Deloitte Haskins & Sells LLP

Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Members of CREDO BRANDS MARKETING PRIVATE LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of CREDO BRANDS MARKETING PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as of 31 March 2021, and the Statement of Profit and Loss, the Cash Flow Statement 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 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 Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting) Standard Rules, 2006 as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its profit, its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing 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 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 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 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 Board of Directors' report but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the Accounting Standards 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 financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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.

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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 and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

    d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    e. On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the adequacy of the internal financial controls over financial reporting 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 over financial reporting.

    g. With respect to the other matters to be included in the Auditors Report in accordance with the requirements of section 197(16) of the Act, as amended,

       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.

    h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
        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

2. As required by the Companies (Auditor's Report) Order, 2016 ("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: 21077491AAAADY4040)

Mumbai, 29 November, 2021

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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 Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **CREDO BRANDS MARKETING PRIVATE Limited** ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India 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 respective 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 over financial reporting of the Company. 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. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting 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 authorizations of management and directors of the company;

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and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2021, based on the criteria for internal financial control over financial reporting 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: 21077491AAAADY4040)

Mumbai, 29 November, 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

(i) Having regard to the nature of the Company's business/activities/result, clauses 3(vi), 3(xi), 3(xii) and 3(xvi) of the Order are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Some of the fixed 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 fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds provided to us, we report that, the title deeds, comprising all the immovable properties of building, which is freehold, are held in the name of the Company as at the balance sheet date. The Company does not have any immovable properties of leasehold land and building.

(iii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iv) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships, or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(v) The company has not granted any loans, made investments, or provided guarantees and hence reporting under clause (iv) of CARO is not applicable.

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits during the year.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Goods and Service Tax, and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Goods and Service Tax and other material statutory dues in arrears, as of 31 March 2021 for a period of more than six months from the date they became payable except as disclosed below:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of subsequent payment
Employees Provident Funds and Miscellaneous Provident Act, 1952	Provident Fund	74,361	FY 2018-19 FY 2019-20	Various Dates (15th of every month starting from April 2018)	Not paid

(c) There are no dues of Income tax, Goods and Service Tax and Customs Duty as on 31 March, 2021 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loan or borrowings to banks. During the year, the company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures.

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(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and the company has applied term loans during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company is a private company and hence the provisions of Section 177 of the Companies Act, 2013 ('the Act') are not applicable to the Company. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xii) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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

Joe Pretto
(Partner)
(Membership No.77491)
(UDIN: 21077491AAAADY4040)

Mumbai, 29 November, 2021

CREDO BRANDS MARKETING PRIVATE LIMITED
BALANCE SHEET AS AT 31 MARCH 2021

(Figures in Rs.)

	Note No.	As at 31 March 2021	As at 31 March 2020
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	3,19,20,370	3,19,20,370
(b) Reserves and Surplus	4	1,94,79,51,718	1,84,86,76,143
(2) Non-Current Liabilities			
(a) Long Term Borrowings	5	13,40,35,027	15,05,79,489
(b) Long Term Provisions	6	4,22,73,514	4,79,25,465
(c) Other Non-current liabilities	7	28,15,14,484	27,99,39,771
(3) Current Liabilities			
(a) Short-Term Borrowings	8	-	26,36,53,210
(b) Trade Payables:	9		
(i) Total outstanding dues of micro enterprises and small enterprises		5,73,25,305	2,90,18,738
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		29,86,73,240	19,94,04,670
(c) Other Current Liabilities	10	5,71,87,786	4,78,86,917
(d) Short-Term Provisions	11	7,36,90,724	7,13,46,855
Total		**2,92,45,72,168**	**2,97,03,51,628**
II.ASSETS			
(1) Non-Current Assets			
(a) Property Plant and Equipment			
(i) Tangible Assets	12	40,47,45,071	47,15,88,204
(ii) Intangible Assets		19,28,060	32,16,031
(iii) Capital Work in Progress		43,53,412	77,63,732
(b) Deferred Tax Assets (net)	13	10,02,91,886	8,44,62,660
(c) Long Term Loans and Advances	14	32,73,35,782	33,72,16,542
(2) Current Assets			
(a) Inventories	15	58,60,95,826	60,04,38,059
(b) Trade Receivables	16	1,22,43,61,385	1,42,67,28,432
(c) Cash and Bank Balances	17	25,91,71,453	1,85,14,950
(d) Short-Term Loans and Advances	18	1,62,89,293	2,04,23,018
Total		**2,92,45,72,168**	**2,97,03,51,628**

See accompanying notes forming part of financial statements (1 to 36)

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Joe Pretto
(Partner)
(Membership No. 77491)
Mumbai, 29 November 2021

For and on behalf of the board

Sd/-

CREDO BRANDS MARKETING PVT. LTD. MUMBAI

Kamal Khushlani
(Director)
DIN: 00638929

Poonam Khushlani
(Director)
DIN: 01179171

Mumbai, 29 November 2021

Deloitte Haskins & Sells LLP

CREDO BRANDS MARKETING PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(Figures in Rs.)

