# ANNUAL REPORT 2022-23

MUFTI

**CREDO BRANDS MARKETING LIMITED**

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Kamal Khushlani**
Chairman and Managing Director

**Mrs. Poonam Khushlani**
Whole-time Director

**Mr. Manoj Nakra**
Non-Executive Director

**Mr. Amer Jaleel**
Independent Director

**Mr. Paresh Bambolkar**
Independent Director

**Mrs. Ramona Jogeshwar**
Independent Director

## CHIEF FINANCIAL OFFICER

**Mr. Rasik Mittal**
Chief Financial Officer

## COMPANY SECRETARY

**Mr. Sanjay Kumar Mutha**
Company Secretary

## STATUTORY AUDITOR

**Deloitte Haskins & Sells LLP**

## BANKERS

**Kotak Mahindra Bank Limited**
**Axis Bank Limited**
**YES Bank Limited**
**HDFC Bank Limited**

## REGISTERED AND CORPORATE OFFICE:

**Credo Brands Marketing Limited**
CIN: U18101MH1999PLC119669
Regd. Off.: B 8, MIDC Central Road,
Marol, Andheri (E), Mumbai - 400093
Tel. No.: +91 22 6141 7200
Corporate: www.credobrands.in
Ecommerce: www.muftijeans.in
Email: Investorrelations@mufti.in

## SHARE TRANSFER AGENTS

**TSR Consultants Private Limited**
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai 400 083
Phone: +91 810 811 8484
Fax: +91-22-6656 8494
Email: csg-unit@tcplindia.co.in
Website: www.tcplindia.co.in

# CONTENTS

## *Board's Report*

### *Dear Members,*

Your Directors present the 24th Annual Report of the Company together with the Audited Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2023.

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

Subsequent to the year under review, the Shareholders of the Company has approved conversion of the Company from private limited company into public limited company, vide Special Resolution passed at their Extraordinary General meeting held on April 18, 2023. Subsequently, the Company has received fresh Certificate of Incorporation consequent upon conversion to public limited company dated May 11, 2023 issued by the Registrar of Companies, Maharashtra, Mumbai. Pursuant to the same, name of the Company has been changed from Credo Brands Marketing Private Limited to "Credo Brands Marketing Limited" with effect from May 11, 2023.

**FINANCIAL PERFORMANCE**

The financial performance of the Company is as follows:

| Particulars | (₹ in mn.) | | | |
|---|---|---|---|---|
| | **Standalone** | | **Consolidated** | |
| | **Financial Year** | | **Financial Year** | |
| | **2022-23 (FY 2023)** | **2021-22 (FY 2022)** | **2022-23 (FY 2023)** | **2021-22 (FY 2022)** |
| Revenue from operations | 4,981.82 | 3,411.72 | 4,981.82 | 3,411.72 |
| Other income | 131.40 | 136.62 | 111.40 | 136.63 |
| **Total income** | **5,113.22** | **3,548.34** | **5,093.22** | **3,548.35** |
| Operating expenditure | 3,364.05 | 2,480.74 | 3,343.32 | 2,460.75 |
| Depreciation and amortisation expense | 534.30 | 458.85 | 534.30 | 458.85 |
| **Total expenses** | **3,898.35** | **2,939.59** | **3,877.62** | **2,919.60** |
| **Profit before finance costs and tax** | **1,214.87** | **608.75** | **1,215.60** | **628.75** |
| Finance costs | 177.36 | 150.30 | 177.48 | 150.42 |
| **Profit before tax** | **1,037.51** | **458.45** | **1,038.12** | **478.33** |
| Tax expense | 262.98 | 120.93 | 262.98 | 120.93 |
| **Profit for the year** | **774.53** | **337.52** | **775.14** | **357.40** |
| **Retained Earnings** | | | | |
| **Balance as at beginning of the year** | **2,160.15** | **1,815.85** | **2,159.47** | **1,795.29** |
| Add: Profit for the period | 774.53 | 337.52 | 775.14 | 357.40 |
| Less: dividends paid on Equity shares | (321.51) | - | (321.51) | - |
| Add: Other comprehensive income / (loss) | 0.10 | 6.78 | 0.10 | 6.78 |
| **Balance as at end of the year** | **2,613.27** | **2,160.15** | **2,613.20** | **2,159.47** |

## OPERATIONAL PERFORMANCE

Your Directors are pleased to inform that the brand "Mufti" was launched by the Company's Promoter, Mr. Kamal Khushlani in the year 1998 and has come to redefine menswear over the last 25 years. The brand "*Mufti*" was created as an alternative dressing solution and designed to deliver a casual alternative with a focus on creative, bold, and expressive clothing for the contemporary Indian man who wanted something more stylish than other mainstream brands.

In order to keep pace with these evolving fashion trends, our product mix has evolved significantly over the pastseveral years from consisting of only shirts and trousers in the year 1998 to a wide range of products including shirts, t-shirts, sweatshirts, jeans, cargos, chinos, jackets, blazers and sweaters in relaxed holiday casuals, authentic daily casuals to urban casuals, party wear and also athleisure categories as on date.

The Brand "Mufti" is evolved as one of the leading brands in the mid-premium and premium men's casual western wear market in India.

Your Company's products are available through a pan-India multichannel distribution network which has been built over the years comprising of our exclusive brand outlets ("**EBOs**"), large format stores ("**LFSs**") and multi-brand outlets ("**MBOs**"), as well as online channels comprising of our website and other e-commerce marketplaces.

During the year under review, the Company remains on a strong footing and aims to increase market share by expanding, while seeking sustainable and profitable growth opportunities for the Company. As of March 31, 2023, we have a pan-India presence through 1764 touchpoints consisting of 373 EBOs, 86 LFSs and 1305 MBOs, with our reach extending from major metros to Tier-3 cities.

Your Company's consolidated revenue from operations increased by 46.02% from ₹ 3,411.72 million in Fiscal 2022 to ₹4,981.82 million in Fiscal 2023. Your Company has recorded an increase of 117.03% in consolidated profit before tax, from ₹ 478.33 million in Fiscal 2022 to ₹1,038.12 million in Fiscal 2023.

Your Company's standalone revenue from operations increased by 46.02% from ₹ 3,411.72 million in Fiscal 2022 to ₹4,981.82 million in Fiscal 2023. Your Company has recorded an increase of 126.31% in standalone profit before tax, from ₹ 458.45 million in Fiscal 2022 to ₹ 1,037.51 million in Fiscal 2023.

## DIVIDEND AND RESERVES

Your Directors have declared an interim dividend of ₹50/- per share and a Special Dividend of ₹50/- per share aggregating to ₹100 per share involving a cash outflow of ₹ 321.42 million during the year under review.

Further, no amount was transferred to the General Reserve for the year under review.

## DIVIDEND DISTRIBUTION POLICY

Subsequent to the year under review, the Company has adopted Dividend Distribution Policy, which endeavours for fairness, consistency and sustainability while distributing profits to the Members of the Company. The same has been disclosed on the Company's website at https://www.credobrands.in/investors/.

## ISSUE OF EQUITY SHARES

During the year under review, the Company has issued and allotted, an aggregate of 23,057 Equity Shares of ₹ 10/- each to the eligible employees of the Company upon exercise of Stock Options granted under the Credo Brands Marketing Limited Stock Option Plan 2020 (Credo Stock Option Plan 2020).

Consequently, the paid-up Equity Share Capital of the Company as at March 31, 2023 was ₹32,150,940 divided into 3,215,094 Equity Shares of ₹10 each, fully paid-up. During the year under review, the Company has not issued any sweat equity shares or bonus shares or equity shares with differential rights.

## SIGNIFICANT EVENTS:

### Increase in Authorised Share Capital

During the year under review, the Shareholders at their Extra Ordinary General Meeting held on February 14, 2023 have approved to increase the authorised share capital of the Company from the existing ₹ 5,00,00,000/- (Rupees Five Crore only) divided into 50,00,000 (Fifty Lakh only) Equity Shares of ₹ 10/- (Rupees Ten only) each to ₹ 14,00,00,000/- (Rupees Fourteen Crore only) divided into 1,40,00,000 (One Crore Forty Lakh only) Equity Shares of ₹ 10/- (Rupees Ten only) by creation and addition of 90,00,000 (Ninety Lakh) Equity Shares of face value of ₹ 10/- (Rupees Ten only) each.

### Issue of Bonus Shares

During the year under review, the Shareholders at their Extra Ordinary General Meeting held on February 14, 2023 have approved for issue and allotment of 96,45,282 equity shares of the Company of ₹10/- each as bonus equity shares (the "Bonus Equity Shares") credited as fully paid-up, to the eligible shareholders of the Company in the proportion of 3 (Three) bonus equity shares of ₹10/- each (Rupees Ten only) for every 1 (One) equity share of ₹10/- each (Rupees Ten only) and capitalize the Securities premium account to the extent of sum of ₹9,64,52,820/- (Rupees Nine Crore Sixty Four Lakh Fifty Two thousand Eight Hundred and Twenty only) to the credit of the Company's Securities Premium Account, as per the Audited Accounts of the Company for the financial year ended March 31, 2022.

Subsequent to the year under review, the Board of Directors at its Meeting held on April 07, 2023 allotted 96,45,282 equity shares of the Company of ₹10/- each as bonus equity shares (the "Bonus Equity Shares") credited as fully paid-up, to the eligible shareholders of the Company.

**Subdivision of Equity Shares**

Subsequent to the year under review, pursuant to a Board resolution dated April 07, 2023 and Shareholders' resolution dated April 18, 2023, each existing equity shares of face value of ₹ 10/- each fully paid up in the authorized, issued, subscribed and paid-up Share Capital of the Company has been sub divided into 5 (five) equity shares of face value of ₹2/- each fully paid up ("Sub-Division").

Consequently, post issue of bonus shares and subdivision of Equity Shares, the paid-up Equity Share Capital of the Company was ₹ 128,603,760 divided into 64,301,880 Equity Shares of ₹2 each, fully paid-up.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to section 134(5) of the Companies Act, 2013, ("the Act"), your Directors, based on the representations received from the operating management and after due enquiry, confirm that:

a. in the preparation of the annual accounts for the financial year ended March 31, 2023, the applicable accounting standards have been followed;

b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c. they have taken proper and sufficient care towards the 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 fraud and irregularities;

d. they have prepared the annual accounts on a going concern basis;

e. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The following changes took place in the Board of Directors and Key Managerial Personnel of the Company.

**Managing Director and Whole-time Director**

Mr. Kamal Khushlani has been re-designated as the Chairman and Managing Director of the Company for a period of five years with effect from March 08, 2022, pursuant to the resolution passed by the Board of Directors on March 08, 2022 and Special resolution passed by the Shareholders on March 29, 2022.

Mrs. Poonam Khushlani has been appointed as a Whole-time Director of the Company with effect from May 09, 2023 pursuant to the recommendation of the Nomination and Remuneration Committee and resolution passed by the Board of Directors on May 09, 2023.

**Independent Directors**

Subsequent to the year under review, upon conversion of the Company into public limited company, the appointment of Mr. Amer Jaleel as an Independent Director of the Company has been ratified with effect from November 05, 2020 upto November 01, 2025 by the Board at its meeting held on May 09, 2023, subject to approval of the Shareholders of the Company.

Mr. Paresh Bambolkar and Mrs. Ramona Jogeshwar were appointed as Independent Directors of the Company for a period of five years w.e.f. May 09, 2023, pursuant to the resolution passed by the Board of Directors on May 09, 2023, subject to approval of the Shareholders of the Company.

In the opinion of the Board, our Independent Directors possess requisite expertise, integrity and experience (including proficiency).

**Non-Executive Director**

Mr. Manoj Nakra was appointed as a Non-Executive (Additional) Director of the Company with effect from May 09, 2023 by the Board of Directors at its Meeting held on May 09, 2023.

**Key Managerial Personnel**

Subsequent to the year under review, Mr. Rasik Mittal was appointed as Chief Financial Officer (Key Managerial Person) w.e.f. April 07, 2023.

Mr. Sanjay Kumar Mutha was appointed as Company Secretary of the Company w.e.f. April 07, 2023.

**DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received declarations from all the Independent Directors of the Company confirming that each of them meet the criteria of independence as provided in section 149(6) of the Act along with Rules framed thereunder. They have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence and that they are independent of the Management.

**BOARD EVALUATION**

Subsequent to the year under review, the Company became public limited company. Accordingly, pursuant to the provisions of the Act, an annual evaluation of performance of the Board, the Committees thereof and the Directors for the current fiscal 2024 would be carried out by the Board, in due course. The Nomination and Remuneration Committee, in order to facilitate the performance evaluation process, would lay down the evaluation criteria and procedure.

**POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

Subsequent to the year under review, the Board has adopted the Remuneration policy for Directors, Key Managerial Personnel and other employees of the Company and Policy on diversity of Board of Directors. These are available at the Company's website at https://www.credobrands.in/investors/.

**NUMBER OF MEETINGS OF THE BOARD**

During the year under review, 24 meetings of the Board of Directors of the Company were held, which were attended by majority of directors.

**AUDIT COMMITTEE**

Subsequent to the year under review, the Board has constituted an Audit Committee comprising of Mr. Paresh Bambolkar as Chairman of the Committee and Mr. Amer Jaleel and Mr. Manoj Nakra as Members of the Committee w.e.f. May 09, 2023. The Company Secretary of the Company would be the Secretary of the Committee. All Members of the Committee possess accounting and financial management expertise.

**SUBSIDIARY**

During the year under review, The Company has acquired 100% equity stake in KAPS Mercantile Private Limited ("KAPS)" on April 28, 2022. KAPS was incorporated on August 05, 2008 and is manly engaged in the business of providing services of manufacturing of garments on Job work basis.

**CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements of the Company and its subsidiary, have been prepared in accordance with the Act and applicable Indian Accounting Standards (Ind AS) along with all relevant documents and the Auditors' Report thereon, forms part of this Annual Report.

Pursuant to the provisions of section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiary as on March 31, 2023 in the prescribed Form AOC-1 is attached to the Financial Statements of the Company, which forms part of this Annual Report.

In accordance with the provisions of section 136(1) of the Act, the Annual Report of the Company, containing therein the standalone and consolidated Financial Statements of the Company and the audited financial statements of the subsidiary have been uploaded on the website of the Company. The audited financial statements in respect of the subsidiary company shall also be kept open for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of forthcoming Annual General Meeting. The aforesaid documents relating to subsidiary company would be made available to any Member interested in obtaining the same upon a request made to the Company.

**AUDITORS AND AUDITORS' REPORT**

**Statutory Auditors**

Pursuant to the provisions of section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, M/s. Deloitte Haskins and Sells LLP, Chartered Accountants (Firm Registration No. 117366W / W-100018) have been appointed as the Statutory Auditors of the Company to hold office for a term of five years from the conclusion of the Twentieth Annual General Meeting of the Company held on September 30, 2019 until the conclusion of the Twenty-fifth Annual General Meeting of the Company to be held in the year 2024.

**Auditors' Report**

The Auditors' Reports on the Financial Statements (Standalone and Consolidated) of the Company for the financial year ended March 31, 2023 are issued with unmodified opinion.

**RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROL**

The Management met periodically for identifying, assessing, mitigating and monitoring of all risks associated with the business of the Company. During the year under review, The Management reviewed the risks which may affect its operations, employees, customers, vendors and all other stakeholders from both the external and the internal environment perspective. Based on the risk identification, appropriate actions have been initiated to mitigate and/or monitor such risks on a regular basis.

Other Risks associated to the business of the Company including cyber risk and cyber security such as prevention measures on threats, Malware, Virus and web application threats, were being periodically reviewed by the Management. The Company has, in all material respects, adequate internal financial controls, which were operating effectively.

**SECRETARIAL STANDARDS**

During the year under review, the Company has complied with the applicable provision of Secretarial Standards on meetings of the Board of Directors ("SS-1") and on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India in terms of section 118(10) of the Act.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The composition of the Committee, brief outline of the CSR policy of the Company and the initiatives undertaken by the Company on CSR activities during the year under review are set out in Annexure A of this Report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The terms of reference of the Corporate Social Responsibility ("CSR") Committee is provided in the Corporate Governance Report, which forms part of this Annual Report.

## EMPLOYEES STOCK OPTIONS

The Company has in force Credo Brands Marketing Limited Employee Stock Options Plan 2020 (Credo Stock Option Plan – 2020). The disclosures as required under the Act with regard to the Credo Stock Option Plan 2020 are given in Annexure B to this Report and also available on the Company's website.

## PARTICULARS OF EMPLOYEES

During the year under review, the provisions of Section 197 (12) of the Act read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 would not be applicable to your Company, being a private limited company and/or unlisted Company.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always endeavoured to provide a safe, secured and harassment free workplace for every individual working in the Company and to create an environment that is free from any discrimination and sexual harassment.

The Company has in place a policy on prevention of sexual harassment of women at workplace. The Company has a Committee of Prevention of Sexual Harassment of Women at Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Committee is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy. The Committee met four times during the year under review.

During the year under review, there were no cases filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## VIGIL MECHANISM AND WHISTLE BLOWER POLICY

Subsequent to the year under review, the Company has adopted Vigil Mechanism and Whistle Blower Policy for Stakeholders of the Company to report genuine concerns that could have serious impact on the operations and performance of the business of the Company and the same would also be available on the Company's website at https://www.credobrands.in/investors/.

**ANNUAL RETURN**

In accordance with section 134(3)(a) and section 92(3) of the Act, the annual return as on March 31, 2022, in prescribed format is available on the Company's website at https://www.credobrands.in/investors/.

**PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year under review, the Company has not given any loan, guarantee or security under section 186 of the Act. The details of investments, as required under the provisions of section 186 of the Act, are provided in Notes forming part of the Standalone Financial Statements, which form part of this Annual Report.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

During the year under review, transactions entered into by the Company with related parties were in the ordinary course of business and on an arm's length basis. Particulars of contracts or arrangements with related parties as required under section 134(3)(h) of the Act, in the prescribed Form AOC-2 is given in Annexure C, which forms part of this Report.

**PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars as required under section 134(3)(m) of the Act read with rule 8 of the Companies (Accounts) Rules, 2014, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, are given in Annexure D, which forms part of this Report.

**DEPOSITS FROM PUBLIC**

The Company has not accepted any deposits from the public and as such, no amount on account of principal or interest on deposits from public was outstanding as on March 31, 2023.

**INVESTORS EDUCATION AND PROTECTION FUND (IEPF)**

Pursuant to section 124 of the Act, dividends that are unclaimed for a period of seven years are required to be transferred to the IEPF, established by the Government of India.

All dividends declared by the Company have been fully paid to the shareholders of the Company, hence, there was no dividend that remained unpaid / unclaimed with the Company, which required to be transferred to the IEPF.

## CREDIT RATINGS

Your Company has obtained ratings from CARE Ratings Limited (CARE) for the Company's long-term and short-term credit facility, as follows:

| Credit Facilities | Rating |
|---|---|
| Long Term Bank Facilities | CARE A+; Stable<br>(Single A Plus; Outlook: Stable) |
| Long Term / Short Term Bank Facilities | CARE A+; Stable / CARE A1+<br>(Single A Plus ; Outlook: Stable / A One Plus) |

## DISCLOSURE REQUIREMENTS

- Maintenance of cost records and requirement of cost audit as prescribed under the provisions of section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

- The Managing Director of the Company did not receive any remuneration or commission from the subsidiary of the Company.

- Except as disclosed elsewhere in this Report, there are no material changes affecting the financial position of the Company, subsequent to the end of the financial year 2022-23 till the date of this Report.

- There were no events relating to non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to section 67(3) of the Act read with Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014.

- During the year under review, the statutory auditors have not reported to the Board, under section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees.

- There has been no change in the nature of business of the Company.

- There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.

- There was no instance of onetime settlement with any Bank or Financial Institution.

- There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company and its operations in future.

**ACKNOWLEDGEMENT**

The Board places on record its sincere appreciation and thanks our customers, bankers, investors, shareholders, vendors and all other stakeholders for their continued support and patronage, extended to the Company.

For and on behalf of the Board of Directors

**Kamal Khushlani**
**Chairman and Managing Director**

Mumbai
Date: June 26, 2023

Annexure A

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES FOR THE FINANCIAL YEAR 2022-23

**1. Brief outline on CSR Policy of the Company:**

The Company focuses on making a positive contribution to society through high impact, sustainable programs. Your Company is committed to empowerment of communities, inclusive socioeconomic growth, environment protection, development of backward regions and upliftment of the marginalized and underprivileged sections of the society. Your Company is committed towards the above objective and is keen on developing a sustainable business model to ensure and activate our future growth drivers. The CSR Policy of the Company inter-alia includes CSR activities to be undertaken by the Company in line with Schedule VII of the Companies Act, 2013 ("the Act"), read with applicable rules thereto.

**2. Composition of CSR Committee:**

| Sl. no. | name of Director | Designation / nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Mr. Kamal Khushlani | Chairperson | 4 | 4 |
| 2 | Mrs. Poonam Khushlani | Member | 4 | 4 |
| 3 | Mrs. Ramona Jogeshwar * | Member | NA | NA |

* Appointed as Member w.e.f. 09 May 2023

**3. Provide the web-link where Composition of CSR committee, CSR policy and CSR projects approved by the board are disclosed on the website of the company.**

i. **Web-link Composition of CSR committee:**
https://www.credobrands.in/investors/corporate-governance/#acc_759

ii. **Web-link CSR Policy:**
https://www.credobrands.in/investors/corporate-governance/#acc_631

iii. **Web-link CSR projects approved by the board: -** *Not Applicable*

**4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility policy) Rules, 2014 (the "Rules"), if applicable: -** *Not Applicable*

**5.**

| | | (₹ in million) |
|---|---|---|
| (a) | Average net profit of the company as per sub-section (5) of section 135. | 308.00 |
| (b) | Two percent of average net profit of the company as per sub-section (5) of section 135. | 6.16 |
| (c) | Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. | 0.00 |
| (d) | Amount required to be set-off for the financial year, if any. | 0.00 |
| (e) | Total CSR obligation for the financial year [(b)+(c)-(d)]. | 6.16 |

6.

| | | (₹ in million) |
|---|---|---|
| (a) | **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)** | 6.40 |
| (b) | **Amount spent in Administrative Overheads.** | 0.00 |
| (c) | **Amount spent on Impact Assessment, if applicable.** | 0.00 |
| (d) | **Total amount spent for the Financial Year [(a)+(b)+(c)].** | 6.40 |

**(e) CSR amount spent or unspent for the financial year:**

| Total Amount Spent for the Financial Year (₹ in million) | Amount Unspent (₹ in million) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135. | | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135. | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 6.40 | Nil | Nil | Nil | Nil | Nil |

**(f) Excess amount for set off, if any**

| Sl. No. | Particular | (₹ in million) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | 6.16 |
| (ii) | Total amount spent for the Financial Year | 6.40 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 0.24 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | 0.24 |

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:**

**(₹ in million)**

| Sl. no. | Preceding financial Year(s) | Amount transferred to Unspent CSR account under section 135 (6) | Balance Amount in Unspent CSR Account under Section 135 (6) | Amount spent in the Financial Year | Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any | | amount remaining to be spent in succeeding financial years. | Deficiency, if any |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Date of transfer | | |
| 1 | FY 2021-22 | Nil | | | | | | |
| 2 | FY 2020-21 | | | | | | | |
| 3 | FY 2019-20 | | | | | | | |

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**

Yes ☐ No ☑

If Yes, enter the number of Capital assets created/ acquired: Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| Sr. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pincode of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/Authority/Beneficiary of the registered owner | | |
|---|---|---|---|---|---|---|---|
| | | | | | CSR Registration Number, if applicable | Name | Registered address |
| Not Applicable | | | | | | | |

**9.** **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). :** Not Applicable

For and on behalf of the Board of Directors

**Kamal Khushlani**
Chairman and Managing Director
Chairman CSR Committee

Date: June 26, 2023

**Annexure B**

## DISCLOSURE WITH RESPECT TO CREDO STOCK OPTION PLAN – 2020 OF THE COMPANY AS AT MARCH 31, 2023

The Company has implemented Credo Brands Marketing Limited Employee Stock Option Plan 2020 ("Credo Stock Options Plan 2020"), pursuant to resolution passed by the Board of Directors on 06 November 2020 and Special resolution passed by the Shareholders at their Extraordinary General Meeting held on 05 November 2020. The Board has granted Options to the eligible employees under the Credo Stock Options Plan 2020.

Subsequently, the Shareholders of the Company have approved the issue and allotment of Bonus shares in the ratio of 3:1 on 07 April, 2023 and thereafter Subdivision of one equity shares of Rs. 10 each into five equity shares of Rs. 2 each on 18 April 2023, pursuant to which the issued, subscribed and paid-up equity share capital of the Company have been increased/given effect. Pursuant to the aforesaid corporate actions undertaken by the Company, appropriate adjustments were 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 Stock Option Plan 2020, as amended and remain outstanding as on date.

| Sl. No. | Particulars | | |
|---|---|---|---|
| A. | **Disclosures in terms of the relevant Indian Accounting Standards, as prescribed from time to time** | | |
| | Refer note. no. 37 in Notes forming part of the Standalone Financial Statements. | | |
| B. | **Diluted Earnings Per Share (EPS) on issue of Shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with Indian Accounting Standard 33, as prescribed from time to time** | | |
| | Refer note. no. 35 in Notes forming part of the Standalone Financial Statements. | | |
| C. | **Description and general terms and conditions of Credo Stock Option Plan 2020** | | |
| (i) | **The description including terms and conditions of Credo Stock Option Plan 2020 is summarized as under:** | | |
| | a. | Date of Shareholders' approval | November 05, 2020 |
| | b. | Total number of Options approved | 51,07,300 (Fifty-One Lakh Seven Thousand and three hundred only) |
| | c. | Vesting requirements | Options granted under Credo Stock Option Plan 2020 would vest not less than 1 year and not more than 5 years from the Grant Date of such Options. |
| | d. | Exercise price or pricing formula | Exercise price for Options granted under the Scheme was ₹31.35/- per Option. |
| | e. | Maximum term of Options granted | Five years from the respective date of vesting of Options. |
| | f. | Source of shares (primary, secondary or combination) | Primary |
| | g. | Variation in terms of Options | Appropriate adjustment in no. of options and exercise price, in view of the issue and allotment of Bonus shares and sub-division of equity shares, as stated herein in this Annexure. |
| | h. | Method used to account for ESOS - Intrinsic or fair value | Fair Value Method |

| | | | |
|---|---|---|---|
| | i. | Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the Options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. | N.A. |
| **(ii)** | **Option movement during the year under review** | | |
| | a. | Number of Options outstanding at the beginning of the year | 32,61,860 |
| | b. | Number of Options granted during the year | Nil |
| | c. | Number of Options forfeited / lapsed / cancelled during the year | Nil |
| | d. | Number of Options vested during the year | 610,360 |
| | e. | Number of Options exercised during the year | 461,140 |
| | f. | Number of shares arising as a result of exercise of Options | 461,140 |
| | g. | Money realised by exercise of Options, if scheme is implemented directly by the Company | ₹2,30,570 |
| | h. | Loan repaid by the Trust during the year from exercise price received | N.A. |
| | i. | Number of Options outstanding (in force) at the end of the year | 28,00,720 |
| | j. | Number of Options exercisable at the end of the year | 14,69,960 |

Annexure C

## FORM NO. AOC. 2

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and rule 8(2) of the Companies (Accounts) Rules, 2014)**

**This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Act, including certain arm's length transactions under third proviso thereto.**

1. **Details of contracts or arrangements or transactions not at arm's length basis:**

   There were no contracts or arrangements or transactions entered into during the year ended March 31, 2023, which were not at arm's length basis.

2. **Details of material contracts or arrangements or transactions at arm's length basis:**

   The details of material contracts or arrangements or transactions at arm's length basis entered into during the year ended March 31, 2023 are as follows:

| Name of the Related Party and Nature of Relationship | Nature of contracts/ arrangements / transactions | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value Rs. in core) | Date(s) of approval by the Board/ Shareholders, if any | Amount paid as advances, if any |
|---|---|---|---|---|---|
| Mr. Andrew Khushlani | Increase of remuneration and holding office or place of profit in the Company | Permanent Employment | Remuneration payable to Mr. Andrew Khushlani:<br><br>- Remuneration of ₹ 1.2 million per annum (with effect from 01 February 2023 till 31 March, 2024)<br><br>- Annual Increment for each financial year effective from FY 2024 - 25 would be in the range to 5% to 25% of the prevailing CTC.<br><br>- In addition, he will also be entitled to other perquisite and benefits & performance linked bonus, as payable to other employees of the Company, as may be decided for each financial year. | Board Resolution dated 08 February 2023 Special Resolution dated 14 February 2023 | None |

During the year 2022-23, there were no transactions with any entity belonging to the Promoter Group and holding 10% or more shareholding in the Company.

**For and on behalf of the Board of Directors**

**Kamal D Khushlani**
Chairman and Managing Director

**Date: June 26, 2023**

Annexure D

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo etc. Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo, pursuant to the provisions of section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is provided as under:**

**(A) Conservation of Energy:**

| | |
|---|---|
| i. the steps taken or impact on conservation of energy | The operations of the company are not energy intensive; however adequate measures have been taken to reduce energy consumption, wherever possible through consumption of renewable energy, installation of temperature-controlled air conditioners, Motion sensory lighting, replacement of old lighting fixtures with LED lights, use of natural lights in offices/stores and warehouse premises. |
| ii. the steps taken by the Company for utilising alternate sources of energy | |
| iii. the capital investment on energy conservation equipment's | Nil |

**(B) Technology absorption:**

| | |
|---|---|
| i. the efforts made towards technology absorption | The Company continues to explore and avail the latest technology to improve the products and services to the customers. |
| ii. the benefits derived like product improvement, cost reduction, product development or import substitution | |
| iii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) | N.A. |
| (a) the details of technology imported; | |
| (b) the year of import; | |
| (c) whether the technology been fully absorbed; | |
| (d) If not fully absorbed, areas where absorption has not taken place, and the reasons there of. | |
| iv. the expenditure incurred on Research and Development. | Nil |

**(C) Foreign Exchange Earnings and Outgo:**

**Foreign Exchange earnings and outgo during the year under review are as follows:**

**(₹ in million)**

| **Particulars** | **Financial Year 2022-23** | **Financial Year 2021-22** |
|---|---|---|
| Foreign Exchange Earnings* | 0.00 | 0.00 |
| Foreign Exchange Outgo | 0.55 | 0.56 |

**For and on behalf of the Board of Directors**

**Kamal Khushlani**
Chairman and Managing Director

**Date: June 26, 2023**

**Deloitte**
**Haskins & Sells LLP**

**Chartered Accountants**
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# 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.



