.

(ii) Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease. Lease deposits received are financial instruments (financial liability) and are measured at fair value on initial recognition. The difference between the fair value and the nominal value of deposits is considered as rent in advance and recognised over the lease term on a straight line basis. Unwinding of discount is treated as interest expense (finance cost) for deposits received and is accrued as per the EIR method.



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**2.9 Inventories**

Inventories of raw material, finished good and stock-in-trade are valued at the lower of cost (on First-in-First out basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including and other levies, transit insurance and receiving charges. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**2.10 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.11 Provisions and contingencies**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**2.12 Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**2.13 Financial assets**

All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**2.13.1 Classification of financial assets**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit or Loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through Other Comprehensive Income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.



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**2.13.2 Subsequent Measurement**

Financial assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost.

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset's cash flows represent solely payments of principal and interest, are measured at FVOCI. All equity investments are measured at fair value through other comprehensive income, except for investments in subsidiary/associate which is measured at cost. Changes in the fair value of financial assets are recognized in Statement of Other Comprehensive Income. In those cases, there is no subsequent reclassification of fair value gains and losses to Statement of profit and loss.

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on such financial assets that are subsequently measured at FVTPL and is recognized and presented net in the Statement of profit and loss within other income in the period in which it arises.

**2.13.3 Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- (b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For other financial assets carried at amortised cost the Company assesses, on a forward looking basis, the expected credit losses associated with such assets and recognises the same in profit or loss.

**2.13.4 Derecognition of financial assets**

The Company derecognizes a financial asset when the contractual right to the cash flows from the financial asset expire or it transfers substantially all risk and rewards of ownership of the financial asset. A gain or loss on such financial assets that are subsequently measured at amortized cost is recognized in the Statement of Profit or Loss when the asset is derecognized.

**2.14 Financial liabilities and equity instruments**

**2.14.1 Classification of debt or equity**

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**2.14.2 Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

**2.15 Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL (fair value through profit or loss).

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and Commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

**2.15.1 Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost (loans and borrowings, and payables). All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**2.15.2 Subsequent Measurement**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. This category generally applies to interest-bearing loans and borrowings.



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**2.15.3 Derecognition**

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

**2.15.4 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.

**2.16 Cash and cash equivalents**

Cash and cash equivalents includes cash and cheques on hand, current accounts and fixed deposits accounts with banks with original maturities of three months or less that are readily convertible to known amounts of cash (other than on lien) and which are subject to an insignificant risk of changes in value and book overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**2.16.1 Statements of cash flows**

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

**2.17 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the Standalone Financial Statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 – Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 – Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the Standalone Financial Statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the end of each reporting period.

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 fair value hierarchy. Fair values have been determined for measurement and / or disclosure purpose using methods as prescribed in "Ind AS 113 Fair Value Measurement".



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**2.18 Revenue recognition**

The Company's revenue majorly represents revenue from sale of garments. The Company sells garments through own stores and through business partners such as distributors, franchisees, large format stores and E-Commerce.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

**2.18.1 Sale of goods**

The Company derives revenue from sale of goods and revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods. To recognise revenues, the Company applies the following five step approach:

- (1) identify the contract with a customer,
- (2) identify the performance obligations in the contract,
- (3) determine the transaction price,
- (4) allocate the transaction price to the performance obligations in the contract, and
- (5) recognize revenues when a performance obligation is satisfied.

The Company has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Company has concluded that certain arrangements with its business partner, where the Company has an unconditional obligation relating to unsold inventory, are on principal to agent basis and for other cases the Company has concluded that its arrangements with business partners are on principal to principal.

The transfer of control of promised goods as above, generally coincides with the delivery of goods to customers.

- For business partner acting as principal, revenue is recognised upon sale to business partner.
- For business partner acting as agent, revenue is recognised once goods are sold by business partner to end customers.

Sales are recognised, net of returns and trade discounts, rebates, and Goods and Services Tax (GST).

Under the Company's standard contract terms, customers have a right of return goods as per Company's policy. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Company has a right to recover the product when customers exercise their right of return; consequently, the Company recognises a right-to-returned-goods asset and a corresponding adjustment to cost of sales. The Company uses its accumulated historical experience to estimate the number of returns on a seasonal basis using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

The Company operates a loyalty programme through which retail customers accumulate points on purchases of apparels that entitle them to discounts on future purchases. These points provide a discount to customers that they would not receive without purchasing the apparels (i.e. it is a material right). The promise to provide the discount to the customer is therefore a separate performance obligation. The transaction price is allocated between the sale of apparels and the rights related to the loyalty points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated based on the discount to be given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Company's historical experience. A contract liability is recognised for revenue relating to the loyalty points at the time of the initial sales transaction. Revenue from the loyalty points is recognised when the points are redeemed by the customer. Revenue for points that are not expected to be redeemed is recognised in proportion to the pattern of rights exercised by customers.

**2.18.2 Interest income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.





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**2.18.3 Other income**

Other incomes are accounted on accrual basis and except interest on delayed payment by debtors which are accounted on acceptance of the Company's claim.

**2.19 Foreign currency Transactions and balances**

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss and reported within foreign exchange gains / (losses).

**2.20 Employee benefits**

Company's Employee benefit obligations include Short-term obligations and Post-employment obligations which includes gratuity plan and contributions to provident fund.

**2.20.1 Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service which are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**2.20.2 Compensated absences**

Compensated absences in form of earned leave are expected to be utilised wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the undiscounted value at the end of the reporting period.

**2.20.3 Post-employment obligations**

**Defined benefit plans**

The Company has defined benefit plan namely gratuity, which is unfunded. The liability or asset recognised in the balance sheet in respect of gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**Defined contribution plans**

The defined contribution plan is a post-employment benefit plan under which the Company contributes fixed contribution to a Government Administered Fund and will have no obligation to pay further contribution. The Company's defined contribution plan comprises of Provident Fund, Labour Welfare Fund, Employee State Insurance Scheme and Employee Pension Scheme. The Company's contribution to defined contribution plans are recognized in the Statement of Profit and Loss in the period in which the employee renders the related service.

**2.21 Share-based payment to employees**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note No. 37.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.



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**2.22 Taxation**

Income tax expense represents the sum of the current tax and deferred tax.

**2.22.1 Current tax**

The current tax is based on taxable profit for the year. Taxable profit differs from 'Profit Before Tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates applicable for the respective period.

**2.22.2 Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Standalone Financial Statements and their tax bases. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**2.22.3 Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**2.23 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

**2.24 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) for the year attributable to the shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year attributable to the shareholders of the Company as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.



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**3 Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

(a) Ind AS 1 | Presentation of Financial Statements – The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

(b) Ind AS 12 | Income Taxes – The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

(c) Ind AS 8 | Accounting Policies, Changes in Accounting Estimates and Errors - The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

**4 Use of estimates and critical accounting judgements**

The preparation of Financial Information requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Information are disclosed below.

**4.1 Property, plant and equipment and Intangible assets**

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology etc.

**4.2 Leases**

The Company determines the lease term in accordance with Ind AS 116 which requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations.

**4.3 Inventories**

The Company considers year and seasonality to which inventory pertains for determining net realisable value for old inventories. Such old inventories are further marked down to its estimated realisable value based on amount which the Company has been able to realise on sale of old inventory around the period end. The management applies judgement in determining the appropriate provisions for slow moving and/ or obsolete stock, based on the analysis of old season inventories, past experience, current trend and future expectations for these inventories, depending upon the category of goods.



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**4.4 Employee benefits**

The cost of the defined benefit plan is determined using actuarial valuations using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include determination of discount rates, future salary increases, attrition and mortality rates. Due to the complexities involved in the valuation and its nature, a defined benefit is highly sensitive to change in these assumptions. All assumptions are reviewed at each reporting period.

**4.5 Share-based payments to employees**

The fair value of share-based payments to employees determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The fair value of stock options at the grant date are determined by an independent valuer using assumptions and method determined by the Company.

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

**4.6 Provision for discount & sales return**

The Company provides for discount and sales return based on season wise, brand wise and channel wise trend of previous years. The Company reviews the trend at regular intervals to ensure the applicability of the same in the changing scenario, and based on the management's assessment of market conditions.

**4.7 Estimation of uncertainties relating to the global health pandemic from Covid-19 :**

The Company has considered the internal and external sources of information and economic forecast, upto the date of approval of these Financial Information, in determining the impact of Covid-19 pandemic on various elements of its business operations and Financial Information including capital and financial resources, profitability, liquidity position and supply chain. The Company has used the principles of prudence in applying the judgements, estimates and assumptions and based on current estimates, the Company expects to recover the carrying value of its current and non current assets (Also refer note 43).



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**5(a) Property, Plant and Equipment**

Particulars	Office Equipment	Computers	Leasehold Improvement	Furniture & Fixtures	Vehicles	Plant & Equipment	Total
<b>I. Gross Carrying Value</b>							
<b>Balance as on April 1, 2021</b>	<b>35.44</b>	<b>7.86</b>	<b>208.61</b>	<b>116.03</b>	<b>9.46</b>	<b>9.94</b>	<b>387.34</b>
Additions	14.99	2.87	98.79	23.70	4.97	0.64	145.96
Disposals / adjustments	(1.04)	(0.26)	(8.24)	(0.50)	-	(0.11)	(10.15)
<b>Balance as on March 31, 2022</b>	<b>49.39</b>	<b>10.47</b>	<b>299.16</b>	<b>139.23</b>	<b>14.43</b>	<b>10.47</b>	<b>523.15</b>
Additions	46.28	10.02	166.37	121.07	14.72	4.82	363.28
Disposals / adjustments	(1.22)	(0.01)	(8.19)	(0.02)	-	(0.07)	(9.51)
<b>Balance as on March 31, 2023</b>	<b>94.45</b>	<b>20.48</b>	<b>457.34</b>	<b>260.28</b>	<b>29.15</b>	<b>15.22</b>	<b>876.92</b>
<b>II. Accumulated Depreciation</b>							
<b>Balance as on April 1, 2021</b>	-	-	-	-	-	-	-
Depreciation expense	13.56	6.55	64.03	35.19	3.05	0.94	123.32
Disposals / adjustments	(0.52)	(0.18)	(2.72)	(0.05)	-	(0.01)	(3.48)
<b>Balance as on March 31, 2022</b>	<b>13.04</b>	<b>6.37</b>	<b>61.31</b>	<b>35.14</b>	<b>3.05</b>	<b>0.93</b>	<b>119.84</b>
Depreciation expense	16.96	3.60	83.96	35.91	4.60	1.13	146.16
Disposals / adjustments	(0.75)	(0.01)	(4.14)	(0.01)	-	(0.01)	(4.92)
<b>Balance as on March 31, 2023</b>	<b>29.25</b>	<b>9.96</b>	<b>141.13</b>	<b>71.04</b>	<b>7.65</b>	<b>2.05</b>	<b>261.08</b>
<b>III. Net Carrying Value (I-II)</b>							
<b>Balance as on March 31, 2022</b>	<b>36.35</b>	<b>4.10</b>	<b>237.85</b>	<b>104.09</b>	<b>11.38</b>	<b>9.54</b>	<b>403.31</b>
<b>Balance as on March 31, 2023</b>	<b>65.20</b>	<b>10.52</b>	<b>316.21</b>	<b>189.24</b>	<b>21.50</b>	<b>13.17</b>	<b>615.84</b>