	Note No.	For Year Ended 31 March, 2021	For Year Ended 31 March, 2020
I. Revenue from Operations	19	2,93,40,30,909	4,49,96,42,072
II. Other Income	20	1,67,77,274	2,17,33,604
Total Revenue		**2,95,08,08,183**	**4,52,13,75,676**
III. Expenses:			
(a) Cost of materials consumed	21	15,09,58,566	19,28,85,501
(b) Purchases of Stock-in-Trade		1,07,38,53,678	1,68,11,13,111
(c) Changes in inventories of finished goods	22	8,69,427	4,93,48,436
(d) Employee benefit expenses	23	21,17,06,466	36,79,31,882
(e) Finance Costs	24	5,49,23,966	6,56,52,399
(f) Depreciation and amortisation expense	12	12,57,87,136	13,19,14,273
(g) Other expenses	25	1,21,21,36,668	1,77,02,60,964
Total Expenses		**2,83,02,35,907**	**4,25,91,06,566**
IV. Profit before tax		**12,05,72,276**	**26,22,69,110**
V. Tax expense:			
(1) Current tax		5,00,14,215	8,43,73,199
(2) (Excess)/Short provision for tax relating to prior years		(61,71,684)	14,96,450
(3) Deferred tax		(1,58,29,226)	2,17,34,473
VI. Profit for the year		9,25,58,971	15,46,64,988
VII. Earning per equity share: (Face value Rs.10/share) Basic and Diluted	31	29.00	48.45

See accompanying notes forming part of financial statements (1 to 36)

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Joe Pretto
(Partner)
(Membership No. 77491)
Mumbai, 29 November 2021

For and on behalf of the board

Sd/-

Kamal Khushlani
(Director)
DIN: 00638929

Poonam Khushlani
(Director)
DIN: 01179171

Mumbai, 29 November 2021

CREDO BRANDS MARKETING PVT. LTD. MUMBAI

Deloitte Haskins & Sells LLP

CREDO BRANDS MARKETING PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2021

(Figures in Rs.)

Particulars	For the Year Ended 31 March 2021	For the Year Ended 31 March 2020
Profit before tax	12,05,72,276	26,22,69,110
Adjustments for:		
Depreciation and amortisation expense	12,57,87,136	13,19,14,273
Loss on fixed assets sold/written off (net)	1,15,99,391	68,71,106
Loss on investment sold/written off (net)	-	63,88,350
Bad debts written off	-	1,02,24,625
Excess Provision written back	-	(1,44,74,629)
Sundry balances written off	-	3,60,260
Sundry balances written back	(10,281)	(2,33,741)
Share based payment costs	67,16,604	-
Interest expense	2,49,76,417	3,10,34,155
Interest income on fixed deposits	(33,84,991)	(21,32,434)
Rental Income	(14,82,057)	(3,13,055)
Operating profit before working capital changes	28,47,74,495	43,19,08,020
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	1,43,42,233	6,71,36,558
Trade receivables	20,23,67,047	(27,42,20,243)
Loans and advances	(14,08,561)	(4,45,17,468)
Trade payables and provisions	13,27,69,793	6,55,53,215
Other non-current liabilities	15,74,713	3,06,54,592
Other current liabilities	93,04,833	1,68,64,524
Cash generated from operations	64,37,24,553	29,33,79,198
Income tax paid (net)	(3,21,82,029)	(4,00,23,650)
Net cash flow generated from operating activities (A)	61,15,42,524	25,33,55,548
B. Cash flow from investing activities		
Purchase of Fixed Assets	(6,87,70,686)	(17,35,01,561)
Proceeds from sale of fixed assets	2,99,906	1,58,134
Proceeds from sale of investments	-	3,33,45,000
Fixed deposits placed with banks having original maturity over 3 months	(36,99,711)	-
Earmarked deposits placed with banks	-	(56,71,863)
Interest received	27,50,116	21,32,434
Rent income received	14,82,057	3,13,055
Net cash flow (used in) investing activities (B)	(6,79,38,318)	(14,32,24,801)
C. Cash flow from financing activities		
Proceeds from Long -term borrowings	52,22,260	14,57,99,682
Repayment of long-term borrowings	(2,36,56,961)	-
Repayment short-term borrowings	(26,36,53,210)	(5,25,64,974)
Interest paid	(2,51,94,376)	(3,10,34,155)
Dividend paid (including dividend tax)	-	(17,31,67,631)
Net cash flow (used in) financing activities (C)	(30,72,82,287)	(11,09,67,078)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	23,63,21,919	(8,36,331)
Cash and cash equivalents at the beginning of the year	1,16,19,456	1,24,55,787
Cash and cash equivalents at the end of the year	24,79,41,375	1,16,19,456
Reconciliation		
Cash and cash equivalents at the end of the year	24,79,41,375	1,16,19,456
Add: Earmarked deposits held as margin money or security against guarantees and other commitments.	75,30,367	68,95,492
Add: In Demand Deposit Accounts having maturity more than 3 months.	36,99,711	-
Cash and bank balances at the end of the year as per Note 17	25,91,71,453	1,85,14,948

See accompanying notes forming part of financial statements (1 to 36)

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Joe Pretto
(Partner)
(Membership No. 77491)
Mumbai, 29 November 2021

CREDO BRANDS MARKETING PVT. LTD. MUMBAI

For and on behalf of the board

Sd/-

Kamal Khushlani
(Director)
DIN: 00638929
Mumbai, 29 November 2021

Poonam Khushlani
(Director)
DIN: 01179171

Deloitte Haskins & Sells LLP

CREDO BRANDS MARKETING PRIVATE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE 1. Corporate Information

The Company was incorporated in India on April 29, 1999 under the name of **Credo Brands Marketing Private Limited** and is mainly engaged in the business of trading of Fashion Casual Garments and accessories under the brand name **MUFTI**.

NOTE 2. Significant Accounting Policies

a. Basis of Accounting and preparation of financial statements:

The financial statements have been prepared in accordance with the generally accepted accounting principles in India ("Indian GAAP") under the historical cost convention on an accrual basis. These financial statements have been prepared to comply in all material aspects with the Accounting Standards specified under Section 133 of the Companies Act, 2013, as applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b. Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and differences between actual results and estimates are recognised in the periods in which the results are known/materialise. Examples of such estimate include provision for doubtful debts, provision for income tax and useful life of depreciable fixed assets.

c. Tangible Assets:

Tangible assets are stated at cost of acquisiton as reduced by accumulated depreciation and impairment losses, if any. Cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure result in an increase in the future benefits from such asset beyond its previosly assessed standard of performance.