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- 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 |
|---|---|---|---|---|---|
| A | **ASSETS** | | | | |
| 1 | **Non-current assets** | | | | |
| (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 |
| | **Total non-current assets** | | 2,868.83 | 2,243.01 | 2,143.53 |
| 2 | **Current assets** | | | | |
| (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 |
| | **Total current assets** | | 2,876.01 | 2,517.29 | 2,137.23 |
| | **Total assets** | | **5,744.84** | **4,760.30** | **4,280.76** |
| B | **EQUITY AND LIABILITIES** | | | | |
| 1 | **Equity** | | | | |
| (a) | Equity share capital | 16 | 32.15 | 31.92 | 31.92 |
| (b) | Other equity | 17 | 2,781.43 | 2,326.02 | 1,970.42 |
| | **Total equity** | | 2,813.58 | 2,357.94 | 2,002.34 |
| 2 | **Liabilities** | | | | |
| | **Non-current liabilities** | | | | |
| (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 |
| | **Total non-current liabilities** | | 1,973.48 | 1,563.71 | 1,546.74 |
| | **Current liabilities** | | | | |
| (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 enterprises | | 118.26 | 85.11 | 57.32 |
| | Total outstanding dues of creditors other than micro enterprises and small enterprises | | 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 |
| | **Total current liabilities** | | 957.78 | 838.65 | 731.68 |
| | **Total liabilities** | | 2,931.26 | 2,402.36 | 2,278.42 |
| | **Total equity and liabilities** | | **5,744.84** | **4,760.30** | **4,280.76** |
| | 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

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**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 |
| **3** | **Total income (1+2)** | | 5,113.22 | 3,548.34 |
| **4** | **Expenses** | | | |
| (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 |
| | **Total expenses** | | **4,075.71** | **3,089.89** |
| **5** | **Profit before tax (3-4)** | | 1,037.51 | 458.45 |
| **6** | **Tax expense** | | | |
| | 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) |
| | **Total tax expense** | | **262.98** | **120.93** |
| **7** | **Profit for the year (5-6)** | | 774.53 | 337.52 |
| **8** | **Other comprehensive income** | | | |
| A | **Items that will not be reclassified to profit or loss** | | | |
| | 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 |
| | **Total comprehensive income for the year (net of tax)** | | **0.10** | **6.78** |
| **9** | **Total restated comprehensive income for the year (7+8)** | | **774.63** | **344.30** |
| | **Earnings per share face value of ₹2 each fully paid up** | | | |
| | 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)
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 Cash Flows**
(All amounts in Millions, unless otherwise stated)

| | Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **A.** | **Cash flows from operating activities** | | |
| | 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) |
| | **Operating cash flows before working capital changes** | 1,679.01 | 1,086.68 |
| | **Working capital adjustments :** | | |
| | 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) |
| | **Cash generated from operations** | 1,053.27 | 980.91 |
| | Less: Income tax paid (net) | (308.04) | (197.09) |
| | **Net cash generated from operating activities (A)** | **745.23** | **783.82** |
| **B.** | **Cash flows from investing activities** | | |
| | 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 |
| | **Net cash used in investing activities (B)** | **(212.14)** | **(279.54)** |
| **C.** | **Cash flows from financing activities** | | |
| | 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) | - |
| | **Net cash used in financing activities (C)** | **(817.98)** | **(390.24)** |
| | **Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)** | **(284.89)** | **114.04** |
| | Cash and cash equivalent at the beginning of the year | **361.98** | **247.94** |
| | **Cash and cash equivalents at the end of the year** | **77.09** | **361.98** |
| | **Cash and cash equivalents as above comprises of the following** | | |
| | 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 |
| | **Total cash and cash equivalents (Refer note no. 15)** | **77.09** | **361.98** |

**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 |
| **Total liabilities from financing activities** | 1,541.88 | 843.13 | - | (465.89) | 1,919.14 |

**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 |
| **Total liabilities from financing activities** | 1,473.49 | 428.36 | - | (359.97) | 1,541.88 |

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

**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 changes in equity**
(All amounts in Millions, unless otherwise stated)

**(A) Equity share capital**

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

**(B) Other equity**

| Particulars | Reserve and surplus | | | |
|---|---|---|---|---|
| | Securities premium | Retained earnings | Share option outstanding account | Total |
| **Balance as at April 1, 2021** | **147.85** | **1,815.85** | **6.72** | **1,970.42** |
| 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 |
| **Balance as at March 31, 2022** | **147.85** | **2,160.16** | **18.02** | **2,326.03** |
| 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 |
| **Balance as at March 31, 2023** | **159.14** | **2,613.27** | **9.02** | **2,781.44** |

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)**
**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.

**2.5 Intangible assets and amortisation**

**2.5.1 Recognition and measurement**

Intangible assets that are acquired by the Comapny are stated at cost of acquistion 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 form 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.

**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:

| Asset category | Lease Term |
|---|---|
| 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 Conolidated 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 Conolidated 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.

**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.

**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.

**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”**.**

**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 appreals 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 Comapny’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.

**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 Comapny'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.

**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.

**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.

**4.4 Employee benefits**

The cost of the defined benefitg 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 uncertainities 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 excepts to recover the carrying value of its current and non current assets (Also refer note 43).

**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)

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

| | Particulars | Office Equipment | Computers | Leasehold Improvement | Furniture & Fixtures | Vehicles | Plant & Equipment | Total |
|---|---|---|---|---|---|---|---|---|
| **I.** | **Gross Carrying Value** | | | | | | | |
| | **Balance as on April 1, 2021** | **35.44** | **7.86** | **208.61** | **116.03** | **9.46** | **9.94** | **387.34** |
| | 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)** |
| | **Balance as on March 31, 2022** | **49.39** | **10.47** | **299.16** | **139.23** | **14.43** | **10.47** | **523.15** |
| | 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)** |
| | **Balance as on March 31, 2023** | **94.45** | **20.48** | **457.34** | **260.28** | **29.15** | **15.22** | **876.92** |
| **II.** | **Accumulated Depreciation** | | | | | | | |
| | **Balance as on April 1, 2021** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 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)** |
| | **Balance as on March 31, 2022** | **13.04** | **6.37** | **61.31** | **35.14** | **3.05** | **0.93** | **119.84** |
| | 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)** |
| | **Balance as on March 31, 2023** | **29.25** | **9.96** | **141.13** | **71.04** | **7.65** | **2.05** | **261.08** |
| **III.** | **Net Carrying Value (I-II)** | | | | | | | |
| | **Balance as on March 31, 2022** | **36.35** | **4.10** | **237.85** | **104.09** | **11.38** | **9.54** | **403.31** |
| | **Balance as on March 31, 2023** | **65.20** | **10.52** | **316.21** | **189.24** | **21.50** | **13.17** | **615.84** |

**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)

**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)

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

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

(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 |
| **Total** | **1,818.35** | **1,407.84** | **1,321.83** |

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) | - |
| **Balance as at the year end** | **1,818.35** | **1,407.84** | **1,321.83** |

(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 |
| **Total** | **2,328.34** | **1,737.68** |

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.

(All amounts in Millions, unless otherwise stated)

**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.

(All amounts in Millions, unless otherwise stated)

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

| Particulars | Leasehold Improvement | Total |
|---|---|---|
| **Balance as on April 1, 2021** | **4.35** | **4.35** |
| Additions | 5.58 | **5.58** |
| Transfer to Property, plant and equipment | (4.35) | **(4.35)** |
| **Balance as on March 31, 2022** | **5.58** | **5.58** |
| Additions | 2.08 | **2.08** |
| Transfer to Property, plant and equipment | (5.58) | **(5.58)** |
| **Balance as on March 31, 2023** | **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 | - | - | - | - | - |
| **Total** | **2.08** | **-** | **-** | **-** | **2.08** |

**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 | - | - | - | - | - |
| **Total** | **5.58** | **-** | **-** | **-** | **5.58** |

**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 | - | - | - | - | - |
| **Total** | **4.35** | **-** | **-** | **-** | **4.35** |

**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)

**6 Investment Property**

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

(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) |
| **Profit/(Loss) from investment properties before depreciation** | **4.09** | **2.07** |
| Depreciation charge (Refer note no. 30) | (0.38) | (0.38) |
| **Profit/(Loss) from investment properties** | **3.71** | **1.69** |

(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 | - | - |
| | **15.57** | **19.82** |

(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 |

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)

**7 Intangible Assets**

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

**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.

**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)

## 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 |
| **Investments in Equity Instruments** | | | | | | |
| Unquoted investment (measured at cost) | | | | | | |
| 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) | - | - | - | - |
| **Total** | - | - | 10,000.00 | 0.10 | - | - |

**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)

**9 Other financial assets**

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

**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)

**10 Deferred tax assets**

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

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

| | Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|---|
| | **As at March 31 2023** | | | | |
| i) | **Deferred tax assets in relation to:** | | | | |
| | 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 ruturn basis | 3.32 | 22.69 | - | 26.01 |
| | GST Input Tax Credit | - | 1.13 | - | 1.13 |
| | **Total** | **507.57** | **135.05** | **(0.03)** | **642.59** |
| ii) | **Deferred tax liabilities in relation to:** | | | | |
| | 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 |
| | **Total** | **349.67** | **90.40** | **-** | **440.07** |
| | **Deferred tax assets (net)** | **157.90** | **44.65** | **(0.03)** | **202.52** |
| | **As at March 31 2022** | | | | |
| i) | **Deferred tax assets in relation to:** | | | | |
| | 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 ruturn basis | 2.33 | 0.99 | - | 3.32 |
| | **Total** | **449.65** | **60.20** | **(2.28)** | **507.57** |
| ii) | **Deferred tax liabilities in relation to:** | | | | |
| | 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 |
| | **Total** | **349.40** | **0.27** | **-** | **349.67** |
| | **Deferred tax assets (net)** | **100.25** | **59.93** | **(2.28)** | **157.90** |

**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.

**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)

**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 |
| **Total** | **15.02** | **18.85** | **1.10** |

**12 Other assets**
(Unsecured, considered good)

| | Particulars | As at March 31, 2023 | As at March 31, 2022 | As at April 1, 2021 |
|---|---|---|---|---|
| | **Non-current** | | | |
| (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 |
| | **Total** | **154.85** | **116.50** | **85.68** |
| | **Current** | | | |
| (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 | - | - |
| | **Total** | **199.93** | **75.80** | **47.74** |

**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).

(All amounts in Millions, unless otherwise stated)

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

| Particulars | As at March 31, 2023 | As at March 31, 2022 | As at 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 |
| **Total** | **1,134.03** | **657.38** | **586.09** |

(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** - - (0.00)

| Particulars | As at March 31, 2023 | As at March 31, 2022 | As at April 1, 2021 |
|---|---|---|---|
| **Current** | | | |
| 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) | - |
| **Total** | **1,372.82** | **1,235.87** | **1,224.24** |

**Note:**

(i) Movement in expected credit loss allowance

| Particulars | For the year ended March 31, 2023 | For the year ended 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 | - | - |
| **Balance as at the end of the year** | **104.04** | **123.88** |

(ii) Age of receivables

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

**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)

**(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 |
|---|---|---|---|---|
| **(a)** | **Undisputed Trade Receivables-considered good** | | | |
| | 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 | - | - |
| | **Sub-total** | **1,372.82** | **1,231.31** | **1,221.62** |
| **(b)** | **Undisputed trade receivables which have significant increase in credit risk** | | | |
| | 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 | - | - |
| | **Sub-total** | **84.04** | **90.96** | **-** |
| **(c)** | **Disputed Trade Receivables-considered good** | | | |
| | 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 |
| | **Sub-total** | **-** | **4.56** | **2.62** |
| **(d)** | **Disputed Trade Receivables-credit impaired** | | | |
| | Not due | - | - | - |
| | Less than 6 months | - | - | - |
| | 6 months - 1 year | - | - | - |
| | 1-2 years | - | - | - |
| | 2-3 years | - | 12.92 | - |
| | More than 3 years | - | - | - |
| | **Sub-total** | **-** | **12.92** | **-** |
| | Less: Allowance for doubtful trade receivables (expected credit loss allowance) | (84.04) | (103.88) | - |
| | **Total** | **1,372.82** | **1,235.87** | **1,224.24** |

(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 oustanding 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 |

**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)

## 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 March 31, 2023 | As at March 31, 2022 | As at 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 |
| **Total** | **88.92** | **513.34** | **258.84** |

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

(All amounts in Millions, unless otherwise stated)

**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 |
| **Authorised share capital** | | | | | | |
| **Equity share capital** | | | | | | |
| 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 |
| **Total** | **1,40,00,000** | **140.00** | **50,00,000** | **50.00** | **50,00,000** | **50.00** |
| **Issued share capital** | | | | | | |
| 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 |
| **Total** | **32,15,094** | **32.15** | **31,92,037** | **31.92** | **31,92,037** | **31.92** |
| **Subscribed and Paid-up share capital** | | | | | | |
| 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 |
| **Total** | **32,15,094** | **32.15** | **31,92,037** | **31.92** | **31,92,037** | **31.92** |

**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 |
| Equity shares with voting rights | | | | | | |
| 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 | **32,15,094** | **32.15** | **31,92,037** | **31.92** | **31,92,037** | **31.92** |

(All amounts in Millions, unless otherwise stated)

**b. Details of shares held by each shareholder holdinq 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 |
| Equity shares with voting rights | | | | | | |
| 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 |
| Equity shares with voting rights | | | | | | |
| Mrs. Poonam Khuslani | 9,08,219 | 28.25% | 9,08,219 | 28.45% | 9,08,219 | 28.45% |
| (Percentage change during the year) | | 0.20% | | 0.00% | | 0.00% |
| Mr. Kamal Khuslani | 11,13,021 | 34.62% | 11,13,021 | 34.87% | 11,13,021 | 34.87% |
| (Percentage change during the year) | | 0.25% | | 0.00% | | 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.

**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)

**17 Other equity**

| Particulars | As at March 31, 2023 | As at March 31, 2022 | As at 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 |
| **Total** | **2,781.43** | **2,326.02** | **1,970.42** |

**(i) Securities Premium**

| Particulars | As at March 31, 2023 | As at March 31, 2022 | As at 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 | - | - |
| **Balance as at end of the year** | **159.14** | **147.85** | **147.85** |

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 March 31, 2023 | As at March 31, 2022 | As at 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) | - | - |
| **Balance as at end of the year** | **9.02** | **18.02** | **6.72** |

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 March 31, 2023 | As at March 31, 2022 | As at 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 | - |
| **Balance as at end of the year** | **2,613.27** | **2,160.15** | **1,815.85** |

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

**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)

**18 Borrowings**

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

**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 |
| **Total** | **100.79** | **134.03** | **150.65** |

**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 |
| **Total** | **-** | **-** | **1.00** |

**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 |
|---|---|---|---|---|
| | **Non-Current** | | | |
| (a) | Security deposits received | 355.36 | 316.46 | 281.51 |
| | **Total** | **355.36** | **316.46** | **281.51** |
| | **Current** | | | |
| (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 |
| | **Total** | **23.30** | **10.37** | **9.99** |

**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)

## 20 Provisions

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

**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 | **18.54** | **12.76** | **9.17** |

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 | **-** | **-** | **9.84** |

## 21 Other liabilities

| | Particulars | As at March 31, 2023 | As at March 31, 2022 | As at April 1, 2021 |
|---|---|---|---|---|
| | **Current** | | | |
| (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 |
| | **Total** | **144.81** | **113.55** | **72.26** |

**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 |
| | | **118.26** | **85.11** | **57.32** |
| (ii) | Total outstanding dues of creditors other than micro enterprises and small enterprises | 275.13 | 223.51 | 248.40 |
| (iii) | Accrued payroll | 31.27 | 57.87 | 41.08 |
| | | **306.40** | **281.38** | **289.48** |
| | **Total** | **424.66** | **366.49** | **346.80** |

**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 Enterpnses (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.