**Notes:**

- (i) The Company has elected to continue with the carrying value of its property, plant and equipment as on the transition date measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.
- (ii) Property, plant and equipment (excluding vehicles) have been pledged against secured term loan and cash credit facility (Refer note no. 18)



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**5(b) Right of Use Asset**

Particulars	Building
<b>I. Gross Carrying Value</b>	
<b>Balance as on April 1, 2021</b>	<b>1,371.47</b>
Additions	334.34
Deletions	-
<b>Balance as on March 31, 2022</b>	<b>1,705.81</b>
Additions	747.11
Deletions	-
<b>Balance as on March 31, 2023</b>	<b>2,452.92</b>
<b>II. Accumulated Depreciation</b>	
<b>Balance as on April 1, 2021</b>	-
Depreciation expense	334.56
Deletions	-
<b>Balance as on March 31, 2022</b>	<b>334.56</b>
Depreciation expense	387.09
Deletions	-
<b>Balance as on March 31, 2023</b>	<b>721.65</b>
<b>III. Net Carrying Value</b>	
<b>Balance as on March 31, 2022</b>	<b>1,371.25</b>
<b>Balance as on March 31, 2023</b>	<b>1,731.27</b>

(i) The following is the break-up of current and non-current lease liabilities :

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Current lease liability	305.94	296.73	232.91
Non Current lease liability	1,512.41	1,111.11	1,088.92
<b>Total</b>	<b>1,818.35</b>	<b>1,407.84</b>	<b>1,321.83</b>

The weighted average incremental borrowing rate of 7.47% has been applied to lease liabilities recognised in the Standalone Balance Sheet at the date of initial application i.e April 1, 2021. The Company has used a single discount rate to a portfolio of leases with similar characteristic.

(ii) The following is the movement in lease liabilities during the year :

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Balance at the beginning of the year	1,407.84	1,321.83	1,321.83
Additions/modifications	727.88	326.51	-
Deletions	-	-	-
Finance cost on lease liabilities (Refer note no. 29)	115.25	101.85	-
Lease rentals paid	(432.62)	(342.35)	-
<b>Balance as at the year end</b>	<b>1,818.35</b>	<b>1,407.84</b>	<b>1,321.83</b>

(iii) Details of contractual maturities of lease liabilities on an undiscounted basis :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Less than one year	433.79	391.81
One to five years	1,274.67	1,001.25
More than five years	619.87	344.61
<b>Total</b>	<b>2,328.34</b>	<b>1,737.68</b>

The Company does not face significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the lease liabilities as and when they fall due.



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**5(b) Right of Use Asset**

(iv) Impact on statement of profit and loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on lease liabilities	115.25	101.85
Depreciation on right of use assets	387.09	334.54
Expenses relating to short-term leases	0.53	12.93
Expenses relating to variable leases	37.95	24.44
Expenses relating to low value leases	1.85	1.87
Others	3.08	3.35

(v) Covid-19-Related Rent Concessions

The amendments to Ind AS 116 provides a practical expedient to lessees in accounting for rent concessions that are a direct consequence of the Covid-19 pandemic. Many lessors have provided rent concessions to lessees as a result of the Covid-19 pandemic. Rent concessions can include rent holidays or rent reductions for a period of time. Applying the requirements in Ind AS 116 for changes to lease payments, particularly assessing whether the rent concessions are lease modifications and applying the required accounting, could be practically difficult in the current environment. The objective of the amendment is to provide lessees that have been granted Covid-19 related rent concessions with practical relief, while still providing useful information about leases to users of the financial statements.

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. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- (i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- (ii) any reduction in lease payments affect only payments originally due on or before June 30, 2022.
- (iii) There is no substantive change to other terms and conditions of the lease.

The Ministry of Corporate Affairs vide notification dated July 24, 2020, issued an amendment to Ind AS 116 - Leases, by inserting a practical expedient w.r.t. "Covid-19 - Related Rent Concessions" effective from the period beginning on or after April 01, 2020 and vide notification dated June 18, 2021, extended practical expedient upto June 30, 2022. The Company has accounted the unconditional rent concessions of Rs. 3.58 Millions for the year ended March 31, 2023 (for the year ended March 31, 2022: Rs. 79.20 Millions). The same has been accounted as a Rental Income in the Standalone Statement of Profit and Loss.



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**5(c) Capital work in progress**

Particulars	Leasehold Improvement	Total
<b>Balance as on April 1, 2021</b>	4.35	4.35
Additions	5.58	5.58
Transfer to Property, plant and equipment	(4.35)	(4.35)
<b>Balance as on March 31, 2022</b>	5.58	5.58
Additions	2.08	2.08
Transfer to Property, plant and equipment	(5.58)	(5.58)
<b>Balance as on March 31, 2023</b>	2.08	2.08

**Capital work-in-progress ageing schedule For the year ended March 31, 2023 is as follows**

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2.08	-	-	-	2.08
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>2.08</b>	-	-	-	<b>2.08</b>

**Capital work-in-progress ageing schedule for the year ended March 31, 2022 is as follows**

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	5.58	-	-	-	5.58
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>5.58</b>	-	-	-	<b>5.58</b>

**Capital work-in-progress ageing schedule for the year ended April 1, 2021 is as follows**

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4.35	-	-	-	4.35
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>4.35</b>	-	-	-	<b>4.35</b>





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**6 Investment Property**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
<b>Gross carrying value</b>			
Opening gross carrying amount	17.42	17.42	17.42
Additions	-	-	-
Deletion	-	-	-
<b>Closing gross carrying value</b>	<b>17.42</b>	<b>17.42</b>	<b>17.42</b>
<b>Accumulated depreciation</b>			
Opening accumulated depreciation	0.38	-	-
Depreciation charge (Refer note no. 30)	0.38	0.38	-
<b>Closing accumulated depreciation</b>	<b>0.76</b>	<b>0.38</b>	<b>-</b>
<b>Net carrying value</b>	<b>16.66</b>	<b>17.04</b>	<b>17.42</b>

(i) Amounts recognized in Statement of Profit and Loss for investment properties

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rental income (Refer note no. 25)	4.25	2.66
Direct operating expenses from property that generated rental income	(0.16)	(0.59)
<b>Profit/(Loss) from investment properties before depreciation</b>	<b>4.09</b>	<b>2.07</b>
Depreciation charge (Refer note no. 30)	(0.38)	(0.38)
<b>Profit/(Loss) from investment properties</b>	<b>3.71</b>	<b>1.69</b>

(ii) There is no immovable property which is not held in the name of the Company.

(iii) Investment property includes Rs. 3,250/- being the value of sixty five shares of Rs. 50 each in Tex Centre Premises Co-operative Society Limited.

(iv) Details of rental income receivable on an undiscounted basis:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Less than one year	4.46	4.25
One to five years	11.11	15.57
More than five years	-	-
	<b>15.57</b>	<b>19.82</b>

(v) The fair value of investment properties is Rs. 147.50 millions. The valuations are based on valuations performed by 'Yardi Prabhu Consultants & Valuers Private Limited', an accredited independent valuer. They specialise in valuing these types of investment properties and is a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

**Description of valuation techniques used and key inputs to valuation on investment properties:**

Investment properties Valuation	Technique
Building	Selling Price method based on recent market prices



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**7 Intangible Assets**

Particulars	Trade Mark & Brands	Software	Total
<b>I. Gross Carrying Value</b>			
<b>Balance as on April 1, 2021</b>	<b>1.86</b>	<b>0.07</b>	<b>1.93</b>
Additions	0.06	-	0.06
Disposals / adjustments	-	(0.00)	(0.00)
<b>Balance as on March 31, 2022</b>	<b>1.92</b>	<b>0.07</b>	<b>1.99</b>
Additions	0.03	3.02	3.05
Disposals / adjustments	-	-	-
<b>Balance as on March 31, 2023</b>	<b>1.95</b>	<b>3.09</b>	<b>5.04</b>
<b>II. Accumulated Amortisation</b>			
<b>Balance as on April 1, 2021</b>	-	-	-
Amortisation expense	0.54	0.07	0.61
Disposals / adjustments	-	(0.00)	(0.00)
<b>Balance as on March 31, 2022</b>	<b>0.54</b>	<b>0.07</b>	<b>0.61</b>
Amortisation expense	0.52	0.15	0.67
Disposals / adjustments	-	-	-
<b>Balance as on March 31, 2023</b>	<b>1.06</b>	<b>0.22</b>	<b>1.28</b>
<b>III. Net Carrying Value (I-II)</b>			
<b>Balance as on March 31, 2022</b>	<b>1.38</b>	<b>0.00</b>	<b>1.38</b>
<b>Balance as on March 31, 2023</b>	<b>0.89</b>	<b>2.87</b>	<b>3.76</b>

**Notes:**

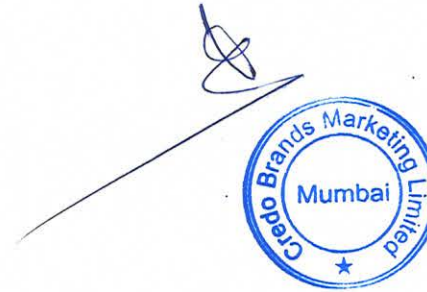
- (i) The Company has elected to continue with the carrying value of its intangible assets as on the transition date measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.



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**8 Non-current investments**

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Units	Amount	Units	Amount	Units	Amount
<b>Investments in Equity Instruments</b>						
<u>Unquoted investment (measured at cost)</u>						
Investments in subsidiary						
KAPS Mercantile Private Limited, equity shares of Rs.10/- each fully paid	21,40,000.00	21.40	10,000.00	0.10	-	-
Less: Impairment in value of investment in subsidiary	(21,40,000.00)	(21.40)	-	-	-	-
<b>Total</b>	-	-	10,000.00	0.10	-	-



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**9 Other financial assets**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
<b>(Unsecured, considered good)</b>			
<b>Non-current</b>			
Security deposits paid	126.83	151.10	173.99
	<u>126.83</u>	<u>151.10</u>	<u>173.99</u>
<b>(Unsecured, considered doubtful)</b>			
<b>Non-current</b>			
Security deposits paid	9.15	7.72	-
Less: Allowance for doubtful security deposit	(9.15)	(7.72)	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>126.83</u>	<u>151.10</u>	<u>173.99</u>
<b>(Unsecured, considered good)</b>			
<b>Current</b>			
(a) Security deposits paid	80.14	28.40	20.00
(b) Accrued interest on bank deposits	0.17	6.50	0.33
	<u>80.31</u>	<u>34.90</u>	<u>20.33</u>
<b>(Unsecured, considered doubtful)</b>			
<b>Current</b>			
(a) Security deposits paid	-	20.00	-
Less: Allowance for doubtful security deposit	-	(20.00)	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>80.31</u>	<u>34.90</u>	<u>20.33</u>

**11 Non-current tax assets**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Income Tax Assets (net of provision for tax)	15.02	18.85	1.10
<b>Total</b>	<u>15.02</u>	<u>18.85</u>	<u>1.10</u>

**12 Other assets**

(Unsecured, considered good)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
<b>Non-current</b>			
(a) Capital advances	1.00	6.78	1.42
(b) Balance with government authorities (Goods and Services tax input receivable)	149.17	103.91	79.25
(c) Prepayments	0.09	0.42	0.18
(d) Prepayments - Security deposits	4.59	5.39	4.83
<b>Total</b>	<u>154.85</u>	<u>116.50</u>	<u>85.68</u>
<b>Current</b>			
(a) Advances to employees	2.47	2.32	4.60
(b) Prepayments	92.19	5.97	4.51
(c) Prepayments - Security deposits	0.06	0.27	-
(d) Advances to suppliers	10.55	14.41	4.10
(e) Right to return good assets (Refer note (i) below)	80.23	52.83	34.53
(f) Other advances (Refer note (iii) below)	14.43	-	-
<b>Total</b>	<u>199.93</u>	<u>75.80</u>	<u>47.74</u>

**Note:**

- (i) The right to return goods asset represents the Company's right to recover products from customers where customers exercise their right of return under the Company's returns policy. The Company uses its accumulated historical experience to estimate the number of returns on a seasonal basis using the expected value method.
- (ii) Other assets have been pledged against secured term loan and cash credit facility (Refer note no. 18)
- (iii) The Company has so far incurred as at March 31, 2023, share issue expense of Rs. 14.43 Millions in connection with proposed public offer of equity shares, in accordance with the Companies Act 2013 (the Act). The selling shareholders shall reimburse the share issue expenses. Accordingly, the Company will fully recover the expenses incurred with the issue on completion of Initial Public Offer (IPO).