Gains or losses arising from disposal or retirement of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" or "Other Expenses", as the case maybe, in the Statement of Profit and Loss in the year of disposal or retirement.

Capital work-in-progress are fixed assets which are not yet ready for their intended use. Such assets are carried at cost comprising direct cost and related incidental expenses.

Depreciation is provided on a pro-rata basis to fully depreciate the assets using the straight-line method over the estimated useful lives of the assets.

Deloitte Haskins & Sells LLP

CREDO BRANDS MARKETING PVT. LTD. MUMBAI

CREDO BRANDS MARKETING PRIVATE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

For the following categories of assets, depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Asset		**Estimated useful life**
Computer Hardware	:	3 years
Office Equipment	:	5 years
Furniture and fixtures	:	10 years
Leasehold Improvements	:	Based on period of lease
Electricals	:	10 years
Office premises	:	60 years
Plant and Machinery	:	15 years
Motor Car	:	8 years

Useful lives are reviewed at each financial year end and adjusted if appropriate.

d. Intangible Assets:

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation.

Cost of an intangible asset includes purchase price, non-refundable taxes and duties and any other directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset is charged to the Statement of Profit and Loss as an expense unless it is probable that such expenditure will enable the intangible asset increase the future benefits from the existing asset beyond its previously assessed standard of performance and such expenditure can be measured and attributed to the intangible asset reliably, in which case, such expenditure is capitalised.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation method are reviewed at least at each reporting date. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss in the year of disposal.

The estimated useful lives of intangible assets used for amortisation are:

Asset		**Estimated useful life**
Trademark and Brand Name	:	5 years
Software	:	3 years

Deloitte Haskins & Sells LLP

CREDO BRANDS MARKETING PVT. LTD. MUMBAI

CREDO BRANDS MARKETING PRIVATE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

e. **Inventories:**

Finished Goods and Raw materials are valued at the lower of cost (determined using the First-in-First-out Method) 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 octroi and other levies, transit insurance and receiving charges.Net realizable value is estimated at the expected selling price less estimated selling cost.

f. **Revenue Recognition:**

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales exclude sales tax and value added tax.

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

g. **Foreign Currency Transactions:**

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

- **Conversion**
  Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

- **Exchange differences**
  Exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of fixed assets they are adjusted to Profit and Loss Account as per AS-11 (revised).
  Exchange difference arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

h. **Investments:**
Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalized and depreciated (where applicable) in accordance with policy stated for fixed assets. Impairment of investment property is determined in accordance with policy statement for impairment of assets.

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CREDO BRANDS MARKETING PVT. LTD. MUMBAI

i. Employee Benefits:

Employee benefits include provident fund, gratuity fund (unfunded) and compensated absences.

- **Defined contribution plan**
  The Company's contribution to provident fund and employees state insurance are considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

- **Defined benefit plan**
  For defined benefit plan in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses, if any, are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

- **Short-term employee benefits**
  The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.
  The cost of such accumulated compensated absences is accounted as under when employees render the services that increase their entitlement of future compensated absences.
  Provision for Bonus and Ex-Gratia is made on accrual basis.

j. Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry

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CREDO BRANDS MARKETING PVT. LTD. MUMBAI

forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realised the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves is recognised in reserves and not in the Statement of Profit and Loss.

k. Impairment of Assets :

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

l. Leases:

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Company's Balance Sheet. Lease expenses on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

Deloitte Haskins & Sells LLP

CREDO BRANDS MARKETING PVT. LTD. MUMBAI

m. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of such obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilties, if any, are not recognised but disclosed in the notes. Contingent Assets neither recognised nor disclosed in the financial statements.

n. Share – based payments:

Share-based payment transactions of the Company

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 29. 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 the number of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. 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 reserves.

o. Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and short term with banks with original maturities of three months or less and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

p. Cash flow statement

Cash flows are reported using the indirect method, whereby profit /(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

q. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the year's presented.

r. Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realistion in cash or cash equivalents, the Company has determined its operating Cycle as 12 months for the purpose of classification of its assets and liabilities as current and non- curent.

Deloitte Haskins & Sells LLP

CREDO BRANDS MARKETING PVT. LTD. MUMBAI

CREDO BRANDS MARKETING PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(Figures in Rs.)

Note 3: Share Capital

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Rs.	Number	Rs.
Authorised Share Capital				
Equity Shares of 10/- each	50,00,000	5,00,00,000	32,50,000	3,25,00,000
	50,00,000	5,00,00,000	32,50,000	3,25,00,000
Issued, Subscribed and Paid-up				
Equity Shares of 10/- each	31,92,037	3,19,20,370	31,92,037	3,19,20,370
Total	**31,92,037**	**3,19,20,370**	**31,92,037**	**3,19,20,370**

a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	31,92,037	3,19,20,370	31,92,037	3,19,20,370
Add: Shares Issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	31,92,037	3,19,20,370	31,92,037	3,19,20,370

b. Terms / Rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any, 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. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5 percent shares in the company:

Name of Shareholders	As at 31 March 2021		As at 31 March 2020	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mrs. Poonam Khuslani	9,08,219	28.45%	9,08,219	28.45%
Mr. Kamal Khuslani	11,13,021	34.87%	11,13,021	34.87%
M/S. Bennett, Coleman & Company Limited	3,00,000	9.40%	3,00,000	9.40%
M/s Bella Properties Private Limited	2,51,563	7.88%	2,51,563	7.88%