(All amounts in Millions, unless otherwise stated)

**(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 |
|---|---|---|---|
| **(a) Undisputed dues** | | | |
| **Micro, small and medium enterprises** | | | |
| 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 | - | - | - |
| | **118.26** | **84.64** | **57.04** |
| **Others** | | | |
| 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 | - | - |
| | **275.14** | **220.88** | **246.85** |
| **Sub Total (a)** | **393.40** | **305.52** | **303.89** |
| **(b) Disputed dues** | | | |
| **Micro, small and medium enterprises** | | | |
| Not due | - | - | - |
| Less than 1 year | - | - | - |
| 1-2 years | - | - | - |
| 2-3 years | - | 0.18 | 0.15 |
| More than 3 | - | 0.29 | 0.13 |
| | **-** | **0.47** | **0.28** |
| **Others** | | | |
| Not due | - | - | - |
| Less than 1 year | - | - | - |
| 1-2 years | - | - | - |
| 2-3 years | - | 1.09 | 0.83 |
| More than 3 | - | 1.54 | 0.72 |
| | **-** | **2.63** | **1.55** |
| **Sub Total (b)** | **-** | **3.10** | **1.83** |
| **Total (a+b)** | **393.40** | **308.62** | **305.72** |

(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 deduted at source) | - | - | 28.36 |
| **Total** | **-** | **-** | **28.36** |

**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)

## 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 |
| **Total** | **4,981.82** | **3,411.72** |

**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) |
| **Net revenue from sale of products** | **4,981.82** | **3,411.72** |

## 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 |
| | **Total** | **131.40** | **136.62** |

## 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) |
| | **Total (a)** | 278.47 | 157.68 |
| (b) | Purchases of stock-in-trade | 2,308.79 | 1,379.84 |
| | **Total** | **2,587.26** | **1,537.52** |

## 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 |
| | | **1,073.32** | **605.47** |
| (b) | Opening stock | | |
| | Finished goods and stock-in-trade | 605.47 | 538.62 |
| | | **605.47** | **538.62** |
| | **Total** | **(467.85)** | **(66.85)** |

## 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 |
| | **Total** | **267.36** | **291.76** |

**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)

## 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 |
| | **Total** | **177.36** | **150.30** |

## 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 |
| | **Total** | **534.30** | **458.85** |

## 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 |
| | **Total** | **977.28** | **718.31** |

**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 | - |
| | **Total** | **7.96** | **2.99** |

**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)

**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) |
| | **Total** | **262.98** | **120.93** |

**(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 |
| Adjustment | | |
| 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 |
| **Income tax expense recognised in Standalone Statement of Profit or Loss** | **262.98** | **120.93** |

**(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: | 0.03 | 2.28 |
| Items that will not be reclassified to profit or loss | | |
| Remeasurement of the defined benefit plans | - | - |
| **Total** | **0.03** | **2.28** |

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

| | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **A.** | **Contingent Liabilities** | | |
| | Claims against the Company not acknowledged as debts (Refer note (i) below) | | |
| | Demand raised by income tax authorities | 4.00 | 4.38 |
| | Bonus liablity 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.** | **Commitments** | | |
| | 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.

**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)

**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 |
|---|---|---|
| **Basic earnings per share** | | |
| **Restated Profit for the year (A)** | **774.53** | **337.52** |
| 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 |
| **Weighted average number of shares outstanding during the year for Basic EPS (B)** | **6,42,95,184** | **6,38,40,740** |
| **Basic earnings per share in Rs. (C=A/B)** | **12.05** | **5.29** |
| **Diluted earnings per share** | | |
| **Restated Profit for the year (A)** | **774.53** | **337.52** |
| 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 |
| **Weighted average number of equity shares for Diluted EPS (B)** | **6,42,95,184** | **6,42,92,460** |
| **Diluted earnings per share in Rs. (C=A/B)** | **12.05** | **5.25** |

*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.

**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)

**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 Assumtions**

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** |
| **I.** | **Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:** | | | |
| (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 |
| | **Components of defined benefit costs recognised in profit or loss** | **6.72** | **8.46** | **10.19** |
| | 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) |
| | **Components of defined benefit costs recognised in other comprehensive income** | **(0.13)** | **(9.06)** | **(6.62)** |
| | **Total** | **6.59** | **(0.60)** | **3.57** |

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'.

**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)

**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 | **(43.20)** | **(38.66)** | **(44.29)** |
| (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 |
|---|---|---|---|
| **Present value of defined benefit obligation at the beqinninq of the year** | 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 |
| Recoqnised in Other Comprehensive Income | | | |
| Remeasurement gains / (losses) | | | |
| Actuarial Gain (Loss) arisinq from: | | | |
| i. Financial Assumptions | (1.76) | (2.10) | 1.80 |
| ii. Demoqraphic Assumptions | - | 0.02 | - |
| iii. Experience Adjustments | 1.63 | (6.98) | (8.42) |
| Benefit payments | (2.05) | (5.03) | (9.75) |
| **Present value of defined benefit obligation at the end of the year** | **43.20** | **38.66** | **44.29** |

**(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 obliqation | |
|---|---|---|---|---|
| | | | **Increase in assumption** | **Decrease in assumption** |
| (i) | **Discount rate** | | | |
| | As at March 31, 2023 | 1% | (3.29) | 2.81 |
| | As at March 31, 2022 | 1% | (3.45) | 4.03 |
| (ii) | **Salary growth rate** | | | |
| | As at March 31, 2023 | 1% | 2.69 | (2.55) |
| | As at March 31, 2022 | 1% | 2.96 | (2.77) |
| (iii) | **Rate of employeee turnover** | | | |
| | 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.

**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)

**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:

| | | | | As at March 31, 2023 |
|---|---|---|---|---|
| **Particulars** | **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 forfeitied during the year | - | - | - | - |
| Options exercised during the year | 23,057.00 | - | - | - |
| Options expired during the year | - | - | - | - |
| Options forfeitied during the year | - | - | - | - |
| Options outstanding at the end of the year | - | 92,074.00 | 37,962.00 | 10,000.00 |
| Options exerciseable 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 |

| | | | | As at March 31, 2022 |
|---|---|---|---|---|
| **Particulars** | **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 forfeitied during the year | - | - | - | - |
| Options exercised during the year | - | - | - | - |
| Options expired during the year | - | - | - | - |
| Options forfeitied during the year | - | - | - | - |
| Options outstanding at the end of the year | 23,057 | 92,074 | 37,962 | 10,000 |
| Options exerciseable 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 |

| | | | | As at April 1, 2021 |
|---|---|---|---|---|
| **Particulars** | **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 forfeitied during the year | - | - | - | - |
| Options exercised during the year | - | - | - | - |
| Options expired during the year | - | - | - | - |
| Options forfeitied during the year | - | - | - | - |
| Options outstanding at the end of the year | 23,057 | 92,074 | 37,962 | - |
| Options exerciseable 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 ScheduleVII of the Companies Act, 2013:

| | **Particulars** | **For the year ended March 31, 2023** | **For the year ended 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.

**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)

**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 |
|---|---|---|
| **Transactions during the period** | | |
| **Investment in Equity Share Capital** | | |
| KAPS Mercantile Private Limited | 21.30 | - |
| **Advance against Investment** | | |
| Shares of KAPS Mercantile Private Limited purchased from | | |
| Mr. Kamal Khushlani | - | 0.05 |
| Mrs. Poonam Khushlani | - | 0.05 |
| **Security Deposit Given / (Received Back)** | | |
| KAPS Mercantile Private Limited | (20.00) | - |
| **Remuneration** | | |
| 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 |
| **Reimbursement of Expenses** | | |
| Mr. Kamal Khushlani | 0.87 | 0.77 |
| Mr. Rasik Mittal | 0.45 | - |
| **Interim Dividend Paid** | | |
| 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 | - |
| **Issue of Equity Shares under ESOP** | | |
| Mr. Rasik Mittal | 0.08 | - |
| **Sitting Fees** | | |
| Mr. Amer Jaleel | 0.20 | 0.20 |

**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)

**39 Related party transactions and balances**

**c. Related party outstanding balances**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Investment in Equity Share Capital** | | |
| KAPS Mercantile Private Limited | 21.40 | - |
| **Impairment of Investment in Equity Share Capital** | | |
| KAPS Mercantile Private Limited | (21.40) | - |
| **Advance against Investment** | | |
| KAPS Mercantile Private Limited | - | 0.10 |
| **Security Deposit Given** | | |
| KAPS Mercantile Private Limited | - | 20.00 |
| **Impairment of Security Deposit Given** | | |
| KAPS Mercantile Private Limited | - | (20.00) |
| **Trade Receivables** | | |
| KAPS Mercantile Private Limited | 0.01 | - |
| **Remuneration Payable** | | |
| 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 |
| **Sitting Fees** | | |
| 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 |
| **Total** | **53.74** | **49.44** |

**Note :**

(i) The above figure do not include provisions for encashable leave as separate acturial 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.

**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)

**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) |
| **Net Debt (I)** | **1,837.94** | **1,036.05** | **1,221.86** |
| **Total equity (II)** | 2,813.58 | 2,357.94 | 2,002.34 |
| **Net debt to equity ratio (I/II)** | 65.32% | 43.94% | 61.02% |

**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 |
|---|---|---|---|
| **Financial assets** | | | |
| **Measured at amortised cost*** | | | |
| (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 |
| **Financial liabilities** | | | |
| **Measured at fair value through profit or loss (FVTPL) (mandatorily measured)** | | | |
| (a) Liability for share-based payments | 9.02 | 18.02 | 6.72 |
| **Measured at amortised cost** | | | |
| (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.

(All amounts in Millions, unless otherwise stated)

**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 |
|---|---|---|---|
| **Assets (INR)** | | | |
| USD | 0.06 | 0.05 | 0.05 |
| HKD | 0.00 | 0.00 | 0.00 |
| SGD | 0.00 | 0.00 | 0.00 |
| **Total** | **0.06** | **0.05** | **0.05** |
| **Liabilities (INR)** | | | |
| USD | - | - | - |
| HKD | - | - | - |
| SGD | - | - | - |
| **Total** | **-** | **-** | **-** |

**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 |
|---|---|---|---|
| **Profit or (loss)** | | | |
| 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.

**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)

**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 |
|---|---|---|---|---|---|
| **As at March 31, 2023** | | | | | |
| **Non-Interest bearing** | | | | | |
| Trade payables | 0.00% | 424.66 | - | 424.66 | 424.66 |
| Other financial liabilities | 0.00% | 23.30 | - | 23.30 | 23.30 |
| **Variable Interest rate instruments** | | | | | |
| 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 |
| **Fixed Interest rate instruments** | | | | | |
| Security Deposit received | 7.58% | - | 355.36 | 355.36 | 355.36 |
| **Total** | | **914.99** | **2,317.46** | **3,232.45** | **2,722.46** |
| **As at March 31, 2022** | | | | | |
| **Non-Interest bearing** | | | | | |
| Trade payables | 0.00% | 366.49 | - | 366.49 | 366.49 |
| Other financial liabilities | 0.00% | 10.37 | - | 10.37 | 10.37 |
| **Variable Interest rate instruments** | | | | | |
| 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 |
| **Fixed Interest rate instruments** | | | | | |
| Security Deposit received | 7.58% | - | 316.46 | 316.46 | 316.46 |
| **Total** | | **801.91** | **1,763.12** | **2,565.04** | **2,235.20** |
| **As at April 1, 2021** | | | | | |
| **Non-Interest bearing** | | | | | |
| Trade payables | 0.00% | 346.79 | - | 346.79 | 346.79 |
| Other financial liabilities | 0.00% | 9.99 | - | 9.99 | 9.99 |
| **Variable Interest rate instruments** | | | | | |
| 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 |
| **Fixed Interest rate instruments** | | | | | |
| Security Deposit received | 7.58% | - | 281.51 | 281.51 | 281.51 |
| **Total** | | **716.56** | **1,704.34** | **2,420.90** | **2,111.78** |

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 | - | - | - |

**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)

**41 Ratios**

| Ratio | Formulae | March 31, 2023 | March 31, 2022 | % Variance |
|---|---|---|---|---|
| **Current Ratio** | | | | |
| Numerator | Current Assets | 2,876.01 | 2,517.29 | |
| Denominator | Current Liabilities | 957.78 | 838.65 | |
| | | 3.00 | 3.00 | 0.04% |
| **Debt-Equity Ratio (#)** | | | | |
| 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% |
| **Debt Service Coverage ratio (#)** | | | | |
| Numerator | Earnings available for debt service | 1,486.19 | 946.67 | |
| Denominator | Debt Service | 643.22 | 510.27 | |
| | | 2.31 | 1.86 | 24.54% |
| **Return on Equity Ratio*** | | | | |
| 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% |
| **Inventory Turnover Ratio** | | | | |
| Numerator | Revenue from Operations | 4,981.82 | 3,411.72 | |
| Denominator | Average Inventory | 895.70 | 621.73 | |
| | | 5.56 | 5.49 | 1.36% |
| **Trade Receivables Turnover Ratio (@)** | | | | |
| 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% |
| **Trade Payables Turnover Ratio (^)** | | | | |
| Numerator | Total Purchases | 2,596.06 | 1,541.95 | |
| Denominator | Average Trade Payables | 395.58 | 356.64 | |
| | | 6.56 | 4.32 | 51.79% |
| **Net Capital Turnover Ratio** | | | | |
| 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% |
| **Net Profit Ratio (*)** | | | | |
| 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% |
| **Return on Capital Employed (*)** | | | | |
| 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% |
| **Return on Investment** | | | | |
| Numerator | Earning before interest and taxes | NA | NA | NA |
| Denominator | Average of Total Investments | | | |

(*) 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.

**42 Other statutory information**

(a) Title deeds of all immovable properties are held in the name of thes are held in the name of the Company.
(b) The Company has not revalued its Property, Plant and Equipment nt 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 diclosed.
(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.