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**10 Deferred tax assets**

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Deferred tax assets (a)	642.59	507.57	449.65
Deferred tax liabilities (b)	(440.07)	(349.67)	(349.40)
<b>Deferred tax assets (net) (a-b)</b>	<b>202.52</b>	<b>157.90</b>	<b>100.25</b>

**Deferred tax assets / (liabilities) in relation to:**

Particulars	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>As at March 31 2023</b>				
<b>i) Deferred tax assets in relation to:</b>				
Property, plant and equipment	92.35	9.20	-	101.55
Leases (net)	354.33	103.32	-	457.65
Security deposits paid	11.40	1.71	-	13.11
Employee benefits	14.87	0.17	(0.03)	15.01
Doubtful debts	28.09	(4.63)	-	23.46
Loyalty points	3.21	1.46	-	4.67
Revenue reversal - goods sold on sale or return basis	3.32	22.69	-	26.01
GST Input Tax Credit	-	1.13	-	1.13
<b>Total</b>	<b>507.57</b>	<b>135.05</b>	<b>(0.03)</b>	<b>642.59</b>
<b>ii) Deferred tax liabilities in relation to:</b>				
Intangible assets	0.01	0.03	-	0.04
Investment property	3.12	0.02	-	3.15
Leases (net)	335.46	88.87	-	424.33
Security deposits paid	11.08	1.48	-	12.57
<b>Total</b>	<b>349.67</b>	<b>90.40</b>	<b>-</b>	<b>440.07</b>
<b>Deferred tax assets (net)</b>	<b>157.90</b>	<b>44.65</b>	<b>(0.03)</b>	<b>202.52</b>

**As at March 31 2022**

<b>i) Deferred tax assets in relation to:</b>				
Property, plant and equipment	82.21	10.14	-	92.35
Leases (net)	332.67	21.66	-	354.33
Security deposits paid	11.61	(0.21)	-	11.40
Employee benefits	18.52	(1.37)	(2.28)	14.87
Doubtful debts	-	28.09	-	28.09
Loyalty points	2.31	0.90	-	3.21
Revenue reversal - goods sold on sale or return basis	2.33	0.99	-	3.32
<b>Total</b>	<b>449.65</b>	<b>60.20</b>	<b>(2.28)</b>	<b>507.57</b>
<b>ii) Deferred tax liabilities in relation to:</b>				
Intangible assets	0.07	(0.06)	-	0.01
Investment property	2.94	0.18	-	3.12
Leases (net)	334.78	0.68	-	335.46
Security deposits paid	11.61	(0.53)	-	11.08
<b>Total</b>	<b>349.40</b>	<b>0.27</b>	<b>-</b>	<b>349.67</b>
<b>Deferred tax assets (net)</b>	<b>100.25</b>	<b>59.93</b>	<b>(2.28)</b>	<b>157.90</b>

**Note:**

The Company has recognised deferred tax assets (net) amounting to Rs. 202.52 Millions as at March 31, 2023 (As at March 31, 2022 : Rs. 157.90 Millions), (As at April 1, 2021 : Rs. 100.25 Millions) consistent with applicable Indian Accounting Standard as it is considered probable that future taxable profits will be available.



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**13 Inventories (Lower of cost and net realisable value)**

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Raw materials	57.80	36.30	43.97
Raw materials - In Transit	2.91	15.61	3.50
Finished goods	1,003.72	582.16	532.18
Finished goods - In Transit	69.60	23.31	6.44
<b>Total</b>	<b>1,134.03</b>	<b>657.38</b>	<b>586.09</b>

- (i) The cost of inventories recognised as an expense is Rs. 2,119.41 Millions For the year ended March 31, 2023 (for the year ended March 31, 2022 Rs. 1470.68 Millions).
- (ii) The cost of inventories recognised as an expense on account of write-down of inventory is Rs. 25.62 Millions for the year ended March 31, 2023 (for the year ended March 31, 2022 Rs. 39.08 Millions).
- (iii) The mode of valuation of inventory has been stated in note 2.11.
- (iv) Inventories have been pledged against secured term loan and cash credit facility (Refer note no. 18)

**14 Trade receivables**

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
<b>Current</b>			
Unsecured, considered good	1,372.82	1,235.87	1,224.24
unsecured, considered doubtful	84.04	103.88	-
	1,456.86	1,339.75	1,224.24
Less: Allowance for doubtful debts (expected credit loss allowance)	(84.04)	(103.88)	-
<b>Total</b>	<b>1,372.82</b>	<b>1,235.87</b>	<b>1,224.24</b>

**Note:**

- (i) Movement in expected credit loss allowance

Particulars	For the year ended	For the year ended
	March 31, 2023	March 31, 2022
Balance as at the beginning of the year	123.88	-
Add: Provided / (Reversal) during the year	(19.84)	123.88
Less: Amount Written off	-	-
<b>Balance as at the end of the year</b>	<b>104.04</b>	<b>123.88</b>

- (ii) Age of receivables

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Less than 180 days	1,231.53	1,211.25	1,095.56
More than 180 days	225.32	128.50	128.68
Provided / (Reversal) during the year	(104.04)	(123.88)	-

- (iii) Ageing wise % of expected credit loss allowance

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Less than 180 days	0%	48%	0%
More than 180 days	100%	52%	0%



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**(iv) Trade receivable ageing:**

Outstanding for following periods from date of transaction			
Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
<b>(a) Undisputed Trade Receivables-considered good</b>			
Not due	-	-	-
Less than 6 months	1,231.53	1,142.71	1,095.56
6 months - 1 year	135.53	84.17	68.26
1-2 years	2.77	4.43	57.80
2-3 years	2.35	-	-
More than 3 years	0.64	-	-
<b>Sub-total</b>	<b>1,372.82</b>	<b>1,231.31</b>	<b>1,221.62</b>
<b>(b) Undisputed trade receivables which have significant increase in credit risk</b>			
Not due	-	-	-
Less than 6 months	-	68.54	-
6 months - 1 year	0.08	22.32	-
1-2 years	64.76	0.10	-
2-3 years	2.04	-	-
More than 3 years	17.16	-	-
<b>Sub-total</b>	<b>84.04</b>	<b>90.96</b>	<b>-</b>
<b>(c) Disputed Trade Receivables-considered good</b>			
Not due	-	-	-
Less than 6 months	-	-	-
6 months - 1 year	-	-	-
1-2 years	-	-	-
2-3 years	-	2.74	1.22
More than 3 years	-	1.82	1.40
<b>Sub-total</b>	<b>-</b>	<b>4.56</b>	<b>2.62</b>
<b>(d) Disputed Trade Receivables-credit impaired</b>			
Not due	-	-	-
Less than 6 months	-	-	-
6 months - 1 year	-	-	-
1-2 years	-	-	-
2-3 years	-	12.92	-
More than 3 years	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>12.92</b>	<b>-</b>
Less: Allowance for doubtful trade receivables (expected credit loss allowance)	(84.04)	(103.88)	-
<b>Total</b>	<b>1,372.82</b>	<b>1,235.87</b>	<b>1,224.24</b>

- (v) The Company recognises allowance for expected credit loss on trade receivables, which are assessed for credit risk on individual basis.  
(vi) The management has established a credit policy under which each customer is analysed individually for creditworthiness.  
(vii) Trade receivables have been pledged against secured term loan and cash credit facility (Refer note no. 18)  
(viii) There were no receivables due from directors or any of the officers of the Company.  
(ix) Relationship with Struck off Companies: The following table depicts the details of balances outstanding in respect of transaction undertaken with a Company struck off under section 248 of the Companies Act, 2013:

Name of struck off Company / Nature of Transaction	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Jasper Infotech Private Limited / Sale of Goods	-	0.23	0.23
Meenakshi India Limited / Sale of Goods	-	0.00	0.00



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**15 Cash and cash equivalents**

For the purpose of statement of cashflows, cash and cash equivalents includes cash on hand and balance in banks. cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Cash on hand	4.61	4.37	4.92
Balance with Banks			
In current accounts	72.48	57.51	43.02
In demand deposit accounts			
- Having maturity less than 3 months	-	300.10	200.00
- Having maturity more than 3 months	4.11	143.84	3.70
Other bank balances			
In earmarked deposit accounts	7.72	7.52	7.20
<b>Total</b>	<b>88.92</b>	<b>513.34</b>	<b>258.84</b>

**Note:**

Cash and cash equivalents have been pledged against secured term loan and cash credit facility (Refer note no. 18)





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**16 Equity share capital**

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number	Amount	Number	Amount	Number	Amount
<b>Authorised share capital</b>						
<b>Equity share capital</b>						
Equity Shares of Rs. 10 each with voting rights (Refer note no. 47.3)	1,40,00,000	140.00	50,00,000	50.00	50,00,000	50.00
<b>Total</b>	<b>1,40,00,000</b>	<b>140.00</b>	<b>50,00,000</b>	<b>50.00</b>	<b>50,00,000</b>	<b>50.00</b>
<b>Issued share capital</b>						
Equity Shares of Rs. 10 each with voting rights (Refer note no. 47.3)	32,15,094	32.15	31,92,037	31.92	31,92,037	31.92
<b>Total</b>	<b>32,15,094</b>	<b>32.15</b>	<b>31,92,037</b>	<b>31.92</b>	<b>31,92,037</b>	<b>31.92</b>
<b>Subscribed and Paid-up share capital</b>						
Equity Shares of Rs. 10 each with voting rights (Refer note no. 47.3)	32,15,094	32.15	31,92,037	31.92	31,92,037	31.92
<b>Total</b>	<b>32,15,094</b>	<b>32.15</b>	<b>31,92,037</b>	<b>31.92</b>	<b>31,92,037</b>	<b>31.92</b>

**a. Reconciliation of the shares outstanding at the beginning and at the end of the year**

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022		For the year ended April 1, 2021	
	Number	Amount	Number	Amount	Number	Amount
<u>Equity shares with voting rights</u>						
At the beginning of the year	31,92,037	31.92	31,92,037	31.92	31,92,037	31.92
Shares issued during the year	23,057	0.23	-	-	-	-
At the end of the year	<b>32,15,094</b>	<b>32.15</b>	<b>31,92,037</b>	<b>31.92</b>	<b>31,92,037</b>	<b>31.92</b>



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**b. Details of shares held by each shareholder holding more than 5% shares**

Class of shares / Name of the shareholder	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<u>Equity shares with voting rights</u>						
Mrs. Poonam Khuslani	9,08,219	28.25%	9,08,219	28.45%	9,08,219	28.45%
Mr. Kamal Khuslani	11,13,021	34.62%	11,13,021	34.87%	11,13,021	34.87%
M/s. Bennett, Coleman & Company Limited	4,06,399	12.64%	3,00,000	9.40%	3,00,000	9.40%
M/s. Bella Properties Private Limited	2,51,563	7.82%	2,51,563	7.88%	2,51,563	7.88%

**c. Details of shares held by promoters at the end of the year \***

Class of shares / Name of the shareholder	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<u>Equity shares with voting rights</u>						
Mrs. Poonam Khuslani (Percentage change during the year)	9,08,219	28.25% 0.20%	9,08,219	28.45% 0.00%	9,08,219	28.45% 0.00%
Mr. Kamal Khuslani (Percentage change during the year)	11,13,021	34.62% 0.25%	11,13,021	34.87% 0.00%	11,13,021	34.87% 0.00%

\* Promoters means promoters as defined in Companies Act, 2013.