Note 4: Reserves and Surplus

Particulars	As at 31 March 2021	As at 31 March 2020
a. Securities Premium Account		
Balance as per last balance sheet	14,78,51,882	14,78,51,882
Closing Balance	14,78,51,882	14,78,51,882
b. Surplus in Statement of Profit and Loss		
Opening balance	1,70,08,24,261	1,71,93,26,904
Add: Profit for the year	9,25,58,971	15,46,64,988
Less: Dividend paid on equity shares	-	(14,36,41,665)
Less: Tax on dividends	-	(2,95,25,966)
Closing Balance	1,79,33,83,232	1,70,08,24,261
c. Share options outstanding account		
Balance as per last balance sheet	67,16,604	-
Closing Balance	67,16,604	-
Total	**1,94,79,51,718**	**1,84,86,76,143**

Deloitte Haskins & Sells LLP

CREDO BRANDS MARKETING PVT. LTD. MUMBAI

CREDO BRANDS MARKETING PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 5: Long Term Borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Secured Loans: From Bank (refer note below)	13,40,35,027	15,05,79,489
Total	**13,40,35,027**	**15,05,79,489**

Note:
1. Term loans taken from banks for purchase of vehicles and secured by hypothection of specific vehicles. The loans are repayble in five years alongwith interest @ 9.50% per annum.
2. Term loan taken from bank for Capital Expenditure towards New Outlets. The loan is repayable in six years alongwith interest @ 6 Month MCLR + 0.20%. The term loan is secured against second pari passu hypothecation charge on all existing and future current assets of the company and exclusive hypothecation charge on moveable fixed assets of the company created.

Note 6: Long Term Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for Gratuity (unfunded)	4,22,73,514	4,79,25,465
Total	**4,22,73,514**	**4,79,25,465**

Note 7: Other Non-current Liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Security Deposits received	28,15,14,484	27,99,39,771
Total	**28,15,14,484**	**27,99,39,771**

Note 8: Short Term Borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Secured Loans: Cash Credit from banks (refer note (i) below)	-	26,36,53,210
Total	**-**	**26,36,53,210**

Note (i): Cash credit from banks are secured by hypothecation of existing current assets of the company viz. stock of raw materials, finished goods, plant and machinery, bills receivables, book debts and immovable assets of the company.

Deloitte Haskins & Sells LLP

CREDO BRANDS MARKETING PVT. LTD. MUMBAI

CREDO BRANDS MARKETING PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 9: Trade Payables

Particulars	As at 31 March 2021	As at 31 March 2020
Dues to Micro and Small Enterprises (see footnote)	5,73,25,305	2,90,18,738
Dues to entities other than Micro and Small Enterprises	22,92,18,234	13,65,93,559
Accrued payroll and employee benefits	4,10,79,371	2,89,89,003
Accrued expenses	2,83,75,635	3,38,22,108
Total	35,59,98,545	22,84,23,408

Footnote:
(i) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management and relied upon by the Auditors.

(ii) The disclosures relating to Micro and Small Enterprises are as under:

Particulars	As at 31 March 2021	As at 31 March 2020
(a) The principal amount remaining unpaid to supplier as at the end of the accounting year.	5,67,93,682	2,87,54,891
(b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year.	5,31,623	2,63,847
(c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year.	-	
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.		
(e) The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	2,67,776	22,163
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-

Above information is prepared by the Management of the Company and relied upon by the Auditors.

Note 10: Other Current Liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Current maturities of long-term debts (Refer note no.5)	1,76,22,544	1,95,12,784
(b) Interest accrued but not due on borrowings	9,66,484	11,84,443
(c) Operating lease liabilities	9,39,316	-
(d) Other Payables		
(i) Statutory Remittances	1,80,94,006	1,38,56,732
(ii) Interest Accrued and due on Security Deposits	43,28,687	43,35,309
(iii) Payable on Purchase of Fixed Assets	46,88,291	25,84,056
(iv) Advances received from customers	1,05,48,458	64,13,593
Total	**5,71,87,786**	**4,78,86,917**

Note 11: Short Term Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Provision for employee benefits		
(i) Provision for gratuity	20,21,854	25,43,634
(ii) Provision for compensated absences	27,11,431	31,61,134
(b) Others		
(i) Provision for tax (net)	2,83,66,973	1,52,12,188
(ii) Provision for loyalty points	3,07,53,466	2,55,89,899
(iii) Provision for CSR	98,37,000	2,48,40,000
Total	**7,36,90,724**	**7,13,46,855**

Deloitte Haskins & Sells LLP

CREDO BRANDS MARKETING PVT. LTD. MUMBAI

CREDO BRANDS MARKETING PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 12: Property Plant and Equipment

