Deloitte Haskins & Sells LLP

Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of Credo Brands Marketing Limited
(formerly known as Credo Brands Marketing Private Limited**

Report on the Audit of the Special Purpose Standalone Interim Financial Statements

1. Opinion

We have audited the accompanying Special Purpose Standalone Interim Financial Statements of **Credo Brands Marketing Limited** (formerly known as Credo Brands Marketing Private Limited) (the "Company"), which comprise the Standalone Balance Sheet as at June 30, 2023, 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 three month period then ended, and a summary of significant accounting policies and other explanatory information (the "Special Purpose Standalone Interim Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Standalone Interim Financial Statements is prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Special Purpose Standalone Interim Financial Statements.

2. Basis for Opinion

We conducted our audit of the Special Purpose Standalone Interim Financial Statements in accordance with the Standards on Auditing ("SA"s) issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Standalone Interim Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the Special Purpose Standalone Interim Financial Statements under the provisions of the Companies Act, 2013 (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 opinion on the Special Purpose Standalone Interim Financial Statements.

3. Emphasis of Matter

Basis of preparation and restriction on distribution and use

We draw attention to Note 2.1 to the Special Purpose Standalone Interim Financial Statements, which describes the purpose and basis of preparation. The Special Purpose Standalone Interim Financial Statements have been prepared by the Company solely for the purpose of preparation of the special purpose consolidated interim financial statements, which are prepared for the purpose of preparation of restated consolidated financial information as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time (the "ICDR Regulations"), which will be included in the Red Herring Prospectus (the "RHP") and the Prospectus (together referred as the "Offer Documents") in connection with the proposed initial public offering of the Company. As a result, the Special Purpose Standalone Interim Financial Statements may not be suitable for any other purpose. The Special Purpose Standalone Interim Financial Statements cannot be referred to or distributed or included in any offering document other than those referred above or used for any other purpose except with our prior consent in writing. Our report is intended solely for the purpose of preparation of the special purpose consolidated interim financial statements / restated consolidated financial information and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Our opinion is not modified in respect of this matter.

4. Responsibilities of Management and Those Charged with Governance for the Special Purpose Standalone Interim Financial Statements

The Management of the Company is responsible for the preparation and presentation of these Special Purpose Standalone Interim Financial Statements in accordance with the basis of preparation as set out in Note 2.1 to the Special Purpose Standalone Interim Financial Statements for the purpose set out in Emphasis of Matter - "Basis of preparation and restriction on distribution and use" paragraph above.

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 Special Purpose Standalone Interim 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 Special Purpose Standalone Financial Statements by the Board of Directors of the Company, as aforesaid.

In preparing the Special Purpose Standalone Interim Financial Statements, the management of the Company is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Management is also responsible for overseeing the financial reporting process of the Company.

5. Auditor's Responsibilities for the Audit of the Special Purpose Standalone Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Standalone Interim 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 and other pronouncements issued by ICAI 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 Special Purpose Standalone Interim 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 Special Purpose Standalone Interim 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, but not for the purpose of expressing an opinion on the effectiveness of the internal financial control of the Company.

- 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 Company 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 Special Purpose Standalone Interim 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 Special Purpose Standalone Interim Financial Statements, including the disclosures, and whether the Special Purpose Standalone Interim Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Special Purpose Standalone Interim Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose Standalone Interim 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 Special Purpose Standalone Interim Financial Statements.

We communicate with those charged with governance of the Company of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings 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.

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

Joe Pretto
Partner
Membership No. 77491
UDIN: [23077491BGXDAH6186]

Place: Mumbai
Date: October 20, 2023

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

	Particulars	Notes	As at June 30, 2023
A	**ASSETS**		
1	**Non-current assets**		
(a)	Property, plant and equipment	5(a)	659.98
(b)	Right of use asset	5(b)	1,860.12
(c)	Capital work-in-progress	5(c)	-
(d)	Investment Property	6	16.57
(e)	Intangible assets	7	3.39
(f)	Financial assets		
	Investments	8	-
	Other financial assets	9	156.63
(g)	Deferred tax assets (net)	10	198.21
(h)	Non-current tax assets	11	38.80
(i)	Other non-current assets	12	154.02
	Total non-current assets		3,087.72
2	**Current assets**		
(a)	Inventories	13	1,122.61
(b)	Financial assets		
	Investments	8	-
	Trade receivables	14	1,468.22
	Cash and cash equivalents	15	14.49
	Other bank balances	15	7.84
	Other financial assets	9	51.66
(c)	Other current assets	12	171.26
	Total current assets		2,836.08
	Total assets		**5,923.80**
B	**EQUITY AND LIABILITIES**		
1	**Equity**		
(a)	Equity share capital	16	128.60
(b)	Other equity	17	2,770.26
	Total equity		2,898.86
2	**Liabilities**		
	Non-current liabilities		
(a)	Financial liabilities		
	Borrowings	18	59.24
	Lease liabilities	5(b)	1,649.03
	Other financial liabilities	19	366.25
(b)	Provisions	20	40.67
	Total non-current liabilities		2,115.19
	Current liabilities		
(a)	Financial liabilities		
	Borrowings	18	53.71
	Lease Liabilities	5(b)	315.64
	Trade payables	22	
	Total outstanding dues of micro enterprises and small enterprises		62.48
	Total outstanding dues of creditors other than micro enterprises and small enterprises		207.89
	Other financial liabilities	19	16.06
(b)	Provisions	20	29.10
(c)	Current tax liabilities (net)	23	-
(d)	Other current liabilities	21	224.87
	Total current liabilities		909.75
	Total liabilities		3,024.94
	Total equity and liabilities		**5,923.80**
	The accompanying notes form an integral part of the Special Purpose Standalone Financial Statements	1-45	