**d. Shares reserved for issuance towards outstanding employee stock options granted / available for grant:**

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number	Amount	Number	Amount	Number	Amount
Equity Shares of Rs. 10 each with voting rights (Refer note no. 47.3)	1,40,036	1.40	1,63,093	1.63	1,53,093	1.53

**e. Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 each (Refer note no. 47.3). Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.



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**17 Other equity**

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Securities Premium	159.14	147.85	147.85
Share option outstanding account	9.02	18.02	6.72
Retained earnings	2,613.27	2,160.15	1,815.85
<b>Total</b>	<b>2,781.43</b>	<b>2,326.02</b>	<b>1,970.42</b>

**(i) Securities Premium**

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Balance as at beginning of the year	147.85	147.85	147.85
Issue of shares	-	-	-
Transfer from share option outstanding account	11.29	-	-
<b>Balance as at end of the year</b>	<b>159.14</b>	<b>147.85</b>	<b>147.85</b>

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

**(ii) Share option outstanding account**

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Balance as at beginning of the year	18.02	6.72	6.72
Modification of Employee stock option plan	-	-	-
Recognition of share based payments	2.29	11.30	-
Transfer to Share premium	(11.29)	-	-
<b>Balance as at end of the year</b>	<b>9.02</b>	<b>18.02</b>	<b>6.72</b>

The above reserve relates to share option granted by the company to its employees under its employee share option plan. Further information about share - based payments to employees is set out in note no. 37.

**(iii) Retained earnings**

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 1, 2021
Balance as at beginning of the year	2,160.15	1,815.85	1,815.85
Add / (Less): Impact on account of different transition date of April 1, 2021	-	-	-
Less: Impact on account of Ind AS 116	-	-	-
Add: Profit for the year	774.53	337.52	-
Less: Payment of dividends (including dividend distribution tax)	(321.51)	-	-
Add: Other comprehensive income / (loss) arising from remeasurement of defined benefit obligation (net of income tax)	0.10	6.78	-
<b>Balance as at end of the year</b>	<b>2,613.27</b>	<b>2,160.15</b>	<b>1,815.85</b>

Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share holders.



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**18 Borrowings**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
<b>Secured - at amortised cost</b>			
<b>Non-current borrowings</b>			
(a) Term loans from bank (Refer note 1 below)	67.55	100.79	134.04
<b>Total</b>	<b>67.55</b>	<b>100.79</b>	<b>134.04</b>
<b>Current borrowings</b>			
<b>(a) Current maturities of long-term borrowings (secured)</b>			
Term loans from bank (Refer note 1 below)	33.24	33.24	16.62
<b>Total</b>	<b>33.24</b>	<b>33.24</b>	<b>17.62</b>

**Note:**

**1 Term loans**

**1.1 Interest**

Interest rate on term loans shall be calculated at a sum of the 6 Month MCLR of Kotak Mahindra Bank Limited plus 20 basis points. The interest rate is subject to changes on the base rate of Reserve Bank of India from time to time.

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Interest rate	7.85%	6.03%	7.45%

**1.2 Repayment terms**

The repayment schedule of outstanding balances of term loans is as under:

Repayable in	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
2021-2022	-	-	16.62
2022-2023	-	33.24	33.24
2023-2024	33.24	33.24	33.24
2024-2025	33.24	33.24	33.24
2025-2026	34.31	34.31	34.31
<b>Total</b>	<b>100.79</b>	<b>134.03</b>	<b>150.65</b>

**1.3 Security**

Term loan are secured by hypothecation of entire current assets, movable and immovable assets of the Company.

**1.4 Prepayment terms**

Prepayment of term loan prior to completion of tenure shall attract a penal charge.

**2 Vehicle loans**

**2.1 Interest**

Interest rate on vehicle loans shall be calculated at 9.05% - 9.52% per annum. The interest rate is given in a range which is depending upon the rate at which loan is taken from different banks or financial institutions.

**2.2 Repayment terms**

The repayment schedule of outstanding balances of vehicle loans is as under:

Repayable in	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
2021-2022	-	-	1.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1.00</b>

**2.3 Security**

Vehicle loans are secured by first and exclusive charge on respective vehicles.

**3 Cash credit facility**

Cash credit from banks are secured by hypothecation of existing current assets and immovable assets of the company.

**4 Working capital demand loan**

Working capital facilities and other fund based facilities i.e. working capital demand loan and are secured by hypothecation of inventories, book debts and receivables.

**19 Other financial liabilities (carried at amortised cost)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
<b>Non-Current</b>			
(a) Security deposits received	355.36	316.46	281.51
<b>Total</b>	<b>355.36</b>	<b>316.46</b>	<b>281.51</b>
<b>Current</b>			
(b) Creditors for capital goods	17.49	4.97	4.69
(c) Interest accrued but not due on borrowings	0.72	0.69	0.97
(d) Interest accrued and due on security deposits	5.09	4.71	4.33
<b>Total</b>	<b>23.30</b>	<b>10.37</b>	<b>9.99</b>



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**20 Provisions**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
<b>Non-Current</b>			
<b>Provision for employee benefits:</b>			
Provision for gratuity (Refer note no. 36)	38.16	35.35	42.27
<b>Total</b>	<b>38.16</b>	<b>35.35</b>	<b>42.27</b>
<b>Current</b>			
<b>Provision for employee benefits:</b>			
Provision for compensated absences	2.25	2.20	2.71
Provision for gratuity (Refer note no. 36)	5.04	3.31	2.02
<b>Other provisions</b>			
Provision for loyalty points	18.54	12.76	9.17
Provision for corporate social responsibility	-	-	9.84
<b>Total</b>	<b>25.83</b>	<b>18.27</b>	<b>23.74</b>

**Customer Loyalty Points**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
As at the beginning of the year	12.76	9.17	7.65
Deferred during the year	18.54	12.76	9.17
Released to the statement of Profit and Loss	(12.76)	(9.17)	(7.65)
As at the end of the year	<b>18.54</b>	<b>12.76</b>	<b>9.17</b>

The Company estimates the fair value of points awarded under the loyalty programme by applying statistical techniques. Inputs to the model includes making assumptions about expected redemption basis the Company's historic trends of redemption and expiry period of the points and such estimates are subject to significant uncertainty.

**Corporate social responsibility**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
As at the beginning of the year	-	9.84	24.84
Add: Provision created during the year	-	-	9.84
Less: Provision utilised during the year	-	(9.84)	(24.84)
As at the end of the year	-	-	<b>9.84</b>

**21 Other liabilities**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
<b>Current</b>			
(a) Advances from customers	9.49	18.13	10.38
(b) Statutory dues	27.01	29.38	18.09
(c) Refund liability for expected sales return (Refer note below)	108.31	66.04	43.79
<b>Total</b>	<b>144.81</b>	<b>113.55</b>	<b>72.26</b>

**Note:**

Other current liabilities include refund liability relating to customers' right to return products as per Company's policy. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. The Company uses its accumulated historical experience to estimate the number of returns on a seasonal basis using the expected value method.

**22 Trade payables**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(i) Total outstanding dues of micro enterprises and small enterprises	118.26	85.11	57.32
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	118.26	85.11	57.32
(iii) Accrued payroll	275.13	223.51	248.40
	31.27	57.87	41.08
<b>Total</b>	<b>306.40</b>	<b>281.38</b>	<b>289.48</b>
	<b>424.66</b>	<b>366.49</b>	<b>346.80</b>

**Note:**

- (i) The average credit period on purchases of goods and services are within 30 to 75 days.  
(ii) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year			
Principal	115.07	82.96	57.05
Interest	0.01	0.01	-
(b) The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-
(c) The amount of 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 the MSMED Act, 2006	2.31	1.72	0.27
(d) The amount of interest accrued and remaining unpaid at the end of accounting year; and	2.32	1.73	0.27
(e) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act 2006.	0.87	0.41	0.00

Dues to Micro and Small Enterprises (MSME) have been determined to the extent such parties have been Identified on the basis of Information collected by the Management. This has been relied upon by the auditors.



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(iii) **Trade payable analysis**

Outstanding for following periods from date of transaction

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
<b>(a) Undisputed dues</b>			
<b>Micro, small and medium enterprises</b>			
Not due	-	-	-
Less than 1 year	118.26	84.61	56.87
1-2 years	-	0.03	0.17
2-3 years	-	-	-
More than 3	-	-	-
	<b>118.26</b>	<b>84.64</b>	<b>57.04</b>
<b>Others</b>			
Not due	-	-	-
Less than 1 year	270.40	219.12	245.50
1-2 years	1.63	1.76	1.35
2-3 years	1.26	-	-
More than 3	1.85	-	-
	<b>275.14</b>	<b>220.88</b>	<b>246.85</b>
<b>Sub Total (a)</b>	<b>393.40</b>	<b>305.52</b>	<b>303.89</b>
<b>(b) Disputed dues</b>			
<b>Micro, small and medium enterprises</b>			
Not due	-	-	-
Less than 1 year	-	-	-
1-2 years	-	-	-
2-3 years	-	0.18	0.15
More than 3	-	0.29	0.13
	<b>-</b>	<b>0.47</b>	<b>0.28</b>
<b>Others</b>			
Not due	-	-	-
Less than 1 year	-	-	-
1-2 years	-	-	-
2-3 years	-	1.09	0.83
More than 3	-	1.54	0.72
	<b>-</b>	<b>2.63</b>	<b>1.55</b>
<b>Sub Total (b)</b>	<b>-</b>	<b>3.10</b>	<b>1.83</b>
<b>Total (a+b)</b>	<b>393.40</b>	<b>308.62</b>	<b>305.72</b>

(iv) Relationship with Struck off Companies: During the current and previous financial year, Company doesn't have any transactions and outstanding balances with struck off Companies.