	Gross Block				Depreciation				Net Block
Description of Assets	**Cost as at 31 March 2020**	**Additions during period**	**Deletion /adjustments during period/ Tranfer to Reserve**	**Cost as at 31 March 2021**	**Depreciation as at 31 March 2020**	**Depreciation during period**	**Dep. due to deletion/ adjustments**	**Depreciation up to 31 March 2021**	**As at 31 March 2021**
Tangible Assets									
OFFICE EQUIPMENTS	9,06,98,149	78,01,858	61,40,684	9,23,59,323	4,91,37,589	1,31,08,624	53,24,625	5,69,21,588	**3,54,37,735**
	7,04,54,422	*2,55,15,655*	*52,71,928*	*9,06,98,149*	*3,98,38,165*	*1,39,77,387*	*46,77,963*	*4,91,37,589*	*4,15,60,560*
COMPUTERS	6,01,99,395	19,02,720	23,75,339	5,97,26,776	4,41,54,343	99,42,074	22,26,567	5,18,69,850	**78,56,926**
	5,95,22,329	*67,41,927*	*60,64,861*	*6,01,99,395*	*3,79,61,072*	*1,19,75,554*	*57,82,283*	*4,41,54,343*	*1,60,45,052*
FURNITURE & FIXTURES-Leasehold	53,31,73,211	4,39,13,408	4,42,01,420	53,28,85,199	29,72,06,471	6,04,33,650	3,33,60,409	32,42,79,712	**20,86,05,487**
	45,84,54,641	*8,71,63,408*	*1,24,44,838*	*53,31,73,211*	*24,27,10,627*	*6,35,28,330*	*90,32,487*	*29,72,06,470*	*23,59,66,741*
FURNITURE & FIXTURES-Non LH	27,35,55,062	1,47,81,740	5,51,532	28,77,85,270	13,59,03,167	3,63,44,104	4,96,139	17,17,51,132	**11,60,34,138**
	19,57,09,868	*8,31,09,840*	*52,64,699*	*27,35,55,009*	*10,20,75,137*	*3,63,52,387*	*25,24,356*	*13,59,03,168*	*13,76,51,841*
MOTOR CAR	2,58,21,339	-	-	2,58,21,339	1,32,01,724	31,63,221	-	1,63,64,945	**94,56,394**
	2,58,21,339	-	-	*2,58,21,339*	*1,00,29,836*	*31,71,888*	-	*1,32,01,724*	*1,26,19,615*
OFFICE PREMISES	2,27,13,820	-	-	2,27,13,820	49,16,831	3,79,379	-	52,96,210	**1,74,17,610**
	2,27,13,820	-	-	*2,27,13,820*	*45,36,413*	*3,80,418*	-	*49,16,831*	*1,77,96,989*
PLANT & MACHINERIES	1,30,30,987	9,46,900	43,700	1,39,34,187	30,83,581	9,19,463	5,638	39,97,406	**99,36,781**
	61,60,908	*68,70,079*	-	*1,30,30,987*	*22,50,908*	*8,32,673*	-	*30,83,581*	*99,47,406*
Total	**1,01,91,91,963**	**6,93,46,626**	**5,33,12,675**	**1,03,52,25,914**	**54,76,03,706**	**12,42,90,515**	**4,14,13,378**	**63,04,80,843**	**40,47,45,071**
Previous Year	*83,88,37,327*	*20,94,00,909*	*2,90,46,326*	*1,01,91,91,910*	*43,94,02,158*	*13,02,18,637*	*2,20,17,089*	*54,76,03,706*	*47,15,88,204*
SOFTWARE (INTANGIBLE ASSETS)	1,44,11,905	-	-	1,44,11,905	1,33,99,374	9,40,300	-	1,43,39,674	72,231
	1,43,31,905	*80,000*	-	*1,44,11,905*	*1,19,27,094*	*14,72,280*	-	*1,33,99,374*	*10,12,531*
TRADE MARKS & BRAND NAME (INTANGIBLE ASSETS)	26,43,679	2,08,651	-	28,52,330	4,40,180	5,56,321	-	9,96,501	18,55,829
	3,87,029	*22,56,651*	-	*26,43,680*	*2,16,824*	*2,23,356*	-	*4,40,180*	*22,03,500*
Total	**1,70,55,584**	**2,08,651**	**-**	**1,72,64,235**	**1,38,39,554**	**14,96,621**	**-**	**1,53,36,175**	**19,28,060**
Previous year	*1,47,18,934*	*23,36,651*	-	*1,70,55,585*	*1,21,43,918*	*16,95,636*	-	*1,38,39,554*	*32,16,031*
Grand total	**1,03,62,47,547**	**6,95,55,277**	**5,33,12,675**	**1,05,24,90,149**	**56,14,43,260**	**12,57,87,136**	**4,14,13,378**	**64,58,17,018**	**40,66,73,131**
Previous Year	*85,35,56,261*	*21,17,37,560*	*2,90,46,326*	*1,03,62,47,495*	*45,15,46,076*	*13,19,14,273*	*2,20,17,089*	*56,14,43,260*	*47,48,04,235*

Deloitte Haskins & Sells LLP

CREDO BRANDS MARKETING PVT. LTD. MUMBAI

CREDO BRANDS MARKETING PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 13: Deferred Tax Assets

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred Tax Assets		
(a) Depreciation	7,92,09,612	6,70,79,346
(b) Employee benefits	1,85,15,095	1,34,06,122
(c) Operating lease obligations	2,36,407	-
(d) Provision for contigencies	23,30,772	39,77,192
Total	**10,02,91,886**	**8,44,62,660**

Note 14: Long Term Loans and Advances

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
(a) Security Deposits		
To Others	22,01,31,550	22,98,81,538
To Related parties	2,00,00,000	2,00,00,000
(b) Prepaid Expenses	54,37,435	83,42,831
(c) Balances with government authorities		
VAT/CST /GST receivables	7,92,47,169	5,69,65,365
(d) Advance Tax (Net)	11,02,292	1,58,79,560
(e) Capital Advance	14,17,336	61,47,248
Total	**32,73,35,782**	**33,72,16,542**

Note 15: Inventories
(At lower of Cost and Net Realisable Value)

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Raw Materials	2,37,04,876	2,74,43,329
Goods In Transit	35,03,002	5,41,437
(b) Finished Goods (Goods Acquired for Trading)	53,21,83,788	53,87,65,847
Goods In Transit	64,35,794	7,23,162
(c) Accessories	2,02,68,366	3,09,20,243
Goods In Transit	-	20,44,041
Total	**58,60,95,826**	**60,04,38,059**