**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)

**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.

**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)

**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 |
|---|---|---|
| **Total equity (Shareholders' funds) under Previous GAAP** | 2,386.67 | 1,979.81 |
| Adjustment on account of transition to Ind AS 116 (leases and security deposits given in accordance with Ind AS 109) | | |
| - 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 |
| **Total equity as per Standalone Financial Statements** | **2,357.92** | **2,002.31** |

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

| Particulars | As at March 31, 2022 |
|---|---|
| **Profit as reported under Previous GAAP** | 395.51 |
| Adjustment on account of transition to Ind AS 116 (leases and security deposits given in accordance with Ind AS 109) | |
| - 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 |
| **Total Comprehensive Income for the year as per Standalone Financial Statements** | **344.26** |

**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 ther 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: U18101MH1999PLC119669**

| | |
|---|---|
| **Kamal Khushlani** | **Poonam Khushlani** |
| (Chairman and Managing Director) | (Whole-time Director) |
| DIN: 00638929 | DIN: 01179171 |
| **Rasik Mittal** | **Sanjay Kumar Mutha** |
| (Chief Financial Officer) | (Company Secretary) (Membership No. 15884) |

Place: Mumbai
Date: June 26, 2023

**Deloitte Haskins & Sells LLP**

**Chartered Accountants**
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# 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 Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of CREDO BRANDS MARKETING LIMITED (formerly known as Credo Brands Marketing Private Limited) ("the Holding Company") and its subsidiary, (the Holding Company and its subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated 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 consolidated 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 consolidated state of affairs of the Group as at March 31, 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures 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 consolidated 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 consolidated financial statements.

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

- The Holding 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 consolidated 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 consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of subsidiary audited by the other auditors, to the extent it relates to these entity and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the, subsidiary, is traced from their financial statements audited by the other auditors.

- 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 Consolidated Financial Statements**

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Holding Company has adequate internal financial controls with reference to consolidated 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the branches, entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such branches or entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entity or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent/ Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

**Other Matters**

a) We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs. 0.44 million as at March 31, 2023, total revenues of Rs. Nil million and net cash outflows amounting to Rs. 0.56 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

b) The comparative financial statements for the year ended March 31, 2023 in respect of a subsidiary and the related transition date opening balance sheet as at April 01, 2021 prepared in accordance with the Ind AS and included in these consolidated financial statements have been audited by other auditors, whose reports have been furnished to us by the Management and in so far as it relates to the comparative amounts and disclosures included in respect of the subsidiary in these consolidated financial statements, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements is not modified in respect of the above matters 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 and on the consideration of the reports of the branch auditors and other auditors on the separate financial statements of the, subsidiary referred to in the Other Matters section above we report, to the extent applicable 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 of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies is disqualified as on March 31, 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 consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Holding company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of the Holding company.

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,

In our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary company incorporated in India, the Holding and the said subsidiary company being 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 33 to the consolidated financial statements;

ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

iv) (a) The respective Managements of the Holding Company and its subsidiary which is company incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiary, respectively that, to the best of their knowledge and belief, as disclosed in the note 42(g) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary to or in any other person(s) or entity(ies), including foreign entities.

(b) The respective Managements of the Holding Company and its subsidiary which is company incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiary, to the best of their knowledge and belief, as disclosed in the note 42(h) to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary from any person(s) or entity(ies), including foreign entities.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary which is company incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors 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 Holding 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 w.e.f. April 1, 2023 to the Holding Company and its subsidiary which is company incorporated in India, 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. With respect to the matters specified in Clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the audit report under section 143 issued by us and the auditors of respective companies included in the consolidated financial statements, as provided to us by the Management of the Holding Company, we report that CARO is applicable only to the Holding Company and not to any other company included in the consolidated financial statements. We have not reported any qualification or adverse remark in the CARO report of the Holding Company.

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

Joe Pretto
(Partner)
(Membership No. 77491)
(UDIN: 23077491BGXCWB9043)

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 consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of CREDO BRANDS MARKETING LIMITED (formerly known as Credo Brands Marketing Private Limited) (hereinafter referred to as "the Holding Company"), as of that date.

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

The Board of Directors of the Holding company, is responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on "the internal control with reference to consolidated 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 ("the ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding 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 Holding Company's internal financial controls with reference to consolidated financial statements 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 consolidated 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 consolidated 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

A company's internal financial control with reference to consolidated 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 consolidated 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 consolidated financial statements**

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated 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 Holding Company, has, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to consolidated 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.

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

Joe Pretto
(Partner)
(Membership No. 77491)
(UDIN: 23077491BGXCWB9043)

Mumbai, June 26, 2023

**CREDO BRANDS MARKETING LIMITED**
**(Formerly known as CREDO BRANDS MARKETING PRIVATE LIMITED)**
**Consolidated 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 |
|---|---|---|---|---|---|
| A | **ASSETS** | | | | |
| 1 | **Non-current assets** | | | | |
| (a) | Property, plant and equipment | 5(a) | 615.36 | 402.83 | 386.86 |
| (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 | - | - | - |
| | 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 | 116.55 | 85.72 |
| | **Total non-current assets** | | 2,868.35 | 2,242.48 | 2,143.09 |
| 2 | **Current assets** | | | | |
| (a) | Inventories | 13 | 1,134.03 | 657.38 | 586.09 |
| (b) | Financial assets | | | | |
| | Investments | 8 | - | - | - |
| | Trade receivables | 14 | 1,373.11 | 1,235.87 | 1,224.24 |
| | Cash and cash equivalents | 15 | 81.35 | 506.54 | 252.48 |
| | Other bank balances | 15 | 7.72 | 7.52 | 7.20 |
| | Other financial assets | 9 | 80.31 | 34.90 | 0.33 |
| (c) | Other current assets | 12 | 199.93 | 75.80 | 47.74 |
| | **Total current assets** | | 2,876.45 | 2,518.01 | 2,118.08 |
| | **Total assets** | | **5,744.80** | **4,760.49** | **4,261.17** |
| B | **EQUITY AND LIABILITIES** | | | | |
| 1 | **Equity** | | | | |
| (a) | Equity share capital | 16 | 32.15 | 31.92 | 31.92 |
| (b) | Other equity | 17 | 2,781.36 | 2,325.34 | 1,949.86 |
| | **Total equity** | | 2,813.51 | 2,357.26 | 1,981.78 |
| 2 | **Liabilities** | | | | |
| | **Non-current liabilities** | | | | |
| (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 |
| | **Total non-current liabilities** | | 1,973.48 | 1,563.71 | 1,546.74 |
| | **Current liabilities** | | | | |
| (a) | Financial liabilities | | | | |
| | Borrowings | 18 | 33.24 | 33.85 | 18.23 |
| | Lease Liabilities | 5(b) | 305.94 | 296.73 | 232.91 |
| | Trade payables | 22 | | | |
| | Total outstanding dues of micro enterprises and small enterprises | | 118.26 | 85.11 | 57.32 |
| | Total outstanding dues of creditors other than micro enterprises and small enterprises | | 306.42 | 281.40 | 289.61 |
| | Other financial liabilities | 19 | 23.30 | 10.60 | 10.21 |
| (b) | Provisions | 20 | 25.83 | 18.27 | 23.74 |
| (c) | Current tax liabilities (net) | 23 | - | - | 28.36 |
| (d) | Other current liabilities | 21 | 144.82 | 113.56 | 72.27 |
| | **Total current liabilities** | | 957.81 | 839.52 | 732.65 |
| | **Total liabilities** | | 2,931.29 | 2,403.23 | 2,279.39 |
| | **Total equity and liabilities** | | **5,744.80** | **4,760.49** | **4,261.17** |
| | The accompanying notes form an integral part of the Consolidated 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)**
**Consolidated 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 | 111.40 | 136.63 |
| 3 | **Total income (1+2)** | | 5,093.22 | 3,548.35 |
| 4 | **Expenses** | | | |
| (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 | 267.63 | 291.76 |
| (e) | Finance costs | 29 | 177.48 | 150.42 |
| (f) | Depreciation and amortization expense | 30 | 534.30 | 458.85 |
| (g) | Other expenses | 31 | 956.28 | 698.32 |
| | **Total expenses** | | **4,055.10** | **3,070.02** |
| 5 | **Profit before tax (3-4)** | | 1,038.12 | 478.33 |
| 6 | **Tax expense** | | | |
| | 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) |
| | **Total tax expense** | | **262.98** | **120.93** |
| 7 | **Profit for the year (5-6)** | | 775.14 | 357.40 |
| 8 | **Other comprehensive income** | | | |
| A | **Items that will not be reclassified to profit or loss** | | | |
| | 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 |
| | **Total comprehensive income for the year (net of tax)** | | **0.10** | **6.78** |
| 9 | **Total restated comprehensive income for the year (7+8)** | | **775.24** | **364.18** |
| | **Earnings per share face value of ₹2 each fully paid up** | | | |
| | Basic earnings per share (in Rs.) | 35 | 12.06 | 5.60 |
| | Diluted earnings per share (in Rs.) | 35 | 12.06 | 5.56 |
| | The accompanying notes form an integral part of the Consolidated 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

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**CREDO BRANDS MARKETING LIMITED**
**(Formerly known as CREDO BRANDS MARKETING PRIVATE LIMITED)**
**Consolidated 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 |
|---|---|---|---|
| **A.** | **Cash flows from operating activities** | | |
| | Profit before tax | 1,038.12 | 478.33 |
| | 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 | 146.21 | 132.23 |
| | Loss on property, plant and equipment sold / scrapped / written off | 4.05 | 6.31 |
| | Allowance for expected credit loss and doubtful deposits | 10.84 | 111.60 |
| | 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) | (0.08) |
| | Excess Provision written back | (29.25) | (2.60) |
| | Covid-19 related rent concessions | (3.58) | (79.20) |
| | **Operating cash flows before working capital changes** | 1,678.34 | 1,086.66 |
| | **Working capital adjustments :** | | |
| | Decrease/ (increase) in inventories | (476.65) | (71.29) |
| | Decrease/ (increase) in trade receivables | (117.63) | (115.51) |
| | Decrease/ (increase) in other financial assets | (14.31) | (2.31) |
| | Decrease/ (increase) in other current assets | (124.13) | (27.97) |
| | Decrease/ (increase) in non-current assets | (40.25) | (43.22) |
| | (Decrease)/ increase in trade payables | 58.92 | 21.68 |
| | (Decrease)/ increase in other current liabilities | 31.63 | 29.17 |
| | (Decrease)/ increase in other financial liabilities | 23.45 | 106.43 |
| | (Decrease)/ increase in provisions | 12.75 | (2.74) |
| | **Cash generated from operations** | 1,032.12 | 980.90 |
| | Less: Income tax paid (net) | (308.02) | (197.08) |
| | **Net cash generated from operating activities (A)** | **724.10** | **783.82** |
| **B.** | **Cash flows from investing activities** | | |
| | Purchase of property, plant and equipment (including capital work-in-progress and capital advances) | (341.48) | (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 | - | (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 |
| | **Net cash used in investing activities (B)** | **(190.85)** | **(279.54)** |
| **C.** | **Cash flows from financing activities** | | |
| | Proceeds from Long term borrowings | - | 0.00 |
| | Repayment of Short term borrowings | (33.85) | (17.63) |
| | Proceeds from issue of shares under employee stock options scheme | 0.23 | - |
| | Repayment of lease liabilities | (432.62) | (342.35) |
| | Interest paid | (30.96) | (30.38) |
| | Dividend paid | (321.51) | - |
| | **Net cash used in financing activities (C)** | **(818.71)** | **(390.36)** |
| | **Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)** | **(285.46)** | **113.92** |
| | Cash and cash equivalent at the beginning of the year | **362.70** | **248.78** |
| | **Cash and cash equivalents at the end of the year** | **77.24** | **362.70** |
| | **Cash and cash equivalents as above comprises of the following** | | |
| | Cash in hand | 4.61 | 4.37 |
| | Balances with bank | | |
| | In current accounts | 72.63 | 58.23 |
| | In demand deposit accounts - Having maturity less than 3 months | - | 300.10 |
| | **Total cash and cash equivalents (Refer note no. 15)** | **77.24** | **362.70** |

**CREDO BRANDS MARKETING LIMITED**
**(Formerly known as CREDO BRANDS MARKETING PRIVATE LIMITED)**
**Consolidated 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 | 134.64 | - | - | (33.85) | 100.79 |
| Lease liabilities | 1,407.84 | 843.13 | - | (432.62) | 1,818.35 |
| **Total liabilities from financing activities** | 1,542.48 | 843.13 | - | (466.47) | 1,919.14 |

**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 | 152.27 | - | - | (17.63) | 134.64 |
| Lease liabilities | 1,321.83 | 428.36 | - | (342.35) | 1,407.84 |
| **Total liabilities from financing activities** | 1,474.10 | 428.36 | - | (359.98) | 1,542.48 |

The accompanying notes form an integral part of the Consolidated 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

**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)**
**Consolidated Statement of changes in equity**
(All amounts in Millions, unless otherwise stated)

**(A) Equity share capital**

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

**(B) Other equity**

| Particulars | Reserve and surplus | | | |
|---|---|---|---|---|
| | Securities premium | Retained earnings | Share option outstanding account | Total |
| **Balance as at April 1, 2021** | **147.85** | **1,795.29** | **6.72** | **1,949.86** |
| Recognition of share based payments | - | - | 11.30 | 11.30 |
| Profit for the year | - | 357.40 | - | 357.40 |
| Re-measurement of defined benefit plan (net of tax) | - | 6.78 | - | 6.78 |
| **Balance as at March 31, 2022** | **147.85** | **2,159.47** | **18.02** | **2,325.34** |
| 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 | - | 775.14 | - | 775.14 |
| Re-measurement of defined benefit plan (net of tax) | - | 0.10 | - | 0.10 |
| **Balance as at March 31, 2023** | **159.14** | **2,613.20** | **9.02** | **2,781.36** |

The accompanying notes form an integral part of the Consolidated 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**
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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)**
**Notes Forming part of the Consolidated 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 Holding Company / 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) 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 Consolidated Financial Statements of the Company and its subsidiary (collectively the "Group") comprises the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated 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 "Consolidated Financial Statements").

The Consolidated 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 Consolidated 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 Consolidated 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 Consolidated Financial Statements have been prepared by making Ind AS adjustments to the audited standalone financial statements of the Company and its subsidiary 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 September 29, 2022 and September 01, 2022 respectively. 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 Consolidated Financial Statements.

As explained in Note 2.1.1 to the Consolidated Financial Statements, the Company acquired KAPS Mercantile Private Limited ("the subsidiary") on April 28, 2022, The aforesaid acquisition is a common control transaction in accordance with Ind AS 103 "Business Combination". Accordingly, the financial information of the subsidiary has been consolidated in accordance with Ind AS 110 "Consolidated Financial Statements" for the year ended March 31, 2022.

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 Consolidated Financial Statements for the purpose of calculating of earning per share (Refer Note No. 35 of the Consolidated Financial Statements).

These Consolidated 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 for the common control transaction and effect of bonus and share split as mentioned above.

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

The Consolidated 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.

#### 2.1.1 Basis of Consolidation:

Common control business combination means a business combination involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party both before and after the business combination, and that control is not transitory.

The Company accounts for its business combination under common control using pooling of interest method of accounting as per Appendix C of Ind AS 103. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the definition for recognition are recognized at their carrying amount at the acquisition date. Transferor's reserves are preserved and are appeared in the financial statements of the transferee in the same form in which they appear in the financial statements of the transferor. Acquisition date is the beginning of the preceding period in case the common control is established prior to such date. However, if business combination had occurred after such date, the acquisition date is considered only from that date.