**23 Current tax liabilities/(assets)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Income tax liability (net of advance tax and tax deducted at source)	-	-	28.36
<b>Total</b>	<b>-</b>	<b>-</b>	<b>28.36</b>



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**24 Revenue from operations**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of Products	4,981.82	3,411.72
<b>Total</b>	<b>4,981.82</b>	<b>3,411.72</b>

**Reconciliation of revenue recognised with contract price :**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from sale of products (gross) at contract price	5,439.28	3,699.57
Less:		
Provision for Sales Return	(42.27)	(22.24)
Customer Loyalty Points & Gift Vouchers	(29.22)	(18.06)
Discount	(385.97)	(247.55)
<b>Net revenue from sale of products</b>	<b>4,981.82</b>	<b>3,411.72</b>

**25 Other income**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Interest received		
Financial assets measured at amortised cost		
Bank deposits	9.54	16.82
Security deposits	12.95	10.60
Income tax	0.41	-
Others	33.68	0.25
(b) Other gains and losses		
Rental income (Refer note no. 6 (i))	4.25	2.66
Insurance claim received	-	12.62
Net gain on foreign currency transactions and translation other than considered as finance costs	-	0.00
Covid-19 related rent concession (Refer note no. 5)	3.58	79.20
Discount received	14.71	11.77
Sundry balances written back	3.00	0.07
Excess provisions written back	49.25	2.60
Miscellaneous income	0.03	0.03
<b>Total</b>	<b>131.40</b>	<b>136.62</b>

**26 Cost of materials consumed**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Opening stock (including Goods-in-transit)	51.91	47.48
Add: Purchase of Raw Materials	287.27	162.11
	339.18	209.59
Less: Closing stock (including Goods-in-transit)	(60.71)	(51.91)
<b>Total (a)</b>	<b>278.47</b>	<b>157.68</b>
(b) Purchases of stock-in-trade	2,308.79	1,379.84
<b>Total</b>	<b>2,587.26</b>	<b>1,537.52</b>

**27 Changes in inventories of finished goods and stock-in-trade**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Closing stock		
Finished goods and stock-in-trade	1,073.32	605.47
	<b>1,073.32</b>	<b>605.47</b>
(b) Opening stock		
Finished goods and stock-in-trade	605.47	538.62
	<b>605.47</b>	<b>538.62</b>
<b>Total</b>	<b>(467.85)</b>	<b>(66.85)</b>

**28 Employee benefits expense**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Salaries and wages	245.41	261.67
(b) Share based payments to employees (Refer note no. 37)	2.29	11.30
(c) Contribution to provident and other funds	2.69	4.23
(d) Gratuity expenses (Refer note no. 36)	6.72	8.47
(e) Staff welfare expenses	10.25	6.09
<b>Total</b>	<b>267.36</b>	<b>291.76</b>



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**29 Finance costs**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Interest expenses for financial liabilities (classified at amortised cost)		
Borrowings	8.84	9.86
Trade payables	3.19	2.14
Security deposits	22.00	20.41
(b) Interest on lease liabilities (Refer note no. 37)	115.25	101.85
(c) Interest on delayed payment of taxes	6.81	2.97
(d) Others	21.27	13.07
<b>Total</b>	<b>177.36</b>	<b>150.30</b>

**30 Depreciation and amortisation expense**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Depreciation on property, plant and equipment (Refer note no. 5(a))	146.16	123.32
(b) Depreciation on right of use assets (Refer note no. 5(b))	387.09	334.54
(c) Depreciation on investment properties (Refer note no. 6)	0.38	0.38
(d) Amortisation of intangible assets (Refer note no. 7)	0.67	0.61
<b>Total</b>	<b>534.30</b>	<b>458.85</b>

**31 Other expenses**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Power and fuel	25.66	15.74
(b) Rent (Refer note no. 5)	47.68	40.61
(c) Repair and maintenance	5.31	4.44
(d) Insurance expenses	9.84	6.26
(e) Rates and taxes	16.12	20.03
(f) Communication	7.60	5.31
(g) Travelling and conveyance	43.24	21.38
(h) Printing and stationery	2.62	1.66
(i) Freight charges	41.78	35.75
(j) Sales commission and brokerage	149.07	121.75
(k) Advertisement and sales promotion	173.64	22.31
(l) Net loss on foreign currency transactions and translation other than considered as finance costs	0.00	-
(m) Legal and professional	52.89	29.73
(n) Payments to auditors (Refer note below)	7.96	2.99
(o) Expenditure on corporate social responsibility	6.40	4.30
(p) Loss on property, plant and equipment sold / scrapped / written off	4.05	6.31
(q) Computer and Software Charges	11.94	8.67
(r) Labour charges	5.03	4.91
(s) Security charges	8.44	7.95
(t) Store Expenses	73.05	59.77
(u) Courier Charges	7.85	5.39
(v) Manpower Expenses	226.66	153.68
(w) Impairment on Investment in Subsidiary	21.40	-
(x) Bad debts written off	0.23	-
(y) Security deposit written off	4.88	-
(z) Allowance for expected credit loss	9.41	103.88
(aa) Allowance for doubtful deposits	1.43	27.72
(ab) Miscellaneous expenses	13.10	7.77
<b>Total</b>	<b>977.28</b>	<b>718.31</b>

**Note:**

**Payment to auditors comprise (net of tax input credit, where applicable):**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
To Statutory auditors for:		
(a) For Audit	4.30	2.99
(b) For Taxation matters	-	-
(c) For Other services	3.61	-
(d) Reimbursement of expenses	0.05	-
<b>Total</b>	<b>7.96</b>	<b>2.99</b>





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**32 Tax expense**

**(i) Income tax recognised in restated Standalone statement of profit or loss**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Current tax	309.05	187.38
(b) Short/(Excess) provision of income tax of earlier years	(1.42)	(6.52)
(c) Deferred tax	(44.65)	(59.93)
<b>Total</b>	<b>262.98</b>	<b>120.93</b>

**(ii) The income tax expense for the year can be reconciled to the accounting profit as follows:**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	1,037.51	458.45
Tax Rate	25.17%	25.17%
Income tax expense calculated	261.12	115.38
<b>Adjustment</b>		
Expense that are not deductible in determining taxable profit	3.68	2.00
Short/(Excess) provision of income tax of earlier years	(1.42)	(6.52)
Others	(0.40)	10.07
	1.86	5.55
<b>Income tax expense recognised in Standalone Statement of Profit or Loss</b>	<b>262.98</b>	<b>120.93</b>

**(iii) Income tax recognised in other comprehensive income**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Deferred tax arising on expense recognised in other comprehensive income:		
Items that will not be reclassified to profit or loss	0.03	2.28
Remeasurement of the defined benefit plans	-	-
<b>Total</b>	<b>0.03</b>	<b>2.28</b>

**33 Contingent liabilities and commitments (to the extent not provided for)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>A. Contingent Liabilities</b>		
Claims against the Company not acknowledged as debts (Refer note (i) below)		
Demand raised by income tax authorities	4.00	4.38
Bonus liability for the FY 2014-15 pending settlement with judiciary authorities	3.87	3.87
Claims against Company not acknowledged as debt	3.71	2.29
<b>B. Commitments</b>		
Estimated amount of contracts remaining to be executed on tangible assets and not provided for (net of advances) (Refer note (ii) below)	11.12	11.66

**Note:**

- (i) No provision is considered necessary since the Company expects favourable decisions.
- (ii) Apart from the commitments disclosed above, the Company has no financial commitments other than those in the nature of regular business operations.
- (iii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



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**34 Segment Reporting**

The Company is primarily engaged in the business of retailing of men's casual wear under its Brand MUFTI, which in the terms of Ind AS 108 on 'Operating Segments', constitutes a single reporting business segment.

There are no material individual markets outside India and hence the same is not disclosed for geographical segments for the segment revenues or results or assets. During the year ended March 31, 2023 and March 31, 2022, revenue from transactions with a single external customer did not amount to 10 percent or more of the Company's revenues from the external customers.

**35 Earnings per share ('EPS')**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Basic earnings per share</b>		
<b>Restated Profit for the year (A)</b>	<b>774.53</b>	<b>337.52</b>
Weighted Number of equity shares at the end of the year	32,08,398	31,92,037
Add: Bonus shares issued (Refer note (i) below)	96,45,282	95,76,111
Add: Shares increased on account of sub-division (Refer note (ii) below)	5,14,41,504	5,10,72,592
<b>Weighted average number of shares outstanding during the year for Basic EPS (B)</b>	<b>6,42,95,184</b>	<b>6,38,40,740</b>
<b>Basic earnings per share in Rs. (C=A/B)</b>	<b>12.05</b>	<b>5.29</b>
<b>Diluted earnings per share</b>		
<b>Restated Profit for the year (A)</b>	<b>774.53</b>	<b>337.52</b>
Weighted average number of shares outstanding during the year for Basic EPS	6,42,95,184	6,38,40,740
Add: Weighted average number of potential equity shares*	-	4,51,720
<b>Weighted average number of equity shares for Diluted EPS (B)</b>	<b>6,42,95,184</b>	<b>6,42,92,460</b>
<b>Diluted earnings per share in Rs. (C=A/B)</b>	<b>12.05</b>	<b>5.25</b>

\*Stock options granted to the employees under various ESOP schemes are considered to be potential equity shares. The same is considered in the determination of diluted earnings per share to the extent that they are not anti-dilutive. The shares vested during the year ended March 31, 2023 are anti-dilutive in nature and hence, not considered for the calculation of diluted earning per share. The stock options are not included in the determination of basic earnings per share.

**Notes:**

- (i) The Company has allotted 96,45,282 fully paid-up shares of face value Rs. 10 each on April 7, 2023, pursuant to bonus issue approved by the shareholders in the Extraordinary General Meeting dated February 14, 2023. For the bonus issue, bonus share of three equity share for every one equity shares held, has been allotted.
- (ii) The Shareholders in their Extraordinary General Meeting dated April 18, 2023 approved sub-division of each authorised and issued equity shares of face value Rs. 10 into five equity shares of face value of Rs. 2 each.



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**36 Employee benefit plans**

Disclosure on Retirement Benefits as required in Indian Accounting Standard (Ind AS) 19 on "Employee Benefits" are given below:

**A. Defined Contribution Plan**

The Company's contribution to Provident & Other Funds is Rs. 2.96 Millions For the year ended March 31, 2023 (for the year ended March 31, 2022: Rs. 4.23 Millions) has been recognised in the Statement of Profit and Loss under the head employee benefits expense.

**B. Defined Benefit Plan:**

**Gratuity**

- (a) The Company offers to its employees unfunded defined-benefit plan in the form of a gratuity scheme. Benefits under the unfunded defined-benefit plans are based on years of service and the employees' compensation (immediately before retirement). Benefits payable to eligible employees of the Company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date.

- (b) This plan typically exposes the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

**Interest Risk**

A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

**Mortality risk**

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**Salary Risk:**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**Asset Liability Matching Risk:**

The plan faces the ALM risk as to the matching cash flow. entity has to manage pay-out based on pay as you go basis from own funds.

**(c) Significant Actuarial Assumptions**

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(i) Discount rate(s)	7.48%	6.98%	6.44%
(ii) Expected rate(s) of salary increase	10.00%	10.00%	10.00%
(iii) Mortality table used	IALM (2012-14) Urban	IALM (2012-14) Urban	IALM (2006-08) Ultimate
(iv) Attrition rate			
Service 1 year and below	35.00% p.a.	35.00% p.a.	35.00% p.a.
Service 2 years to 3 years	21.00% p.a.	21.00% p.a.	21.00% p.a.
Service 4 years to 5 years	10.00% p.a.	10.00% p.a.	10.00% p.a.
Service 6 years & above	5.00% p.a.	5.00% p.a.	5.00% p.a.