Note 16: Trade Receivables

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, Considered good,unless otherwise stated		
Trade receivables outstanding for a period exceeding six months from the date they are due		
Unsecured, considered good, unless otherwise stated	12,05,46,582	18,21,88,380
Doubtful	-	-
Less Provision for doubtful debts	-	-
	12,05,46,582	18,21,88,380
Others	1,10,38,14,803	1,24,45,40,052
Total	**1,22,43,61,385**	**1,42,67,28,432**

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CREDO BRANDS MARKETING PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 17: Cash and Bank Balances

Particulars	As at 31 March 2021	As at 31 March 2020
1) Cash on Hand	49,21,660	44,87,369
2) Balances with banks		
i) In Current Accounts	4,30,19,715	71,32,089
ii) In Demand Deposit Accounts having maturity less than 3 months	20,00,00,000	-
iii) In Demand Deposit Accounts having maturity more than 3 months	36,99,711	-
iv) In Earmarked Accounts	75,30,367	68,95,492
Total	**25,91,71,453**	**1,85,14,950**

Footnote

Of the above, the balances which meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statement:	24,79,41,375	1,16,19,458

Note 18: Short Term Loans and Advances

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
(a) Advance to Suppliers	41,01,643	1,09,29,939
(b) Advance to Employees	46,00,112	10,67,026
(c) Prepaid Expenses	75,87,538	84,26,053
Total	**1,62,89,293**	**2,04,23,018**

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CREDO BRANDS MARKETING PVT. LTD. MUMBAI

CREDO BRANDS MARKETING PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 19: Revenue from Operations

Particulars	Year Ended 31 Mar, 2021	Year Ended 31 Mar, 2020
Sales of Products (*)	2,93,40,30,909	4,49,96,42,072
Total	**2,93,40,30,909**	**4,49,96,42,072**

* net of returns

Note 20: Other Income

Particulars	Year Ended 31 Mar, 2021	Year Ended 31 Mar, 2020
Interest received	33,84,991	21,32,434
Interest received on Income Tax Refund	9,13,460	35,30,544
Rental Income	14,82,057	3,13,055
Sundry balances written back	10,281	2,33,741
Discount received	1,08,85,558	9,09,198
Other Income	43,746	1,45,91,336
Profit on sale of Asset	37,774	23,296
Net gain on foreign currency transactions and translation other than considered as finance costs	19,407	-
Total	**1,67,77,274**	**2,17,33,604**

Note 21: Cost Of Materials Consumed

Particulars	Year Ended 31 Mar, 2021	Year Ended 31 Mar, 2020
Opening Stock of Raw Materials	6,09,49,050	7,87,37,172
Add: Purchase of Raw Materials	13,74,85,760	17,50,97,379
Less: Closing Stock of Raw Materials	(4,74,76,244)	(6,09,49,050)
Total	15,09,58,566	19,28,85,501

Note 22: Changes in Inventories

Particulars	Year Ended 31 Mar, 2021	Year Ended 31 Mar, 2020
Opening Stock of Finished Goods	53,94,89,009	58,88,37,445
Less: Closing Stock of Finished Goods	(53,86,19,582)	(53,94,89,009)
Total	8,69,427	4,93,48,436

Note 23: Employees Benefit Expense

Particulars	Year Ended 31 Mar, 2021	Year Ended 31 Mar, 2020
Salaries and wages	19,15,58,666	33,63,67,144
Contribution to Provident and other funds	55,59,231	1,20,61,706
Gratuity expenses	35,70,324	1,04,87,917
Share based payments	67,16,604	-
Staff Welfare Expenses	43,01,641	90,15,115
Total	21,17,06,466	36,79,31,882

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CREDO BRANDS MARKETING PVT. LTD. MUMBAI

CREDO BRANDS MARKETING PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 24: Finance Costs

Particulars	Year Ended 31 Mar, 2021	Year Ended 31 Mar, 2020
Interest Expenses	2,49,76,417	3,10,34,155
Other Borrowing Cost	1,02,45,182	1,45,62,803
Interest paid on deposits	1,97,02,367	2,00,55,441
Total	**5,49,23,966**	**6,56,52,399**

Note 25: Other Expenses

Particulars	Year Ended 31 Mar, 2021	Year Ended 31 Mar, 2020
Power and fuel	1,37,14,809	1,79,49,224
Rent	24,19,48,334	38,25,86,165
Repairs and Maintenance Expenses	30,20,389	74,69,369
Insurance Charges	61,96,839	62,90,017
Rates and Taxes	18,26,674	53,51,364
Duties & Taxes	1,93,57,913	91,37,954
Communication Expenses	67,06,427	68,19,764
Travelling and conveyance	1,44,97,743	4,72,03,433
Printing and Stationery Expenses	16,23,254	30,23,795
Freight and forwarding	3,03,55,876	3,66,30,757
Sales commission	10,28,28,570	13,80,08,555
Advertising Expenses	80,82,621	5,82,41,507
Business promotion Expenses	51,58,93,250	71,62,12,031
Expenditure on Corporate Social Responsibility	53,72,000	2,48,40,000
Legal and professional	3,04,67,320	3,75,20,751
Payments to auditors		
Statutory Audit fees	23,35,000	25,85,000
Other Services	2,06,000	-
Reimbursement of Expenses	1,22,548	-
Net loss on foreign currency transactions and translation other than considered as finance costs	-	2,06,307
Fixed Asset written off	59,58,444	13,37,348
Loss on sale of Assets	56,78,721	55,57,054
Loss on sale of Investments	-	63,88,350
Sundry balances written off	-	3,60,260
Bad debts writte off	-	1,02,24,625
Computer and Software Charges	89,48,381	1,68,85,605
Labour charges	40,34,202	45,46,821
Security Charges	80,31,667	1,08,01,313
Store Expenses	5,75,19,560	7,87,65,400
Courier Charges	64,88,388	1,13,05,810
Manpower Expenses	10,67,11,730	11,36,76,961
Miscellaneous Expenses	42,10,008	1,03,35,424
Total	**1,21,21,36,668**	**1,77,02,60,964**