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

(All amounts in Millions, unless otherwise stated)

**2.1.2 Principles of Consolidation:**

The Consolidated Financial Statement have been prepared on the following basis:

(a) The Consolidated Financial Statement of the Company and its subsidiary are combined on a line by line basis by adding together like items of assets, liabilities, equity, income, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.

(b) Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.

(c) The Consolidated Financial Statement have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(d) The carrying amount of the Company's investments in each subsidiary is off set (eliminated) against the Company's portion of equity in the subsidiary.

The management of the Company performed assessment in relation to above matters and have made necessary adjustments to the underlying financial information of the Group for the purpose of preparation of these Consolidated Financial Statement.

**2.2 Functional and Presentation Currency**

The Consolidated Financial Statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian rupee (Rs.), which is also the Group'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 Consolidated Financial Statements.

**2.3 Current and non-current classification**

The Group presents assets and liabilities in the Consolidated 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 Group 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 Group 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 Group 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.

**2.5 Intangible assets and amortisation**

**2.5.1 Recognition and measurement**

Intangible assets that are acquired by the Comapny are stated at cost of acquistion 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 Group 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 Group 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 Group 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 form 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.

**2.8 Leases**

The Group's lease asset classes primarily consist of leases for buildings. The Group 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 Group accounts for the lease arrangement as follows:

(i) Where the Group is the lessee

**Right of Use Asset**

The Group 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 Group, in its Consolidated 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:

| **Asset category** | **Lease Term** |
|---|---|
| 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 Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group 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 Conolidated Statements of profit and loss.

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

The Group 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 Conolidated Statements of profit and loss.

(ii) Where the Group is the lessor

Leases in which the Group 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 Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group'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.

**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 Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group reclassifies debt investments when and only when its business model for managing those assets changes.

**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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group, and Commitments issued by the Group 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.

**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 Group. 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 Group 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 Consolidated 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 Consolidated Financial Statements at fair value on a recurring basis, the Group 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 Group 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".

**2.18 Revenue recognition**

The Group's revenue majorly represents revenue from sale of garments. The Group 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 Group as part of the contract.

**2.18.1 Sale of goods**

The Group 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 Group expects to receive in exchange for those goods. To recognise revenues, the Group 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 Group 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 Group has concluded that certain arrangements with its business partner, where the Group has an unconditional obligation relating to unsold inventory, are on principal to agent basis and for other cases the Group 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 Group’s standard contract terms, customers have a right of return goods as per Group’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 Group has a right to recover the product when customers exercise their right of return; consequently, the Group recognises a right-to-returned-goods asset and a corresponding adjustment to cost of sales. The Group 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 Group 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 appreals 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 Comapny’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 Group 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.

**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 Group’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 Comapny'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 Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group 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.

**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 Group'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 Consolidated 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 Group 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 Group 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 Group 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.

**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 Group 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 Group 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 Group does not expect this amendment to have any significant impact in its financial statements.

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

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

**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 Group'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.

**4.4 Employee benefits**

The cost of the defined benefitg 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 uncertainities relating to the global health pandemic from Covid-19 :**

The Group 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 Group has used the principles of prudence in applying the judgements, estimates and assumptions and based on current estimates, the Group excepts to recover the carrying value of its current and non current assets (Also refer note 43).

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

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

| Particulars | Office Equipment | Computers | Leasehold Improvement | Furniture & Fixtures | Vehicles | Plant & Equipment | Total |
|---|---|---|---|---|---|---|---|
| **I. Gross Carrying Value** | | | | | | | |
| **Balance as on April 1, 2021** | **35.43** | **7.85** | **208.61** | **116.03** | **9.46** | **9.48** | **386.86** |
| 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)** |
| **Balance as on March 31, 2022** | **49.38** | **10.46** | **299.16** | **139.23** | **14.43** | **10.01** | **522.67** |
| 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)** |
| **Balance as on March 31, 2023** | **94.44** | **20.47** | **457.34** | **260.28** | **29.15** | **14.76** | **876.44** |
| **II. Accumulated Depreciation** | | | | | | | |
| **Balance as on April 1, 2021** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 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)** |
| **Balance as on March 31, 2022** | **13.04** | **6.37** | **61.31** | **35.14** | **3.05** | **0.93** | **119.84** |
| 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)** |
| **Balance as on March 31, 2023** | **29.25** | **9.96** | **141.13** | **71.04** | **7.65** | **2.05** | **261.08** |
| **III. Net Carrying Value (I-II)** | | | | | | | |
| **Balance as on March 31, 2022** | **36.34** | **4.09** | **237.85** | **104.09** | **11.38** | **9.08** | **402.83** |
| **Balance as on March 31, 2023** | **65.19** | **10.51** | **316.21** | **189.24** | **21.50** | **12.71** | **615.36** |

**Notes:**

(i) The Group 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)

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

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

| | Particulars | Building |
|---|---|---|
| **I.** | **Gross Carrying Value** | |
| | **Balance as on April 1, 2021** | **1,371.47** |
| | Additions | 334.32 |
| | Deletions | - |
| | **Balance as on March 31, 2022** | **1,705.79** |
| | Additions | 747.11 |
| | Deletions | - |
| | **Balance as on March 31, 2023** | **2,452.90** |
| **II.** | **Accumulated Depreciation** | |
| | **Balance as on April 1, 2021** | - |
| | Depreciation expense | 334.54 |
| | Deletions | - |
| | **Balance as on March 31, 2022** | **334.54** |
| | Depreciation expense | 387.09 |
| | Deletions | - |
| | **Balance as on March 31, 2023** | **721.63** |
| **III.** | **Net Carrying Value** | |
| | **Balance as on March 31, 2022** | **1,371.25** |
| | **Balance as on March 31, 2023** | **1,731.27** |

(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 |
| **Total** | **1,818.35** | **1,407.84** | **1,321.83** |

The weighted average incremental borrowing rate of 7.47% has been applied to lease liabilities recognised in the Consolidated Balance Sheet at the date of initial application i.e April 1, 2021. The Group 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) | - |
| **Balance as at the year end** | **1,818.35** | **1,407.84** | **1,321.83** |

(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 |
| **Total** | **2,328.33** | **1,737.67** |

The Group 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.

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

**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 Group 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 Consolidated Statement of Profit and Loss.

(All amounts in Millions, unless otherwise stated)

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

| Particulars | Leasehold Improvement | Total |
|---|---|---|
| **Balance as on April 1, 2021** | **4.35** | **4.35** |
| Additions | 5.58 | **5.58** |
| Transfer to Property, plant and equipment | (4.35) | **(4.35)** |
| **Balance as on March 31, 2022** | **5.58** | **5.58** |
| Additions | 2.08 | **2.08** |
| Transfer to Property, plant and equipment | (5.58) | **(5.58)** |
| **Balance as on March 31, 2023** | **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 | - | - | - | - | - |
| **Total** | **2.08** | **-** | **-** | **-** | **2.08** |

**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 | - | - | - | - | - |
| **Total** | **5.58** | **-** | **-** | **-** | **5.58** |

**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 | - | - | - | - | - |
| **Total** | **4.35** | **-** | **-** | **-** | **4.35** |

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

**6 Investment Property**

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

(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) |
| **Profit/(Loss) from investment properties before depreciation** | **4.09** | **2.07** |
| Depreciation charge (Refer note no. 30) | (0.38) | (0.38) |
| **Profit/(Loss) from investment properties** | **3.71** | **1.69** |

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

(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 | - | - |
| | **15.57** | **19.82** |

(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 |

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

**7 Intangible Assets**

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

**Notes:**

(i) The Group 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.

**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 |
| **Investments in Equity Instruments** | | | | | | |
| **Total** | - | - | - | - | - | - |

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

**9 Other financial assets**

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

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

## 10 Deferred tax assets

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

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

| | Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|---|
| | **As at March 31 2023** | | | | |
| i) | **Deferred tax assets in relation to:** | | | | |
| | 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 ruturn basis | 3.32 | 22.69 | - | 26.01 |
| | GST Input Tax Credit | - | 1.13 | - | 1.13 |
| | **Total** | **507.57** | **135.05** | **(0.03)** | **642.59** |
| ii) | **Deferred tax liabilities in relation to:** | | | | |
| | 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 |
| | **Total** | **349.67** | **90.40** | **-** | **440.07** |
| | **Deferred tax assets (net)** | **157.90** | **44.65** | **(0.03)** | **202.52** |
| | **As at March 31 2022** | | | | |
| i) | **Deferred tax assets in relation to:** | | | | |
| | 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 ruturn basis | 2.33 | 0.99 | - | 3.32 |
| | **Total** | **449.65** | **60.20** | **(2.28)** | **507.57** |
| ii) | **Deferred tax liabilities in relation to:** | | | | |
| | 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 |
| | **Total** | **349.40** | **0.27** | **-** | **349.67** |
| | **Deferred tax assets (net)** | **100.25** | **59.93** | **(2.28)** | **157.90** |

**Note:**

The Group 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.

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

**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 |
| **Total** | **15.02** | **18.85** | **1.10** |

**12 Other assets**
(Unsecured, considered good)

| | Particulars | As at March 31, 2023 | As at March 31, 2022 | As at April 1, 2021 |
|---|---|---|---|---|
| | **Non-current** | | | |
| (a) | Capital advances | 1.00 | 6.78 | 1.42 |
| (b) | Balance with government authorities (Goods and Services tax input receivable) | 149.17 | 103.96 | 79.29 |
| (c) | Prepayments | 0.09 | 0.42 | 0.18 |
| (d) | Prepayments - Security deposits | 4.59 | 5.39 | 4.83 |
| | **Total** | **154.85** | **116.55** | **85.72** |
| | **Current** | | | |
| (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 | - | - |
| | **Total** | **199.93** | **75.80** | **47.74** |

**Note:**

(i) The right to return goods asset represents the Group's right to recover products from customers where customers exercise their right of return under the group's returns policy. The Group 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).

(All amounts in Millions, unless otherwise stated)

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

| Particulars | As at March 31, 2023 | As at March 31, 2022 | As at 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 |
| **Total** | **1,134.03** | **657.38** | **586.09** |

(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** - - (0.00)

| Particulars | As at March 31, 2023 | As at March 31, 2022 | As at April 1, 2021 |
|---|---|---|---|
| **Current** | | | |
| Unsecured, considered good | 1,373.11 | 1,235.87 | 1,224.34 |
| unsecured, considered doubtful | 84.04 | 103.88 | - |
| | 1,457.15 | 1,339.75 | 1,224.34 |
| Less: Allowance for doubtful debts (expected credit loss allowance) | (84.04) | (103.88) | (0.10) |
| **Total** | **1,373.11** | **1,235.87** | **1,224.24** |

**Note:**

(i) Movement in expected credit loss allowance

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Balance as at the beginning of the year | 103.88 | 0.10 |
| Add: Provided / (Reversal) during the year | (19.84) | 103.88 |
| Less: Amount Written off | - | (0.10) |
| **Balance as at the end of the year** | **84.04** | **103.88** |

(ii) Age of receivables

| Particulars | As at March 31, 2023 | As at March 31, 2022 | As at April 1, 2021 |
|---|---|---|---|
| Less than 180 days | 1,231.82 | 1,211.25 | 1,095.56 |
| More than 180 days | 225.33 | 128.50 | 128.78 |
| Provided / (Reversal) during the year | (84.04) | (103.88) | (0.10) |

(iii) Ageing wise % of expected credit loss allowance

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

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

**(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 |
|---|---|---|---|
| **(a) Undisputed Trade Receivables-considered good** | | | |
| Not due | - | - | - |
| Less than 6 months | 1,231.82 | 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 | - | - |
| **Sub-total** | **1,373.11** | **1,231.31** | **1,221.62** |
| **(b) Undisputed trade receivables which have significant increase in credit risk** | | | |
| Not due | - | - | - |
| Less than 6 months | - | 68.54 | - |
| 6 months - 1 year | 0.08 | 22.32 | - |
| 1-2 years | 64.76 | 0.10 | 0.10 |
| 2-3 years | 2.04 | - | - |
| More than 3 years | 17.16 | - | - |
| **Sub-total** | **84.04** | **90.96** | **0.10** |
| **(c) Disputed Trade Receivables-considered good** | | | |
| 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 |
| **Sub-total** | **-** | **4.56** | **2.62** |
| **(d) Disputed Trade Receivables-credit impaired** | | | |
| Not due | - | - | - |
| Less than 6 months | - | - | - |
| 6 months - 1 year | - | - | - |
| 1-2 years | - | - | - |
| 2-3 years | - | 12.92 | - |
| More than 3 years | - | - | - |
| **Sub-total** | **-** | **12.92** | **-** |
| Less: Allowance for doubtful trade receivables (expected credit loss allowance) | (84.04) | (103.88) | (0.10) |
| **Total** | **1,373.11** | **1,235.87** | **1,224.24** |

(v) The Group 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 Group.
(ix) Relationship with Struck off Companies: The following table depicts the details of balances oustanding 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 |

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

## 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 March 31, 2023 | As at March 31, 2022 | As at April 1, 2021 |
|---|---|---|---|
| Cash on hand | 4.61 | 4.37 | 4.92 |
| Balance with Banks | | | |
| In current accounts | 72.63 | 58.23 | 43.86 |
| 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 |
| **Total** | **89.07** | **514.06** | **259.68** |

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

(All amounts in Millions, unless otherwise stated)

## 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 |
| **Authorised share capital** | | | | | | |
| **Equity share capital** | | | | | | |
| 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 |
| **Total** | **1,40,00,000** | **140.00** | **50,00,000** | **50.00** | **50,00,000** | **50.00** |
| **Issued share capital** | | | | | | |
| 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 |
| **Total** | **32,15,094** | **32.15** | **31,92,037** | **31.92** | **31,92,037** | **31.92** |
| **Subscribed and Paid-up share capital** | | | | | | |
| 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 |
| **Total** | **32,15,094** | **32.15** | **31,92,037** | **31.92** | **31,92,037** | **31.92** |

### 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 |
| Equity shares with voting rights | | | | | | |
| 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 | **32,15,094** | **32.15** | **31,92,037** | **31.92** | **31,92,037** | **31.92** |

(All amounts in Millions, unless otherwise stated)

**b. Details of shares held by each shareholder holdinq 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 |
| Equity shares with voting rights | | | | | | |
| 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 |
| Equity shares with voting rights | | | | | | |
| Mrs. Poonam Khuslani | 9,08,219 | 28.25% | 9,08,219 | 28.45% | 9,08,219 | 28.45% |
| (Percentage change during the year) | | 0.20% | | 0.00% | | 0.00% |
| Mr. Kamal Khuslani | 11,13,021 | 34.62% | 11,13,021 | 34.87% | 11,13,021 | 34.87% |
| (Percentage change during the year) | | 0.25% | | 0.00% | | 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 Group 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 Group, holder of equity shares will be entitled to receive remaining assets of the Group 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.