The discount rate is based on prevailing market yields of Government of India bonds as at the balance sheet date for the expected term of obligation. The estimates of future salary increases considered, takes into account the inflation, seniority, promotions and other relevant factors, such as supply and demand in the employment market.

**(d) The following tables sets out the funded status of the defined benefit scheme in respect of gratuity:**

Particulars	Gratuity		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
<b>I. Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:</b>			
(i) Current Service Cost	4.02	5.61	6.75
(ii) Past service cost and (gains)/losses from settlements	-	-	-
(iii) Net interest expense	2.70	2.85	3.44
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>6.72</b>	<b>8.46</b>	<b>10.19</b>
Remeasurement on the net defined benefit liability			
(i) Actuarial (gains)/loss arising form changes in financial assumptions	(1.76)	(2.10)	1.80
(ii) Actuarial (gains)/loss arising form changes in demographic assumptions	-	0.02	-
(iii) Actuarial (gains)/loss arising form experience adjustments	1.63	(6.98)	(8.42)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(0.13)</b>	<b>(9.06)</b>	<b>(6.62)</b>
<b>Total</b>	<b>6.59</b>	<b>(0.60)</b>	<b>3.57</b>

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the Statement of Profit and Loss and the remeasurement of the net defined benefit liability is included in 'Other comprehensive income'.



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**II. Net Asset/(Liability) recognised in the Balance Sheet**

Particulars	Gratuity		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
(i) Present value of defined benefit obligation	(43.20)	(38.66)	(44.29)
(ii) Fair value of plan assets	-	-	-
(iii) Surplus	<b>(43.20)</b>	<b>(38.66)</b>	<b>(44.29)</b>
(iv) Current portion of the above	(5.04)	(3.31)	(2.02)
(v) Non current portion of the above	(38.16)	(35.35)	(42.27)

**III. Change in the obligation during the year**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
<b>Present value of defined benefit obligation at the beginning of the year</b>	38.66	44.29	50.47
Expenses Recognised in Profit and Loss Account			
Current Service Cost	4.02	5.61	6.75
Past Service Cost	-	-	-
Interest Expense (income)	2.70	2.85	3.44
Recognised in Other Comprehensive Income			
Remeasurement gains / (losses)			
Actuarial Gain (Loss) arising from:			
i. Financial Assumptions	(1.76)	(2.10)	1.80
ii. Demographic Assumptions	-	0.02	-
iii. Experience Adjustments	1.63	(6.98)	(8.42)
Benefit payments	(2.05)	(5.03)	(9.75)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>43.20</b>	<b>38.66</b>	<b>44.29</b>

(e) Sensitivity for significant actuarial assumption is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation, keeping all other actuarial assumptions constant:

Particulars	Changes in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
(i) <b>Discount rate</b>			
As at March 31, 2023	1%	(3.29)	2.81
As at March 31, 2022	1%	(3.45)	4.03
(ii) <b>Salary growth rate</b>			
As at March 31, 2023	1%	2.69	(2.55)
As at March 31, 2022	1%	2.96	(2.77)
(iii) <b>Rate of employee turnover</b>			
As at March 31, 2023	1%	(0.33)	0.36
As at March 31, 2022	1%	(0.50)	0.56

**Note:**

I. The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting year, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same method as applied in calculating the Defined Benefit Obligation as recognised in the balance sheet.

II. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.



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**37 Share-based payments**

**A. Credo ESOP 2020**

a. The shareholders of the Company, vide special resolution dated November 5, 2020, authorised the Board to grant options under one of more stock option plans. Pursuant to the said approval from the shareholders the Board adopted Credo ESOP 2020 and granted options to the permanent employees of the company for the first time on November 6, 2020 and second time on November 6, 2021.

The Company has used the Fair Value Method by applying Black and Scholes Option Pricing Model to account for share-based payments plan.

b. Options granted would vest over a maximum period of 5 years, while the exercise period is 10 years from the date of grant. Options vest on account of passage of time as well as on fulfilling certain performance criteria. The options exercised would be settled in Equity.

c. There were no modification to the awards during the year ended March 31, 2023, March 31, 2022 and as at April 1, 2021. As at the end of the financial year, details and movement of the outstanding options are as follows:

Particulars	As at March 31, 2023			
	Grant 1	Grant 2	Grant 3	Grant 4
Options granted under ESOP				
Options outstanding at the beginning of the year	23,057.00	92,074.00	37,962.00	10,000.00
Options granted during the year	-	-	-	-
Options forfeited during the year	-	-	-	-
Options exercised during the year	23,057.00	-	-	-
Options expired during the year	-	-	-	-
Options forfeited during the year	-	-	-	-
Options outstanding at the end of the year	-	92,074.00	37,962.00	10,000.00
Options exercisable at the end of the year	-	51,671.00	19,827.00	2,000.00
Exercise price of the outstanding options (Rs.)	-	627.00	627.00	627.00
Remaining contractual life of the outstanding options (years)	-	7.85	7.85	8.85
Dividend yield (%)	0.39%	0.39%	0.39%	0.39%
Expected Life (Time to Maturity)	5.50	6.16	6.08	6.50
Risk free interest rate (%)	5.44%	5.58%	5.61%	6.12%
Volatility*	15.00%	15.00%	15.00%	15.00%
Weighted average fair value	489.71	157.71	99.79	124.93

Particulars	As at March 31, 2022			
	Grant 1	Grant 2	Grant 3	Grant 4
Option granted under ESOP				
Option outstanding at the beginning of the year	23,057	92,074	37,962	-
Options granted during the year	-	-	-	10,000
Options forfeited during the year	-	-	-	-
Options exercised during the year	-	-	-	-
Options expired during the year	-	-	-	-
Options forfeited during the year	-	-	-	-
Options outstanding at the end of the year	23,057	92,074	37,962	10,000
Options exercisable at the end of the year	23,057.00	31,845.00	11,135.00	-
Exercise price of the outstanding options (Rs.)	10.00	627.00	627.00	627.00
Remaining contractual life of the outstanding options (years)	8.61	8.61	8.61	8.61
Dividend yield (%)	0.39%	0.39%	0.39%	0.39%
Expected Life (Time to Maturity)	5.50	6.16	6.08	6.50
Risk free interest rate (%)	5.44%	5.58%	5.61%	6.12%
Volatility*	15.00%	15.00%	15.00%	15.00%
Weighted average fair value	489.71	157.71	99.79	124.93

Particulars	As at April 1, 2021			
	Grant 1	Grant 2	Grant 3	Grant 4
Option granted under ESOP				
Option outstanding at the beginning of the year	-	-	-	-
Options granted during the year	23,057	92,074	37,962	-
Options forfeited during the year	-	-	-	-
Options exercised during the year	-	-	-	-
Options expired during the year	-	-	-	-
Options forfeited during the year	-	-	-	-
Options outstanding at the end of the year	23,057	92,074	37,962	-
Options exercisable at the end of the year	-	-	-	-
Exercise price of the outstanding options (Rs.)	10.00	627.00	627.00	-
Remaining contractual life of the outstanding options (years)	9.61	9.61	9.61	-
Dividend yield (%)	0.39%	0.39%	0.39%	0.00%
Expected Life (Time to Maturity)	5.50	6.16	6.08	-
Risk free interest rate (%)	5.44%	5.58%	5.61%	0.00%
Volatility*	15.00%	15.00%	15.00%	0.00%
Weighted average fair value	489.71	157.71	99.79	-

\* Based on historical volatility of comparable companies over periods corresponding to the remaining life of the respective options.  
 The Expected life of the share option is based on historical data and Current expectation and is not necessarily indicative of exercise pattern that may occur.

**38 Corporate Social Responsibility (CSR)**

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013:

Particulars	For the year ended	For the year ended
	March 31, 2023	March 31, 2022
(a) Amount required to be spent by the company during the year	6.16	4.23
(b) Amount of expenditure incurred	(6.40)	(4.30)
(c) Short / (Excess) amount spent	(0.24)	(0.07)
(d) Nature of CSR Activities	Women empowerment and skill development	
(e) Details of related party transactions	-	
(f) Where a provision is made with report to a liability incurred by entering into a contractual obligation, the movements in the provision	Not Applicable	

**Note :**

(i) As per section 135 of the Companies Act, 2013, the amount required to be spent by the company during the year is disclosed above.



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**39 Related party transactions and balances**

**a. Names of related parties and related party relationships**

**I. Key management personnel**

- (a) Mr. Kamal Khushlani (Chairman and Managing Director)  
(b) Mrs. Poonam Khushlani (Whole-time Director)  
(c) Mr. Amer Jaleel (Director) w.e.f. November 5, 2020  
(d) Mr. Rasik Mittal (CFO)  
(e) Mr. Sanjay Kumar Mutha (Company Secretary) w.e.f. April 7, 2023

**II. Relatives of key management personnel**

- (a) Ms. Sonakshi Khushlani (Daughter of Mr. Kamal and Mrs. Poonam Khushlani)  
(b) Mr. Andrew Khushlani (Son of Mr. Kamal and Mrs. Poonam Khushlani)

**b. Related party transactions**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Transactions during the period</b>		
<b>Investment in Equity Share Capital</b>		
KAPS Mercantile Private Limited	21.30	-
<b>Advance against Investment</b>		
<u>Shares of KAPS Mercantile Private Limited purchased from</u>		
Mr. Kamal Khushlani	-	0.05
Mrs. Poonam Khushlani	-	0.05
<b>Security Deposit Given / (Received Back)</b>		
KAPS Mercantile Private Limited	(20.00)	-
<b>Remuneration</b>		
Mr. Kamal Khushlani	36.20	29.55
Mrs. Poonam Khushlani	5.04	7.19
Ms. Sonakshi Khushlani	1.79	2.12
Mr. Andrew Khushlani	0.71	0.58
Mr. Rasik Mittal	10.00	10.00
<b>Reimbursement of Expenses</b>		
Mr. Kamal Khushlani	0.87	0.77
Mr. Rasik Mittal	0.45	-
<b>Interim Dividend Paid</b>		
Mr. Kamal Khushlani	111.30	-
Mrs. Poonam Khushlani	90.82	-
Ms. Sonakshi Khushlani	9.57	-
Mr. Andrew Khushlani	9.57	-
Mr. Rasik Mittal	0.75	-
<b>Issue of Equity Shares under ESOP</b>		
Mr. Rasik Mittal	0.08	-
<b>Sitting Fees</b>		
Mr. Amer Jaleel	0.20	0.20



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**39 Related party transactions and balances**

**c. Related party outstanding balances**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Investment in Equity Share Capital</b>		
KAPS Mercantile Private Limited	21.40	-
<b>Impairment of Investment in Equity Share Capital</b>		
KAPS Mercantile Private Limited	(21.40)	-
<b>Advance against Investment</b>		
KAPS Mercantile Private Limited	-	0.10
<b>Security Deposit Given</b>		
KAPS Mercantile Private Limited	-	20.00
<b>Impairment of Security Deposit Given</b>		
KAPS Mercantile Private Limited	-	(20.00)
<b>Trade Receivables</b>		
KAPS Mercantile Private Limited	0.01	-
<b>Remuneration Payable</b>		
Mr. Kamal Khushlani	12.25	8.93
Mrs. Poonam Khushlani	0.19	1.47
Ms. Sonakshi Khushlani	0.13	0.34
Mr. Andrew Khushlani	0.10	0.03
Mr. Rasik Mittal	0.71	1.22
<b>Sitting Fees</b>		
Mr. Amer Jaleel	0.05	0.05

**d. Compensation of key management personnel**

The remuneration of directors and other members including relatives of key management personnel during the year was as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Short-term benefits	53.74	49.44
<b>Total</b>	<b>53.74</b>	<b>49.44</b>

**Note :**

- (i) The above figure do not include provisions for encashable leave as separate actuarial valuations are not available.  
(ii) As the liabilities for defined benefit plans are provided on actuarial basis for the Company, the amounts pertaining to Key Managerial Personnel are not included.