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: October 20, 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: October 20, 2023

Credo Brands Marketing Limited Mumbai

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

	Particulars	Notes	For the period ended June 30, 2023
1	Revenue from operations	24	1,184.90
2	Other income	25	9.40
3	**Total income (1+2)**		1,194.30
4	**Expenses**		
(a)	Cost of material consumed	26	47.95
(b)	Purchases of stock-in-trade	26	478.41
(c)	Changes in inventories of finished goods and stock-in-trade	27	(6.86)
(d)	Employee benefits expense	28	90.90
(e)	Finance costs	29	53.72
(f)	Depreciation and amortization expense	30	145.08
(g)	Other expenses	31	271.99
	Total expenses		**1,081.19**
5	**Profit before tax (3-4)**		113.11
6	**Tax expense**		
	Current tax	32	27.30
	Short/(Excess) provision of income tax in relation to earlier years		(4.46)
	Deferred Tax charge/(credit)	10	4.53
	Total tax expense		**27.37**
7	**Profit for the period (5-6)**		85.74
8	**Other comprehensive income**		
A	**Items that will not be reclassified to profit or loss**		
	Re-measurement gain/(loss) on defined benefit liability		(1.02)
	Tax related to above item		0.26
			(0.76)
	Total comprehensive income for the period (net of tax)		**(0.76)**
9	**Total restated comprehensive income for the period (7+8)**		**84.98**
	Earnings per share face value of ₹2 each fully paid up		
	Basic earnings per share (in Rs.)	35	
	Diluted earnings per share (in Rs.)	35	

The accompanying notes form an integral part of the Special Purpose Standalone Financial Statements — 1-45

As per our report of even date attached
For Deloitte Haskins & Sells LLP
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Rasik Mittal
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Sanjay Kumar Mutha
(Company Secretary)
(Membership No. 15884)

Place: Mumbai
Date: October 20, 2023

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

	Particulars	For the period ended June 30, 2023
A.	**Cash flows from operating activities**	
	Profit before tax	113.11
	Adjustments for :	
	Depreciation and amortization expenses	145.08
	Interest income on financial assets	(3.11)
	Rental income on investment property	(1.11)
	Finance cost	45.99
	Profit / Loss on property, plant and equipment sold / scrapped / written off	(0.02)
	Allowance for expected credit loss and doubtful deposits	2.03
	Gain on termination of leases (Net)	(0.57)
	Share based payments to employees	0.30
	Operating cash flows before working capital changes	301.70
	Working capital adjustments :	
	Decrease/ (increase) in inventories	11.42
	Decrease/ (increase) in trade receivables	(97.43)
	Decrease/ (increase) in other financial assets	2.09
	Decrease/ (increase) in other current assets	28.67
	Decrease/ (increase) in non-current assets	(8.93)
	(Decrease)/ increase in trade payables	(154.30)
	(Decrease)/ increase in other current liabilities	103.01
	(Decrease)/ increase in other financial liabilities	(6.09)
	(Decrease)/ increase in provisions	4.75
	Cash generated from operations	184.89
	Less: Income tax paid (net)	(45.54)
	Net cash generated from operating activities (A)	**139.35**
B.	**Cash flows from investing activities**	
	Purchase of property, plant and equipment (including capital work-in-progress and capital advances)	(91.38)
	Proceeds from sale of property, plant and equipment	0.03
	Loans given	-
	Repayment of loans given	-
	Interest received on loans	-
	Sale of current investments	-
	Proceeds from sale of investments	-
	Purchase of Investments	-
	Earmarked deposits placed with banks	-
	Investment made in Subsidiary	-
	In demand deposit accounts - Having maturity more than 3 months	4.11
	Interest income on financial assets	(0.24)
	Rental income on investment property	1.11
	Net cash used in investing activities (B)	**(86.37)**
C.	**Cash flows from financing activities**	
	Proceeds from Short term borrowings	20.47
	Repayment of Short term borrowings	(8.31)
	Repayment of lease liabilities	(119.22)
	Interest paid	(8.52)
	Net cash used in financing activities (C)	**(115.58)**
	Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)	**(62.60)**
	Cash and cash equivalent at the beginning of the period	**77.09**
	Cash and cash equivalents at the end of the period	**14.49**
	Cash and cash equivalents as above comprises of the following	
	Cash in hand	7.48
	Balances with bank	
	In current accounts	7.01
	In demand deposit accounts - Having maturity less than 3 months	-
	Total cash and cash equivalents (Refer note no. 15)	**14.49**