Note 26: Contingent Liabilities and Capital Commitments not provided for

i) Contingent Liabilities

Particulars	Year Ended 31 Mar, 2021	Year Ended 31 Mar, 2020
a) Bonus liablity for the FY 2014-15 pending settlement with judiciary authorities	38,71,998	38,71,998
Total	38,71,998	38,71,998

ii) Capital Commitments

Particulars	Year Ended 31 Mar, 2021	Year Ended 31 Mar, 2020
Estimated amount of pending contracts remaining to be executed on capital account and not provided for	43,87,826	43,52,478

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CREDO BRANDS MARKETING PVT. LTD. MUMBAI

CREDO BRANDS MARKETING PRIVATE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 27(a): Expenditure in foreign currency

Particulars	Year Ended 31 Mar, 2021	Year Ended 31 Mar, 2020
Consultation Charges	5,03,953	48,14,731
Travelling Expenses	-	60,78,914
Other Matters	1,51,926	1,32,489
Total	6,55,879	1,10,26,134

Note 27(b): CIF value of imports

Particulars	Year Ended 31 Mar, 2021	Year Ended 31 Mar, 2020
Purchase of Finished Goods	1,96,16,409	2,85,78,166
Purchase of Capital Asset	-	25,83,273
Total	1,96,16,409	3,11,61,439

Note 28: Employee Benefit

a) Defined Contribution Plan:

The company makes providend fund and family pension scheme contribution to define contribution retirement benefits plan for qualifying employees. Under the scheme, the company is required to contribute a specified percentage of cost to fund the benefits and thereafter the company does not have any legal or informal obligation to pay additional sum. The contibution payable to these plans by the company are the rates specified in the rules of the schemes.

The company recognised Rs. 48,99,204 (March 31, 2020: Rs. 90,60,074) for provident fund contribution in the statement of Profit & Loss.

b) Defined benefits plan:

Benefits under the gratuity plan (included as part of contribution to Gratuity fund in Note no. 23 Employee Benefit Expense) are typically based on years of service and the employees compensation (immediate before separation). A Gratuity scheme covers all permanent employees. Committments are actuarially determined at year end. Thses committments are valued at present value of expected future payemnts, with consideration for calculated future salaries increases using a disc ount rate corresponding to the interest rate estimated by actuary having regard to interest rate on government securities with remaining term that is almost equivalent to the average balance working period of the employee. Acturial valuation is done based on " Projected unit credit" method . Gain and losses of changed actuarial assumption are charged to the statement of Profit and loss Account.

The Company operates unfunded post retirement defined benefit plans for gratuity.

The following table sets out the unfunded status of the gratuity plan and the amount recognised in the financial statement as at 31st March 2021.

(a) Present Value of Projected Benefit Obligation

Particulars	As at 31 March 2021	As at 31 March 2020
Opening Present Value of Benefit Obligation	5,04,69,099	4,90,50,661
Interest Cost	34,41,993	37,22,945
Current Service Cost	67,48,938	83,84,623
Benefit Paid Directly by the Employer	(97,44,055)	(90,69,479)
Actuarial (Gains)/Losses on obligation due to financial assumption	18,02,939	41,45,227
Acturial (Gains)/Losses on obligation-due to experience	(84,23,546)	(57,64,878)
Closing Present Value of Benefit Obligation	4,42,95,368	5,04,69,099

(b) Amount Recognized in the Balance Sheet

Particulars	As at 31 March 2021	As at 31 March 2020
Present value of Benefit obligation at the end of year	4,42,95,368	5,04,69,099
Net Liability Recognized in the Balance Sheet	4,42,95,368	5,04,69,099

(c) Expenses Recognized in the Statement of Profit or Loss

Particulars	As at 31 March 2021	As at 31 March 2020
Current Service Cost	67,48,938	83,84,623
Net Interest Cost	34,41,993	37,22,945
Actuarial (Gains)/Losses	(66,20,607)	(16,19,651)
Expenses Recognized in the Statement of Profit or Loss	35,70,324	1,04,87,917

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CREDO BRANDS MARKETING PVT. LTD. MUMBAI

CREDO BRANDS MARKETING PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

(d) Actuarial Assumptions

Particulars	Year Ended 31 Mar, 2021	Year Ended 31 Mar, 2020
Discount Rate	6.82%	7.59%
Salary Escalation Rate	10.00%	10.00%
Rate of Employee Turnover	For service 1 years and below 35.00% p.a. For service 2 years to 3 years 21.00% p.a. For service 4 years to 5 years 10.00% p.a. For service 6 years and above 5.00% p.a.	For service 1 years and below 35.00% p.a. For service 2 years to 3 years 21.00% p.a. For service 4 years to 5 years 10.00% p.a. For service 6 years and above 5.00% p.a.
Mortality	Indian Assured Lives Mortality tables (2006-08) Ultimate	Indian Assured Lives Mortality tables (2006-08) Ultimate

The estimates of future salary increase considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

(e) Experience Adjustment

Particulars	2020-21	2019-20
Experience (gain)/loss adjustments on plan liabilities	(84,23,546)	(57,64,878)
Experience (gain)/loss adjustments on plan assets	-	-