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**40 Financial instruments**  
**40.1 Capital Management**

The Company's objective when managing capital is to safeguard its ability to continue as going concern so that the Company is able to provide maximum return to stakeholders, benefits to other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company consists of total equity (Refer note no. 16 and 17) and net debt (Refer note no. 18 and 15).

The Company's management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital, risks associated with each class of capital.

**Gearing Ratio**

Following is the Company's gearing ratio:

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Debt (refer note (i))	1,919.14	1,541.88	1,473.49
Less: cash and bank balances	(81.20)	(505.83)	(251.63)
<b>Net Debt (I)</b>	<b>1,837.94</b>	<b>1,036.05</b>	<b>1,221.86</b>
<b>Total equity (II)</b>	<b>2,813.58</b>	<b>2,357.94</b>	<b>2,002.34</b>
<b>Net debt to equity ratio (I/II)</b>	<b>65.32%</b>	<b>43.94%</b>	<b>61.02%</b>

**Note:**

- (i) Debt is defined as long-term and short-term borrowing and lease liabilities.  
(ii) Net debt to equity ratio is restricted to zero percentage wherever cash and bank balance are more than debt.

**40.2 Categories of financial instruments**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
<b>Financial assets</b>			
<b>Measured at amortised cost*</b>			
(a) Investments	-	0.10	-
(b) Trade receivables	1,372.82	1,235.87	1,224.24
(c) Cash and cash equivalents	81.20	505.82	251.63
(d) Other bank balances	7.72	7.52	7.20
(e) Other financial assets	207.13	186.00	194.31
<b>Financial liabilities</b>			
<b>Measured at fair value through profit or loss (FVTPL)</b>			
<b>(mandatorily measured)</b>			
(a) Liability for share-based payments	9.02	18.02	6.72
<b>Measured at amortised cost</b>			
(a) Borrowings	100.79	134.04	151.66
(b) Lease liabilities	1,818.35	1,407.84	1,321.83
(c) Trade payables	424.66	366.49	346.79
(d) Other financial liabilities	378.67	326.83	291.51

At the end of the reporting period, the carrying amount reflected above represents the company's maximum exposure to credit risk for such Financial assets.

\*The fair values of the above financial assets and liabilities approximate their carrying amounts.





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**40.3 Financial risk management objectives**

Ensuring liquidity is sufficient to meet Company's operational requirements, the Company's management also monitors and manages key financial risks relating to the operations of the Company by analysing exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk.

**40.3.1 Market Risk**

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. Market risk includes currency risk, interest risk and price risk. There are no material market risk affecting the financial position of the Company.

**40.3.1.1 Currency Risk**

Currency risk is the risk or uncertainty arising from possible currency movements and their impact on the future cash flows of a business. There are no material currency risk affecting the financial position of the Company.

**40.3.1.2 Interest Risk**

Interest risk is the risk or uncertainty arising from possible interest rate movements and their impact on the future obligation and cash flow of a business. There are no material interest risk affecting the financial position of the Company.

**40.3.1.3 Price Risk**

Price risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. There are no material price risk affecting the financial position of the Company.

**40.3.1.4 Foreign currency risk management**

The Company undertakes transactions denominated in different foreign currencies and consequently exposed to exchange rate fluctuations.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows.

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
<b>Assets (INR)</b>			
USD	0.06	0.05	0.05
HKD	0.00	0.00	0.00
SGD	0.00	0.00	0.00
<b>Total</b>	<b>0.06</b>	<b>0.05</b>	<b>0.05</b>
<b>Liabilities (INR)</b>			
USD	-	-	-
HKD	-	-	-
SGD	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Foreign currency sensitivity analysis**

The Company is principally exposed to foreign currency risk against USD. Sensitivity of profit or loss arises mainly from USD denominated receivables.

The following table details the Company's sensitivity to a 10% increase and decrease in the INR against the relevant outstanding foreign currency denominated monetary items. 10% sensitivity indicates management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where Rupee appreciates 10% against the relevant currency. A negative number below indicates a decrease in profit or equity where the Rupee depreciates 10% against the relevant currency.

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
<b>Profit or (loss)</b>			
INR strengthens by 10%	(0.01)	(0.01)	(0.01)
INR weakening by 10%	0.01	0.01	0.01

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

**40.3.2 Credit risk management**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

The concentration of credit risk in relation to trade receivables is high. Credit risk has always been monitored and managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

Bank balances are held with reputed and creditworthy banking institutions.

**Financial instrument and cash deposit**

Credit risk is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Counterparty credit limits are reviewed by the Company periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.



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**40.3.3 Liquidity risk management**

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents including bank deposits and availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets & liabilities and monitoring balance sheet liquidity ratios.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Weighted average effective interest rate(%)	Upto 1 year	More than 1 year	Total	Carrying Amount
<b>As at March 31, 2023</b>					
<b>Non-Interest bearing</b>					
Trade payables	0.00%	424.66	-	424.66	424.66
Other financial liabilities	0.00%	23.30	-	23.30	23.30
<b>Variable Interest rate instruments</b>					
Term loans from bank	7.85%	33.24	67.55	100.79	100.79
Lease Liabilities	7.47%	433.79	1,894.55	2,328.34	1,818.35
<b>Fixed Interest rate instruments</b>					
Security Deposit received	7.58%	-	355.36	355.36	355.36
<b>Total</b>		<b>914.99</b>	<b>2,317.46</b>	<b>3,232.45</b>	<b>2,722.46</b>
<b>As at March 31, 2022</b>					
<b>Non-Interest bearing</b>					
Trade payables	0.00%	366.49	-	366.49	366.49
Other financial liabilities	0.00%	10.37	-	10.37	10.37
<b>Variable Interest rate instruments</b>					
Term loans from bank	7.45%	33.24	100.80	134.04	134.04
Lease Liabilities	8.59%	391.81	1,345.86	1,737.68	1,407.84
<b>Fixed Interest rate instruments</b>					
Security Deposit received	7.58%	-	316.46	316.46	316.46
<b>Total</b>		<b>801.91</b>	<b>1,763.12</b>	<b>2,565.04</b>	<b>2,235.20</b>
<b>As at April 1, 2021</b>					
<b>Non-Interest bearing</b>					
Trade payables	0.00%	346.79	-	346.79	346.79
Other financial liabilities	0.00%	9.99	-	9.99	9.99
<b>Variable Interest rate instruments</b>					
Term loans from bank	7.45%	16.62	134.04	150.66	150.66
Vehicle loans from others	9.52%	1.00	-	1.00	1.00
Lease Liabilities	8.59%	342.16	1,288.79	1,630.95	1,321.83
<b>Fixed Interest rate instruments</b>					
Security Deposit received	7.58%	-	281.51	281.51	281.51
<b>Total</b>		<b>716.56</b>	<b>1,704.34</b>	<b>2,420.90</b>	<b>2,111.78</b>

Further table below set out the detail of additional undrawn facility that the Company has at its disposal to further reduce liquidity risk:

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Undrawn cash credit limit	700.00	700.00	700.00
Undrawn overdue limit	-	-	-



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**41 Ratios**

Ratio	Formulae	March 31, 2023	March 31, 2022	% Variance
<b>Current Ratio</b>				
Numerator	Current Assets	2,876.01	2,517.29	
Denominator	Current Liabilities	957.78	838.65	
		3.00	3.00	0.04%
<b>Debt-Equity Ratio (#)</b>				
Numerator	Borrowings + Lease Liabilities	1,919.14	1,541.88	
Denominator	Shareholder's Equity	2,813.58	2,357.94	
		0.68	0.65	4.31%
<b>Debt Service Coverage ratio (#)</b>				
Numerator	Earnings available for debt service	1,486.19	946.67	
Denominator	Debt Service	643.22	510.27	
		2.31	1.86	24.54%
<b>Return on Equity Ratio*</b>				
Numerator	Net Profits after taxes	774.53	337.52	
Denominator	Average Shareholder's Equity	2,585.76	2,180.14	
		29.95%	15.48%	93.48%
<b>Inventory Turnover Ratio</b>				
Numerator	Revenue from Operations	4,981.82	3,411.72	
Denominator	Average Inventory	895.70	621.73	
		5.56	5.49	1.36%
<b>Trade Receivables Turnover Ratio (@)</b>				
Numerator	Revenue from Operations	4,981.82	3,411.72	
Denominator	Average Accounts Receivable	1,304.35	1,230.06	
		3.82	2.77	37.70%
<b>Trade Payables Turnover Ratio (^)</b>				
Numerator	Total Purchases	2,596.06	1,541.95	
Denominator	Average Trade Payables	395.58	356.64	
		6.56	4.32	51.79%
<b>Net Capital Turnover Ratio</b>				
Numerator	Revenue from Operations	4,981.82	3,411.72	
Denominator	Average Working Capital	1,798.43	1,542.09	
		2.77	2.21	25.21%
<b>Net Profit Ratio (*)</b>				
Numerator	Net Profits after taxes	774.53	337.52	
Denominator	Revenue from Operations	4,981.82	3,411.72	
		15.55%	9.89%	57.15%
<b>Return on Capital Employed (*)</b>				
Numerator	Earning before interest and taxes	1,214.86	608.75	
Denominator	Average Capital Employed	4,316.26	3,687.82	
		28.15%	16.51%	70.51%
<b>Return on Investment</b>				
Numerator	Earning before interest and taxes	NA	NA	
Denominator	Average of Total Investments	NA	NA	NA

**(\*) Return / Profit related ratio:**

There was reduction in profitability & sales due to outbreak of Covid-19 in the financial year 2020-21. Sales had increase by 39% in financial year 2021-22 in comparison with financial year 2020-21. However there was increase in expenses by only 19%. There is improvement in profitability & increase in sales as the impact of Covid reduced for financial year 2021-22 and 2022-23.

**(#) Debt-Equity Ratio / Debt Service Coverage ratio**

There is consistent improvement in Debt - Equity Ratio on account of repayment of existing borrowings and Company has not taken any fresh borrowings during the financial year 2021-22 and 2022-23. There is improvement in profitability due to Increase in sales for financial year 2021-22 and 2022-23. Interest cost on borrowings has reduced in the financial year 2021-22 and 2022-23.

**(@) Trade Receivables Turnover Ratio**

There is improvement in sales as the impact of Covid-19 has reduced for financial year 2021-22 and 2022-23. Further the company was able to make better collections keeping its debtors outstandings lower in financial year 2021-22 and 2022-23.

**(^) Trade Payables Turnover Ratio**

There is increase in purchase due to improvement in sales as the impact of Covid-19 has reduced for financial year 2022-23. Payment was done as per payment terms, earlier payment helped in gaining discount.