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

**17 Other equity**

| Particulars | As at March 31, 2023 | As at March 31, 2022 | As at April 1, 2021 |
|---|---|---|---|
| Securities Premium | 159.14 | 147.85 | 147.85 |
| Share option outstanding account | 9.02 | 18.02 | 6.72 |
| Retained earnings | 2,613.20 | 2,159.47 | 1,795.29 |
| **Total** | **2,781.36** | **2,325.34** | **1,949.86** |

**(i) Securities Premium**

| Particulars | As at March 31, 2023 | As at March 31, 2022 | As at 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 | - | - |
| **Balance as at end of the year** | **159.14** | **147.85** | **147.85** |

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 March 31, 2023 | As at March 31, 2022 | As at 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) | - | - |
| **Balance as at end of the year** | **9.02** | **18.02** | **6.72** |

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

1,736.84
**(iii) Retained earnings** 58.45
1,795.29

| Particulars | As at March 31, 2023 | As at March 31, 2022 | As at April 1, 2021 |
|---|---|---|---|
| Balance as at beginning of the year | 2,159.47 | 1,795.29 | 1,795.29 |
| 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 | 775.14 | 357.40 | - |
| 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 | - |
| **Balance as at end of the year** | **2,613.20** | **2,159.47** | **1,795.29** |

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

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

**18 Borrowings**

| | Particulars | As at March 31, 2023 | As at March 31, 2022 | As at April 1, 2021 |
|---|---|---|---|---|
| | **Secured - at amortised cost** | | | |
| | **Non-current borrowings** | | | |
| (a) | Term loans from bank (Refer note 1 below) | 67.55 | 100.79 | 134.04 |
| (b) | Vehicle loans from others (Refer note 2 below) | - | - | - |
| | **Total** | **67.55** | **100.79** | **134.04** |
| | **Current borrowings** | | | |
| **(a)** | **Current maturities of long-term borrowings (secured)** | | | |
| | Term loans from bank (Refer note 1 below) | 33.24 | 33.24 | 16.62 |
| | Vehicle loans from others (Refer note 2 below) | - | - | 1.00 |
| | | 33.24 | 33.24 | 17.62 |
| **(b)** | **Other Borrowings** | | | |
| | Cash credit from bank (Refer note 3 below) | - | - | - |
| | Working capital demand loan (Refer note 4 below) | - | - | - |
| | Loan From Directors | - | 0.61 | 0.61 |
| | | - | 0.61 | 0.61 |
| | **Total** | **33.24** | **33.85** | **18.23** |

**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 | 8.31 | 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 |
| **Total** | **109.10** | **134.03** | **150.65** |

**1.3 Security**

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

**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 |
| **Total** | **-** | **-** | **1.00** |

**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 Group.

**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 |
|---|---|---|---|---|
| | **Non-Current** | | | |
| (a) | Security deposits received | 355.36 | 316.46 | 281.51 |
| | **Total** | **355.36** | **316.46** | **281.51** |
| | **Current** | | | |
| (b) | Creditors for capital goods | 17.49 | 4.97 | 4.69 |
| (c) | Interest accrued but not due on borrowings | 0.72 | 0.92 | 1.09 |
| (d) | Interest accrued and due on security deposits | 5.09 | 4.71 | 4.33 |
| (e) | Others | - | - | 0.10 |
| | **Total** | **23.30** | **10.60** | **10.21** |

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

**20 Provisions**

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

**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 | **18.54** | **12.76** | **9.17** |

The Group 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 Group'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 | 9.84 |
| Add: Provision created during the year | - | - | - |
| Less: Provision utilised during the year | - | (9.84) | - |
| As at the end of the year | **-** | **-** | **9.84** |

**21 Other liabilities**

| | Particulars | As at March 31, 2023 | As at March 31, 2022 | As at April 1, 2021 |
|---|---|---|---|---|
| | **Current** | | | |
| (a) | Advances from customers | 9.49 | 18.13 | 10.38 |
| (b) | Statutory dues | 27.02 | 29.39 | 18.10 |
| (c) | Refund liability for expected sales return (Refer note below) | 108.31 | 66.04 | 43.79 |
| | **Total** | **144.82** | **113.56** | **72.27** |

**Note:**
Other current liabilities include refund liability relating to customers' right to return products as per Group'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 Group 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 |
| | | **118.26** | **85.11** | **57.32** |
| (ii) | Total outstanding dues of creditors other than micro enterprises and small enterprises | 275.15 | 223.53 | 248.53 |
| (iii) | Accrued payroll | 31.27 | 57.87 | 41.08 |
| | | **306.42** | **281.40** | **289.61** |
| | **Total** | **424.68** | **366.51** | **346.93** |

**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 Enterpnses (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.

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

**(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 |
|---|---|---|---|---|
| (a) | **Undisputed dues** | | | |
| | **Micro, small and medium enterprises** | | | |
| | 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 | - | - | - |
| | | **118.26** | **84.64** | **57.04** |
| | **Others** | | | |
| | Not due | - | - | - |
| | Less than 1 year | 270.42 | 219.14 | 245.50 |
| | 1-2 years | 1.63 | 1.76 | 1.48 |
| | 2-3 years | 1.26 | - | - |
| | More than 3 | 1.85 | - | - |
| | | **275.16** | **220.90** | **246.98** |
| | **Sub Total (a)** | **393.42** | **305.54** | **304.02** |
| (b) | **Disputed dues** | | | |
| | **Micro, small and medium enterprises** | | | |
| | Not due | - | - | - |
| | Less than 1 year | - | - | - |
| | 1-2 years | - | - | - |
| | 2-3 years | - | 0.18 | 0.15 |
| | More than 3 | - | 0.29 | 0.13 |
| | | **-** | **0.47** | **0.28** |
| | **Others** | | | |
| | Not due | - | - | - |
| | Less than 1 year | - | - | - |
| | 1-2 years | - | - | - |
| | 2-3 years | - | 1.09 | 0.83 |
| | More than 3 | - | 1.54 | 0.72 |
| | | **-** | **2.63** | **1.55** |
| | **Sub Total (b)** | **-** | **3.10** | **1.83** |
| | **Total (a+b)** | **393.42** | **308.64** | **305.85** |

(iv) Relationship with Struck off Companies: During the current and previous financial year, Group 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 deduted at source) | - | - | 28.36 |
| **Total** | **-** | **-** | **28.36** |

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

## 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 |
| **Total** | **4,981.82** | **3,411.72** |

**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) |
| **Net revenue from sale of products** | **4,981.82** | **3,411.72** |

## 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 | 0.08 |
| | Excess provisions written back | 29.25 | 2.60 |
| | Miscellaneous income | 0.03 | 0.03 |
| | **Total** | **111.40** | **136.63** |

## 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) |
| | **Total (a)** | 278.47 | 157.68 |
| (b) | Purchases of stock-in-trade | 2,308.79 | 1,379.84 |
| | **Total** | **2,587.26** | **1,537.52** |

## 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 |
| | | **1,073.32** | **605.47** |
| (b) | Opening stock | | |
| | Finished goods and stock-in-trade | 605.47 | 538.62 |
| | | **605.47** | **538.62** |
| | **Total** | **(467.85)** | **(66.85)** |

## 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 | 2.96 | 4.23 |
| (d) | Gratuity expenses (Refer note no. 36) | 6.72 | 8.47 |
| (e) | Staff welfare expenses | 10.25 | 6.09 |
| | **Total** | **267.63** | **291.76** |

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

**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 | 8.96 | 9.97 |
| | 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 | 13.08 |
| | **Total** | **177.48** | **150.42** |

**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 |
| | **Total** | **534.30** | **458.85** |

**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 | 16.17 | 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) | 7.97 | 3.00 |
| (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) | Bad debts written off | 0.23 | - |
| (x) | Security deposit written off | 4.88 | - |
| (y) | Allowance for expected credit loss | 9.41 | 103.88 |
| (z) | Allowance for doubtful deposits | 1.43 | 7.72 |
| (aa) | Miscellaneous expenses | 13.44 | 7.77 |
| | **Total** | **956.28** | **698.32** |

**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 | 4.31 | 3.00 |
| (b) | For Taxation matters | - | - |
| (c) | For Other services | 3.61 | - |
| (d) | Reimbursement of expenses | 0.05 | - |
| | **Total** | **7.97** | **3.00** |

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

**32 Tax expense**

**(i) Income tax recognised in Consolidated 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) |
| | **Total** | **262.98** | **120.93** |

**(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 | 1,038.12 | 478.33 |
| Tax Rate | 25.17% | 25.17% |
| Income tax expense calculated | 261.27 | 120.39 |
| Adjustment | | |
| 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 | (0.55) | 5.06 |
| | 1.71 | 0.54 |
| **Income tax expense recognised in Consolidated Statement of Profit or Loss** | **262.98** | **120.93** |

**(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: | 0.03 | 2.28 |
| Items that will not be reclassified to profit or loss | | |
| Remeasurement of the defined benefit plans | - | - |
| **Total** | **0.03** | **2.28** |

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

| | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **A.** | **Contingent Liabilities** | | |
| | Claims against the Group not acknowledged as debts (Refer note (i) below) | | |
| | Demand raised by income tax authorities | 4.00 | 4.38 |
| | Bonus liablity for the FY 2014-15 pending settlement with judiciary authorities | 3.87 | 3.87 |
| | Claims against Group not acknowledged as debt | 3.71 | 2.29 |
| **B.** | **Commitments** | | |
| | 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 Group expects favourable decisions.

(ii) Apart from the commitments disclosed above, the Group has no financial commitments other than those in the nature of regular business operations.

(iii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

**34 Segment Reporting**

The Group 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 Group'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 |
|---|---|---|
| **Basic earnings per share** | | |
| **Profit for the year (A)** | **775.14** | **357.40** |
| 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 |
| **Weighted average number of shares outstanding during the year for Basic EPS (B)** | **6,42,95,184** | **6,38,40,740** |
| **Basic earnings per share in Rs. (C=A/B)** | **12.06** | **5.60** |
| **Diluted earnings per share** | | |
| **Profit for the year (A)** | **775.14** | **357.40** |
| 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 |
| **Weighted average number of equity shares for Diluted EPS (B)** | **6,42,95,184** | **6,42,92,460** |
| **Diluted earnings per share in Rs. (C=A/B)** | **12.06** | **5.56** |

*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 Group 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.

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

**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 Group'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 Group 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 Group 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 Group 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 Assumtions**
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** |
| **I.** | **Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:** | | | |
| (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 |
| | **Components of defined benefit costs recognised in profit or loss** | **6.72** | **8.46** | **10.19** |
| | 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) |
| | **Components of defined benefit costs recognised in other comprehensive income** | **(0.13)** | **(9.06)** | **(6.62)** |
| | **Total** | **6.59** | **(0.60)** | **3.57** |

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'.

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

**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 | **(43.20)** | **(38.66)** | **(44.29)** |
| (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 |
|---|---|---|---|
| **Present value of defined benefit obligation at the beqinninq of the year** | 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 |
| Recoqnised in Other Comprehensive Income | | | |
| Remeasurement gains / (losses) | | | |
| Actuarial Gain (Loss) arisinq from: | | | |
| i. Financial Assumptions | (1.76) | (2.10) | 1.80 |
| ii. Demoqraphic Assumptions | - | 0.02 | - |
| iii. Experience Adjustments | 1.63 | (6.98) | (8.42) |
| Benefit payments | (2.05) | (5.03) | (9.75) |
| **Present value of defined benefit obligation at the end of the year** | **43.20** | **38.66** | **44.29** |

**(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 obliqation | |
|---|---|---|---|---|
| | | | Increase in assumption | Decrease in assumption |
| (i) | **Discount rate** | | | |
| | As at March 31, 2023 | 1% | (3.29) | 2.81 |
| | As at March 31, 2022 | 1% | (3.45) | 4.03 |
| (ii) | **Salary growth rate** | | | |
| | As at March 31, 2023 | 1% | 2.69 | (2.55) |
| | As at March 31, 2022 | 1% | 2.96 | (2.77) |
| (iii) | **Rate of employee turnover** | | | |
| | 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.

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

## 37 Share-based payments

### A. Credo ESOP 2020

**a.** The shareholders of the Group, 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 Group for the first time on November 6, 2020 and second time on November 6, 2021.

The Group 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, year ended March 31, 2022 and April 1, 2021. As at the end of the financial year, details and movement of the outstanding options are as follows:

**As at March 31, 2023**

| Particulars | 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 forfeitied during the year | - | - | - | - |
| Options exercised during the year | 23,057.00 | - | - | - |
| Options expired during the year | - | - | - | - |
| Options forfeitied during the year | - | - | - | - |
| Options outstanding at the end of the year | - | - | - | - |
| Options exerciseable 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 |

**As at March 31, 2022**

| Particulars | 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 forfeitied during the year | - | - | - | - |
| Options exercised during the year | - | - | - | - |
| Options expired during the year | - | - | - | - |
| Options forfeitied during the year | - | - | - | - |
| Options outstanding at the end of the year | 23,057 | 92,074 | 37,962 | 10,000 |
| Options exerciseable 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 |

**As at April 1, 2021**

| Particulars | 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 forfeitied during the year | - | - | - | - |
| Options exercised during the year | - | - | - | - |
| Options expired during the year | - | - | - | - |
| Options forfeitied during the year | - | - | - | - |
| Options outstanding at the end of the year | 23,057 | 92,074 | 37,962 | - |
| Options exerciseable 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 Group 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 March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| (a) | Amount required to be spent by the Group 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 Group during the year is disclosed above.

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

## 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 |
|---|---|---|
| **Transactions during the year** | | |
| **Advance against Investment** | | |
| Shares of KAPS Mercantile Private Limited purchased from | | |
| Mr. Kamal Khushlani | - | 0.05 |
| Mrs. Poonam Khushlani | - | 0.05 |
| **Remuneration** | | |
| 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 |
| **Interest on loan** | | |
| Mr. Kamal Khushlani | 0.06 | 0.06 |
| Mrs. Poonam Khushlani | 0.06 | 0.05 |
| **Reimbursement of Expenses** | | |
| Mr. Kamal Khushlani | 0.87 | 0.77 |
| Mr. Rasik Mittal | 0.45 | - |
| **Interim Dividend Paid** | | |
| 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 | - |
| **Issue of Equity Shares under ESOP** | | |
| Mr. Rasik Mittal | 0.08 | - |
| **Sitting Fees** | | |
| Mr. Amer Jaleel | 0.20 | 0.20 |

### c. Related party outstanding balances

| Particulars | As at March 31, 2023 | As at March 31, 2022 | As at April 1, 2021 |
|---|---|---|---|
| **Outstanding Loan** | | | |
| Mr. Kamal Khushlani | - | 0.31 | 0.31 |
| Mrs. Poonam Khushlani | - | 0.30 | 0.30 |
| **Interest Accrued** | | | |
| Mr. Kamal Khushlani | - | 0.11 | 0.06 |
| Mrs. Poonam Khushlani | - | 0.11 | 0.06 |
| **Remuneration Payable** | | | |
| Mr. Kamal Khushlani | 12.25 | 8.93 | 0.14 |
| Mrs. Poonam Khushlani | 0.19 | 1.47 | 0.30 |
| Ms. Sonakshi Khushlani | 0.13 | 0.34 | 0.09 |
| Mr. Andrew Khushlani | 0.10 | 0.03 | 0.04 |
| Mr. Rasik Mittal | 0.71 | 1.22 | 0.62 |
| **Sitting Fees** | | | |
| Mr. Amer Jaleel | 0.05 | 0.05 | 0.05 |

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

**39 Related party transactions and balances**

**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 |
| **Total** | **53.74** | **49.44** |

**Note :**
(i) The above figure do not include provisions for encashable leave as separate acturial 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.