Note 29: Employee share option plan of the Company

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 as on November 6, 2020. 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.
The Company has used the Fair Value Method by applying Black Scholes Option Pricing Model to account for share-based payments plan.

b. During the year the company has granted 153,093 options to its employees, none of the options given have vested.

c. The Options granted are on account of vesting over passage of time as well as on fulfilling certain performance criteria including different exercise price. Methods & Assumptions of Black-Scholes Option pricing model including the weighted average fair values are mentioned below:

	2020-2021			2019-2020
Particulars	**Scheme 1**	**Scheme 2**	**Scheme 3**	-
Stock Price	508	508	508	-
Volatility*	15.00%	15.00%	15.00%	-
Weighted average Risk-free Rate	5.44%	5.58%	5.61%	-
Exercise Price	10	627	627	-
Weighted average Expected Life (Time to Maturity)	5.5	6.16	6.22	-
Dividend yield	0.39%	0.39%	0.39%	-
Weighted average fair value	489.71	157.71	99.79	-

*Expected volatility have been assumed at 15% considering the entity is an unlisted entity.

Note 30: Segment Reporting

The company has been operating largely in one business segment viz trading of fashion casual garments and accessories, conducted only geographical segment viz. India. Therefore, the disclosure requirement of the Accounting standard 17 on segment reporting are not applicable. Since the company operates only in India, there is only single geographical segment.

Note 31: Earning Per Share

Particulars		Year Ended 31 Mar, 2021	Year Ended 31 Mar, 2020
Basic and Diluted EPS :			
Profit after tax as per Statement of Profit and Loss	A	9,25,58,971	15,46,64,988
Weighted Average Number of Shares outstanding during the year	B	31,92,037	31,92,037
Earing per share basis and diluted	A/B	29.00	48.45
Face value per equity share Rs 10/ each			

Note 32: Operating lease obligation

The Company has taken various pemises and stores under leave and license agreements.The lease terms for different agreements are ranging from 18 months and 9 years. The Company has given refundable interest free security deposits under certain agreements.

Particulars	Year Ended 31 Mar, 2021	Year Ended 31 Mar, 2020
Operating lease payments recognized in the statement of profit and loss during the year	24,19,48,334	38,25,86,165
Minimum lease payments:		
Total of future minimum lease payments payable by the Company:		
- Not later than 1 year	3,48,27,301	2,75,84,738
- Later than 1 year but not later than 5 years	5,53,56,961	7,91,35,994
Total of future minimum lease payments under operating lease	9,01,84,262	10,67,20,732

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CREDO BRANDS MARKETING PVT. LTD. MUMBAI

CREDO BRANDS MARKETING PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 33: Related Party Disclosure
Related party disclosures are made as per the "Accounting Standard 18" issued by the Institute of Chartered Accountants of India.

a. The following are the names of related parties and description of relationship:

I) Key management personnel
(a) Mr. Kamal Khushlani (Director)
(b) Mrs. Poonam Khushlani (Director)
(c) Mr. Rasik Mittal (CFO)

II) Relatives of Key management personnel
(a) Miss Sonakshi Khushlani (Daughter of Kamal and Poonam Khushlani)
(b) Mr. Andrew Khushlani (Son of Kamal and Poonam Khushlani)

III) Associate Companies
(a) M/s Kaps Mercantile Private Limited

b. The following are the volume of transactions with related parties during the year and outstanding balances as at the period end disclosed in

Nature of transactions	Name of the Party	2020-21	2019-20
Remuneration	Kamal D Khushlani	73,41,880	1,49,08,500
	Poonam K Khushlani	28,08,000	48,00,000
	Sonakshi Khushlani	12,24,461	16,96,113
	Andrew Khushlani	2,25,000	-
	Rasik Mittal	63,15,000	1,00,00,000
Interim Dividend Paid	Kamal D Khushlani	-	4,29,06,600
	Poonam K Khushlani	-	4,08,69,855
	Kavita Khushlani	-	43,06,500
	Sonakshi Khushlani	-	43,06,500
	Andrew Khushlani	-	43,06,500
Reimbursement of Expenses	Kamal D Khushlani	37,689	1,35,56,830
	Sonakshi Khushlani	24,047	4,91,980
Balance Outstanding Security Deposits Given	Kaps Mercantile Private Limited	2,00,00,000	2,00,00,000
Remuneration Payable	Kamal D Khushlani	1,39,426	4,19,975
	Poonam K Khushlani	2,95,000	-
	Sonakshi Khushlani	90,963	58,255
	Andrew Khushlani	44,800	
	Rasik Mittal	6,19,100	6,55,000

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CREDO BRANDS MARKETING PVT. LTD. MUMBAI

CREDO BRANDS MARKETING PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 34: Expenditure on Corporate Social Responsibility (CSR)

Particulars	2020-21	2019-20
(a) Gross amount required to be spent by the company during the year (refer notes below)	51,19,446	60,23,758
(b) Amount Spent during the year on		
(i) Construction or acquisition of any asset	-	-
(ii) On Purposes other than (i)above (in cash)	(53,72,000)	-
(iii) Excess amount spent	(2,52,554)	60,23,758

Note 1: As per section 135 of the Companies Act, 2013, the amount required to be spent by the company during the year is disclosed above.

Note 2: The Board of Directors of the company had decided to spend amount of Rs. 53,72,000/- which has been spent during the year.

Note 35: Note on Impact of COVID19

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.

Note 36:

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosures.

For and on Behalf of the Board of Directors

CREDO BRANDS MARKETING PVT. LTD. MUMBAI

Kamal Khushlani
(Director)
DIN: 00638929
Mumbai, 29 November 2021

Poonam Khushlani
(Director)
DIN: 01179171
Mumbai, 29 November 2021

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