**(\$) Inventory Turnover Ratio**

There was decrease in Inventory turnover ratio in financial year 2020-21 on account of lower production due to Covid-19.



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**42 Other statutory information**

- (a) Title deeds of all immovable properties are held in the name of the Company.
- (b) The Company has not revalued its Property, Plant and Equipment and Equipment during the current financial year.
- (c) No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibitions Act, 1988 and the rules made thereunder.)
- (d) The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 except as disclosed.
- (e) The company has registered all its charges or satisfaction with Registrar of Companies within the statutory period.
- (f) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
- (g) The Company has not advanced or loaned or invested funds to/in any other person(s) or entity(ies) including foreign entities (intermediaries) with the understanding that intermediary shall,
  - (i) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate beneficiaries) or
  - (ii) Provide any guarantee, security or the like to or on behalf of the Ultimate beneficiaries
- (h) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding party) with the understanding (whether recorded in writing or otherwise) that it will,
  - (i) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate beneficiaries) or
  - (ii) Provide any guarantee, security or the like to or on behalf of the Ultimate beneficiaries.
- (j) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act 1961.
- (k) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- (l) The Company has not traded or invested in Crypto and virtual currency during the reporting periods.

**43 Note on Impact of Covid-19**

The recent global outbreak of corona virus (Covid-19) has caused significant volatility within the economic markets for which the duration and spread of the outbreak and the resultant economic impact is uncertain. A nationwide lockdown was imposed during March, 2020 due to Covid-19 pandemic due to which the operations of the company was temporarily disrupted. The Company, as per the guidance of its board is following all precautionary measures for ensuring safety of its staff. The Company has resumed its business activities as and when restrictions were eased and the office is operational effective June 2020. Due to restrictions imposed, the Company was unable to sell its products, however subsequently the company is able to sell its products as and when the restrictions were eased. The Management has confirmed that there is no liability which may arise due to non-compliance of the contract terms.

The Company has considered the possible effects that may result from Covid-19 on the carrying amounts of receivables, inventories and property plant and equipment etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal information such as our current contract terms, future volume estimates from the business, continuing support from the Company's shareholders etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The Company will continue to closely monitor any material changes to future economic conditions specially arising out of Covid-19 which may have impact on the company's financial statements.

**44 Dividend**

The Company has declared and paid dividend amounting to Rs. 321.51 Millions For the year ended March 31, 2023 (for the year ended March 31, 2022, Rs. NIL).

**45 Code on Social Security**

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come in to effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.



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**46 First time adoption of Ind AS**

In preparing these Standalone Financial Statements, the Company's Opening balance sheet was prepared as at April 1, 2021, which is the Company's date of transition to Ind AS.

According to Ind AS 101, the first Ind AS Financial Statements must use recognition and measurement principles that are based on standards and interpretations that are effective at March 31, 2023, the date of first-time preparation of Financial Statements according to Ind AS. These accounting principles and measurement principles must be applied retrospectively to the date of transition to Ind AS and for all periods presented within the first Ind AS Financial Statements.

Any resulting differences between carrying amounts of assets and liabilities according to Ind AS 101 as of April 1, 2021 compared with those presented in the Indian GAAP Balance Sheet as of March 31, 2021, were recognized in equity under retained earnings within the Ind AS Balance Sheet.

Refer basis of preparation and presentation in note 2.1 in relation to the transition date for the purpose of first time adoption of Ind AS.

Following notes explain the principal adjustments made by the Company in restating Indian GAAP financial statements, including the balance sheet as at April 1, 2021 and the financial statements as at and for the year ended March 31, 2022.

**46.1 Exemptions and Exceptions Availed**

The accounting policies set out in Note 3 have been applied in preparing the Standalone Financial Statements. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**I. Ind AS optional exemptions**

**A. Deemed cost for property, plant and equipment and intangible assets**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statement as at the date of transition to Ind AS, measured as per previous GAAP and used that as its deemed cost as at the date of transition after making necessary adjustment for decommissioning liabilities. Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value as at transition date. For the purpose of Standalone Financial Statements for the year ended March 31, 2023 and March 31, 2022, the Company has provided the depreciation and amortisation based on the estimated useful life of respective years.

The Company has elected to measure intangible assets at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

**B. Fair value measurement of financial assets or financial liabilities at initial recognition**

Ind AS 101 provides the option to apply the requirements in paragraph B5.1.2A (b) of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS. The Company elected to apply the Ind AS 109 prospectively to financial assets and financial liabilities after its transition date.

**C. Classification and Measurement of Financial Assets**

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

**D. Leases**

The Company has applied the modified retrospective approach in applying Ind AS 116.

**II. Ind AS mandatory exceptions**

**A. De-recognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

**B. Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as at the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortized cost has been done retrospectively except where the same is impracticable.

**C. Estimates**

On assessment of the estimates made under the previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date. (also refer basis of preparation in note 2.1) Key estimates considered in preparation of financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL
- Determination of the discounted value for financial instruments carried are amortized cost.



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**46.2 Reconciliations between previous GAAP and Ind AS**

**I. Reconciliation of total equity between previous GAAP and Ind AS :**

Particulars	As at March 31, 2022	As at April 1, 2021
<b>Total equity (Shareholders' funds) under Previous GAAP</b>	2,386.67	1,979.81
<u>Adjustment on account of transition to Ind AS 116 (leases and security deposits given in accordance with Ind AS 109)</u>		
- Leases (net)	(79.94)	0.94
- Security deposits paid	(1.26)	-
Deferred tax on Ind AS adjustments	22.39	(0.02)
Adjustments of variable consideration related to loyalty points and discounts (Ind AS 115)	30.05	21.58
<b>Total equity as per Standalone Financial Statements</b>	<b>2,357.92</b>	<b>2,002.31</b>

**II. Reconciliation of total comprehensive income between previous GAAP and Ind AS :**

Particulars	As at March 31, 2022
<b>Profit as reported under Previous GAAP</b>	395.51
<u>Adjustment on account of transition to Ind AS 116 (leases and security deposits given in accordance with Ind AS 109)</u>	
- Leases (net)	(80.88)
- Security deposits paid	(1.26)
Deferred tax on Ind AS adjustments	22.42
Adjustments of variable consideration related to loyalty points and discounts (Ind AS 115)	8.47
<b>Total Comprehensive Income for the year as per Standalone Financial Statements</b>	<b>344.26</b>

**Notes to First Time Adoption:**

**a. Leases (Ind AS 116)**

Ind AS 116 - Leases effective from April 1, 2019, prescribes accounting of the lease contracts/arrangements. The Company had applied Ind AS 116 for preparing the Ind AS audited financial statements for the period beginning from April 1, 2021. For the purpose of preparing Standalone Financial Statements, Ind AS 116 has been applied using the modified approach with effect from April 1, 2021.

Effective April 1, 2021, the Company had recognised lease liability measured at an amount equal to present value of remaining lease payments and corresponding Right of use asset at an amount equivalent to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before April 1, 2021. ROU assets are being amortized over the period of the lease. Interest on lease liabilities are recognised as charge following incremental rate of borrowing method and lease liabilities (including interest) are adjusted either on settlement through periodic payouts or on reversal for rent concessions negotiated with lessors.

The Company has elected to applied the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and low-value assets recognition exemption as stated in Ind AS 116.

Under previous GAAP, interest free security deposits (that are refundable in cash on completion of the term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised initially at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS and subsequently measured at amortised cost. Difference between the fair value and transaction value of the security deposit has been recognised as Right to Use (ROU) asset and prepayments. Amortisation of ROU Asset and prepayments were charged to the statement of profit and loss over their period of security deposit along with simultaneous credit to the statement of profit and loss as interest income through unwinding of income over term of the security deposit.

**b. Defined benefit liabilities**

Under Ind AS, remeasurements on defined benefit plans i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these remeasurements were forming part of the profit and loss for the year. There is no impact on total equity.

**c. Revenue reversal in case of prior period SOR (sale or return) sales**

Under the previous GAAP anticipated returns on sales made on return basis are recognised for expected loss of margin, whereas under Ind-AS, expected reversal of revenue and its corresponding cost of goods sold is provided for instead of expected loss of margin.

**d. Deferred Tax**

Under Ind AS, deferred tax has been recognised on the adjustment made on transition to Ind AS. Previous GAAP was silent in regards to deferred tax accounting approach. The Company applied the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Under Ind AS 12 Company is required to account for deferred taxes using the balance sheet approach, which also focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under previous GAAP.

**e. Security Deposit**

Under Previous GAAP, interest free security deposits under lease agreement (that are refundable in cash on completion of the term as per the contract) are recorded at their transaction value. Under Ind AS, such financial assets are required to be recognised initially at their fair value and subsequently at amortised cost. Difference between the fair value and transaction value of the security deposit has been recognised as Right of Use Asset and prepayments. The unwinding of security deposit happens by recognition of a notional interest income in Statement of Profit and Loss at effective interest rate. The Right of Use Asset and prepayments get amortised on a straight line basis over the lease / contract term.



**CREDO BRANDS MARKETING LIMITED**  
**(Formerly known as CREDO BRANDS MARKETING PRIVATE LIMITED)**  
**Notes Forming part of the Standalone Financial Statements**  
(All amounts in Millions, unless otherwise stated)

**III. Effect of Ind AS adoption on the Statement of Cash Flows**

There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

**47 Events occurred after Balance Sheet Date**

**47.1 Conversion of the Company from Private Limited to Public Limited**

Pursuant to resolution passed by the shareholders in the Extraordinary General Meeting dated April 18, 2023 and as approved by Registrar of the Company w.e.f. May 11, 2023 the Company has been converted from Private Limited Company into a Public Limited Company including adoption of new Memorandum of Association and new Articles of Association as applicable to Public Company in place of existing Memorandum of Association and Articles of Association of the Company.

**47.2 Bonus-issue of equity shares**

The Company has allotted 96,45,282 fully paid-up shares of face value Rs. 10 each on April 7, 2023, pursuant to bonus issue approved by the shareholders in the Extraordinary General Meeting dated February 14, 2023. For the bonus issue, bonus share of three equity share for every one equity shares held, has been allotted.

**47.3 Sub-division of equity shares**

The Shareholders in their Extraordinary General Meeting dated April 18, 2023 approved sub-division of each authorised and issued equity shares of face value Rs. 10 into five equity shares of face value of Rs. 2 each.

**47.4 Impact of Bonus-issue and Sub-division adjustment on Credo ESOP 2020**

Pursuant to the aforesaid corporate action mentioned in Note 47.2 and Note 47.3 undertaken by the Company, sub division and bonus adjustment shall be made to the stock options (which includes vested, unvested and yet to be granted stock options) and respective exercise price to the stock options, which have already been granted to employees from time to time of the company under Credo ESOP 2020 shall be changed accordingly.




For and on behalf of the Board of Directors  
Credo Brands Marketing Limited  
CIN: U18101MH1999PLC119644

  
**Kamal Khushlani**  
(Chairman and Managing  
Director)  
DIN: 00638929

  
**Poojam Khushlani**  
(Whole-time Director)  
DIN: 01179171

  
**Rasik Mittal**  
(Chief Financial Officer)

  
**Sanjay Kumar Mutha**  
(Company Secretary)  
(Membership No. 15884)

Place: Mumbai  
Date: June 26, 2023