(All amounts in Millions, unless otherwise stated)

**39 (b) Additional Information as required under schedule III to the Companies Act, 2013, of the enterprises consolidated as subsidiary are as given below**

| Name of Entity | Relationship | Net Assets | | Share in profit and loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|---|
| | | As % of Consolidated net assets | Amount | As % of Consolidated Profit or Loss | Amount | As % of Consolidated Profit or Loss | Amount | As % of Consolidated Profit or Loss | Amount |
| **Credo Brands Marketing Private Limited** | | | | | | | | | |
| March 31, 2023 | | 100.00% | (2,813.49) | 99.92% | 774.46 | 100.00% | 0.10 | 100% | 774.56 |
| March 31, 2022 | Holding Company | 100.03% | (2,357.92) | 94.44% | 337.46 | 100.00% | 6.78 | 95% | 344.24 |
| April 1, 2021 | | 101.04% | (2,002.37) | 0.00% | - | 0.00% | - | 0% | - |
| **KAPS Mercantile Private Limited** | | | | | | | | | |
| March 31, 2023 | | 0.01% | (0.41) | -0.10% | (0.79) | 0.00% | - | 0% | (0.79) |
| March 31, 2022 | Subsidiary Company | -0.85% | 20.10 | -0.03% | (0.11) | 0.00% | - | 0% | (0.11) |
| April 1, 2021 | | -1.01% | 19.98 | 0.00% | - | 0.00% | - | 0% | - |
| **Consolidation Adjustments / Eliminations** | | | | | | | | | |
| March 31, 2023 | | -0.02% | 0.47 | 0.18% | 1.40 | 0.00% | - | 0% | 1.40 |
| March 31, 2022 | | 0.82% | (19.43) | 5.60% | 20.00 | 0.00% | - | 5% | 20.00 |
| April 1, 2021 | | -0.03% | 0.57 | 0.00% | - | 0.00% | - | 0% | - |
| **March 31, 2023** | | **100.00%** | **(2,813.43)** | **100.00%** | **775.07** | **100.00%** | **0.10** | **100.00%** | **775.17** |
| **March 31, 2022** | **Total** | **100.00%** | **(2,357.25)** | **100.00%** | **357.35** | **100.00%** | **6.78** | **100.00%** | **364.13** |
| **April 1, 2021** | | **100.00%** | **(1,981.82)** | **0.00%** | **-** | **0.00%** | **-** | **0.00%** | **-** |

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

## 40 Financial instruments
### 40.1 Capital Management

The Group's objective when managing capital is to safeguard its ability to continue as going concern so that the Group 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 Group consists of total equity (Refer note no. 16 and 17) and net debt (Refer note no. 18 and 15).

The Group'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 Group'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 | 1,542.48 | 1,474.10 |
| Less: cash and bank balances | (81.35) | (506.54) | (252.48) |
| **Net Debt (I)** | **1,837.79** | **1,035.94** | **1,221.62** |
| **Total equity (II)** | 2,813.51 | 2,357.26 | 1,981.78 |
| **Net debt to equity ratio (I/II)** | 65.32% | 43.95% | 61.64% |

**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 |
|---|---|---|---|
| **Financial assets** | | | |
| **Measured at amortised cost*** | | | |
| (a) Investments | - | - | - |
| (b) Trade receivables | 1,373.11 | 1,235.87 | 1,224.24 |
| (c) Cash and cash equivalents | 81.35 | 506.54 | 252.48 |
| (d) Other bank balances | 7.72 | 7.52 | 7.20 |
| (e) Other financial assets | 207.13 | 186.00 | 174.31 |
| **Financial liabilities** | | | |
| **Measured at fair value through profit or loss (FVTPL) (mandatorily measured)** | | | |
| (a) Liability for share-based payments | 9.02 | 18.02 | 6.72 |
| **Measured at amortised cost** | | | |
| (a) Borrowings | 100.79 | 134.64 | 152.27 |
| (b) Lease liabilities | 1,818.35 | 1,407.84 | 1,321.83 |
| (c) Trade payables | 424.68 | 366.51 | 346.92 |
| (d) Other financial liabilities | 378.67 | 327.06 | 291.72 |

At the end of the reporting period, the carrying amount reflected above represents the Group's maximum exposure to credit risk for such Financial assets.
*The fair values of the above financial assets and liabilities approximate their carrying amounts.

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

**40.3 Financial risk management objectives**

Ensuring liquidity is sufficient to meet Group's operational requirements, the Group's management also monitors and manages key financial risks relating to the operations of the Group 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 Group.

**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 Group.

**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 Group.

**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 Group.

**40.3.1.4 Foreign currency risk management**

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

The carrying amounts of the Group’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 |
|---|---|---|---|
| **Assets (INR)** | | | |
| USD | 0.06 | 0.05 | 0.05 |
| HKD | 0.00 | 0.00 | 0.00 |
| SGD | 0.00 | 0.00 | 0.00 |
| **Total** | **0.06** | **0.05** | **0.05** |
| **Liabilities (INR)** | | | |
| USD | - | - | - |
| HKD | - | - | - |
| SGD | - | - | - |
| **Total** | **-** | **-** | **-** |

**Foreign currency sensitivity analysis**

The Group 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 Group'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 |
|---|---|---|---|
| **Profit or (loss)** | | | |
| 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 Group 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 Group through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group 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 Group 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 Group 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.

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

**40.3.3 Liquidity risk management**

The Group 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 Group'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 Group 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 Group may be required to pay.

| Particulars | Weighted average effective interest rate(%) | Upto 1 year | More than 1 year | Total | Carrying Amount |
|---|---|---|---|---|---|
| **As at March 31, 2023** | | | | | |
| **Non-Interest bearing** | | | | | |
| Trade payables | 0.00% | 424.68 | - | 424.68 | 424.68 |
| Other financial liabilities | 0.00% | 23.30 | - | 23.30 | 23.30 |
| **Variable Interest rate instruments** | | | | | |
| 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 |
| **Fixed Interest rate instruments** | | | | | |
| Security Deposit received | 7.58% | - | 355.36 | 355.36 | 355.36 |
| **Total** | | **915.01** | **2,317.46** | **3,232.47** | **2,722.48** |
| **As at March 31, 2022** | | | | | |
| **Non-Interest bearing** | | | | | |
| Trade payables | 0.00% | 366.51 | - | 366.51 | 366.51 |
| Other financial liabilities | 0.00% | 10.60 | - | 10.60 | 10.60 |
| **Variable Interest rate instruments** | | | | | |
| Term loans from bank | 7.45% | 33.24 | 100.80 | 134.04 | 134.04 |
| Loan From Directors | 15.00% | 0.61 | - | 0.61 | 0.61 |
| Lease Liabilities | 8.59% | 391.81 | 1,345.86 | 1,737.67 | 1,407.84 |
| **Fixed Interest rate instruments** | | | | | |
| Security Deposit received | 7.58% | - | 316.46 | 316.46 | 316.46 |
| **Total** | | **802.77** | **1,763.12** | **2,565.89** | **2,236.06** |
| **As at April 1, 2021** | | | | | |
| **Non-Interest bearing** | | | | | |
| Trade payables | 0.00% | 346.92 | - | 346.92 | 346.92 |
| Other financial liabilities | 0.00% | 10.21 | - | 10.21 | 10.21 |
| **Variable Interest rate instruments** | | | | | |
| 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 |
| Loan From Directors | 15.00% | - | 0.61 | 0.61 | 0.61 |
| Lease Liabilities | 8.59% | 342.16 | 1,288.79 | 1,630.95 | 1,321.83 |
| **Fixed Interest rate instruments** | | | | | |
| Security Deposit received | 7.58% | - | 281.51 | 281.51 | 281.51 |
| **Total** | | **716.91** | **1,704.95** | **2,421.86** | **2,112.74** |

Further table below set out the detail of additional undrawn facility that the Group 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 | - | - | - |

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

**41 Ratios**

| Ratio | Heading | March 31, 2023 | March 31, 2022 | % Variance |
|---|---|---|---|---|
| **Current Ratio** | | | | |
| Numerator | Current Assets | 2,876.45 | 2,518.01 | |
| Denominator | Current Liabilities | 957.81 | 839.52 | |
| | | 3.00 | 3.00 | 0.13% |
| **Debt-Equity Ratio (#)** | | | | |
| Numerator | Total Debt | 1,919.14 | 1,542.48 | |
| Denominator | Shareholder's Equity | 2,813.51 | 2,357.26 | |
| | | 0.68 | 0.65 | 4.24% |
| **Debt Service Coverage ratio (#)** | | | | |
| Numerator | Earnings available for debt service | 1,486.92 | 966.67 | |
| Denominator | Debt Service | 643.96 | 510.39 | |
| | | 2.31 | 1.89 | 21.91% |
| **Return on Equity Ratio*** | | | | |
| Numerator | Net Profits after taxes | 775.14 | 357.40 | |
| Denominator | Average Shareholder's Equity | 2,585.38 | 2,169.52 | |
| | | 29.98% | 16.47% | 82.00% |
| **Inventory Turnover Ratio** | | | | |
| Numerator | Revenue from Operations | 4,981.82 | 3,411.72 | |
| Denominator | Average Inventory | 895.70 | 621.73 | |
| | | 5.56 | 5.49 | 1.36% |
| **Trade Receivables Turnover Ratio (@)** | | | | |
| Numerator | Revenue from Operations | 4,981.82 | 3,411.72 | |
| Denominator | Average Accounts Receivable | 1,304.49 | 1,230.06 | |
| | | 3.82 | 2.77 | 37.69% |
| **Trade Payables Turnover Ratio (^)** | | | | |
| Numerator | Total Purchases | 2,596.06 | 1,541.95 | |
| Denominator | Average Trade Payables | 395.60 | 356.72 | |
| | | 6.56 | 4.32 | 51.82% |
| **Net Capital Turnover Ratio** | | | | |
| Numerator | Revenue from Operations | 4,981.82 | 3,411.72 | |
| Denominator | Average Working Capital | 1,798.57 | 1,531.96 | |
| | | 2.77 | 2.23 | 24.38% |
| **Net Profit Ratio (*)** | | | | |
| Numerator | Net Profits after taxes | 775.14 | 357.40 | |
| Denominator | Revenue from Operations | 4,981.82 | 3,411.72 | |
| | | 15.56% | 10.48% | 48.53% |
| **Return on Capital Employed (*)** | | | | |
| Numerator | Earning before interest and taxes | 1,215.60 | 628.75 | |
| Denominator | Average Capital Employed | 4,316.19 | 3,677.81 | |
| | | 28.16% | 17.10% | 64.74% |
| **Return on Investment** | | | | |
| Numerator | Earning before interest and taxes | NA | NA | NA |
| Denominator | Average of Total Investments | | | |

(*) 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.

## 42 Other statutory information

(a) Title deeds of all immovable properties are held in the name of the Group.
(b) The Group has not revalued its Property, Plant and Equipment during the current financial year.
(c) No proceedings have been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibitions Act, 1988 and the rules made thereunder.)
(d) The Group 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 diclosed.
(e) The Group has registered all its charges or satisfaction with Registrar of Companies within the statutory period.
(f) The Group has not been declared wilful defaulter by any bank or financial institution or other lender.
(g) The Group 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 Group (Ultimate beneficiaries)
or
(ii) Provide any guarantee, security or the like to or on behalf of the Ultimate beneficiaries

(h) The Group 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 Group (Ultimate beneficiaries)
or
(ii) Provide any guarantee, security or the like to or on behalf of the Ultimate beneficiaries.

(j) The Group 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 group has complied with the number of layers prescribed under the Companies Act, 2013.
(l) The group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
(m) The Group 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 Group was temporarily disrupted. The Group, as per the guidance of its board is following all precautionary measures for ensuring safety of its staff. The Group has resumed its business activities as and when restrictions were eased and the office is operational effective June 2020. Due to restrictions imposed, the Group was unable to sell its products, however subsequently the Group 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 Group 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 Group has used internal information such as our current contract terms, future volume estimates from the business, continuing support from the Group's shareholders etc. Having reviewed the underlying data and based on current estimates the Group expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The Group will continue to closely monitor any material changes to future economic conditions specially arising out of Covid-19 which may have impact on the Group'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 Group 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.

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

**46 First time adoption of Ind AS**

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

According to Ind AS 101, the first 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 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, 2023 and March 31, 2022.

**46.1 Exemptions and Exceptions Availed**

The accounting policies set out in Note 3 have been applied in preparing the Consolidated 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 Group 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 Consolidated Financial Statements for the year ended March 31, 2023 and March 31, 2022, the Group has provided the depreciation and amortisation based on the estimated useful life of respective years.

The Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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.

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

**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 |
|---|---|---|
| **Total equity (Shareholders' funds) under Previous GAAP** | 2,386.69 | 1,979.83 |
| Business combination under common control | (0.67) | (20.55) |
| **Adjusted Equity under Previous GAAP** | **2,386.02** | **1,959.28** |
| Adjustment on account of transition to Ind AS 116 (leases and security deposits given in accordance with Ind AS 109) | | |
| - 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 |
| **Total equity as per Consolidated Financial Statements** | **2,357.26** | **1,981.78** |

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

| Particulars | As at March 31, 2022 |
|---|---|
| **Profit as reported under Previous GAAP** | 415.43 |
| Adjustment on account of transition to Ind AS 116 (leases and security deposits given in accordance with Ind AS 109) | |
| - 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 |
| **Total Comprehensive Income for the year as per Consolidated Financial Statements** | **364.18** |

**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 Group 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 Consolidated Financial Statements, Ind AS 116 has been applied using the modified approach with effect from April 1, 2021.

Effective April 1, 2021, the Group 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 Group 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 Group 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 ther 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 Group 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 Group 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**
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(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 Group from Private Limited to Public**

Pursuant to resolution passed by the shareholders in the Extraordinary General Meeting dated April 18, 2023 and as approved by Registrar of the Group w.e.f. May 11, 2023 the Group has been converted from Private Limited Group into a Public Limited Group including adoption of new Memorandum of Association and new Articles of Association as applicable to Public Group 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 Group, 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 Group under Credo ESOP 2020 shall be changed accordingly.

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

| | |
|---|---|
| **Kamal Khushlani** | **Poonam Khushlani** |
| (Chairman and Managing Director) | (Whole-time Director) |
| DIN: 00638929 | DIN: 01179171 |
| **Rasik Mittal** | **Sanjay Kumar Mutha** |
| (Chief Financial Officer) | (Company Secretary)<br>(Membership No. 15884) |

Place: Mumbai
Date: June 26, 2023

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

**FORM NO. AOC.1**
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
Financial Year 2022-23

**Part "A": Subsidiaries**

| Sl. No. | Name of the subsidiary | The date since when subsidiary was acquired | Reporting currency | Exchange rate | Share capital | Reserves & surplus | Total assets | Total Liabilities | Investments | Gross Turnover | Profit /(Loss) before taxation | Provision for taxation | Profit / (Loss) after taxation | Proposed Dividend | % of shareholding |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | KAPS Mercantile Private Limited | 28-04-22 | INR | NA | 21.4 | (20.99) | 0.45 | 0.45 | Nil | Nil | (0.78) | 0 | (0.78) | Nil | 100% |

***Part "B": Associates and Joint Ventures***

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Not Applicable

**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**
B 8, MIDC Central Road, Marol, Andheri (E), Mumbai - 400093
Corporate: **www.credobrands.in**
Ecommerce: **www.muftijeans.in**