Credo Brands Marketing Limited Mumbai

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

Notes:
Reconciliation of liabilities from financing activities for the period ended June 30, 2023

Particulars	Opening Balance	Additions of Lease Liabilities	Proceeds	Repayment	Closing Balance
Borrowings	100.79	-	20.47	(8.31)	112.95
Lease liabilities	1,818.35	265.55	-	(119.22)	1,964.67
Total liabilities from financing activities	1,919.14	265.55	20.47	(127.53)	2,077.62

The accompanying notes form an integral part of the Special Purpose 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: October 20, 2023

Credo Brands Marketing Limited
Mumbai

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: October 20, 2023

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

(A) Equity share capital

	No. of shares	Amount
Balance as at March 31, 2023	32,15,094.00	32.15
Changes in equity share capital during the period on account of bonus shares.	96,45,282.00	96.45
Changes in equity share capital during the period on account of split of shares.	5,14,41,504.00	-
Balance as at June 30, 2023	6,43,01,880.00	128.60

(B) Other equity

Particulars	Reserve and surplus			
	Securities premium	Retained earnings	Share option outstanding account	Total
Balance as at March 31, 2023	**159.14**	**2,613.27**	**9.02**	**2,781.43**
Recognition of share based payments	-	-	0.30	0.30
Profit for the period	-	85.74	-	85.74
Utilisation on issue of Bonus Shares	(96.45)	-	-	(96.45)
Re-measurement of defined benefit plan (net of tax)	-	(0.76)	-	(0.76)
Balance as at June 30, 2023	**62.69**	**2,698.25**	**9.32**	**2,770.26**

The accompanying notes form an integral part of the Standalone Financial Statements 1-45

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: October 20, 2023

Credo Brands Marketing Limited Mumbai

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

Kamal Khushlani
(Chairman and Managing Director)
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Rasik Mittal
(Chief Financial Officer)

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

Place: Mumbai
Date: October 20 2023

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 Purpose and Basis of Preparation

The Special Purpose Standalone Interim Financial Statements of the Company comprises the Standalone Balance Sheet as at June 30, 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 three month period then ended and a summary of significant accounting policies and other **explanatory information (together referred to as the "Special Purpose Standalone Interim Financial Statements").**

The Special Purpose Standalone Interim Financial Statements have been prepared in accordance with the recognition and measurement principle of Indian Accounting Standard 34 **"Interim** Financial **Reporting" ("Ind** AS **34")** 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. The accounting policies adopted for the preparation of the Special Purpose Standalone Interim Financial Statements are consistent with those used for the preparation of annual financial statements for the year ended March 31, 2023. The Special Purpose Standalone Interim Financial Statements do not include the comparative financial information and disclosures.

The Special Purpose Standalone Interim Financial Statements have been prepared by the Company for the purpose of preparation of the Special Purpose Consolidated Interim Financial Statements, which are prepared for the purpose of preparation of Restated Consolidated Financial Information as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time ("ICDR Regulations") for the purpose of inclusion in the Red Herring Prospectus **("RHP")** and Prospectus (Collectively, the **"Offer Documents")** in connection with the proposed initial public offer of the Company. As a result, the Special Purpose Standalone Interim Financial Statements may not be suitable for any another purpose.

These Special Purpose Standalone Interim Financial Statements have been approved by the Board of Directors of the Company on October 20, 2023.

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

Credo Brands Marketing Limited
Mumbai

(All amounts in Millions, unless otherwise stated)

2.2 Functional and Presentation Currency

The Special Purpose Standalone Interim Financial Statements are measured using the currency of the primary economic environment in which the entity operates **('the** functional **currency').** The Special Purpose Standalone Interim 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 Special Purpose Standalone Interim Financial Statements.

2.3 Current and non-current classification

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

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

A liability is current when:

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

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

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

2.4 Property, Plant & Equipment

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

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

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

2.4.1 Depreciation method, estimated useful lives and residual value

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

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

Leasehold improvements are amortised on a straight line basis over lease term or 5 years whichever is less.
Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively.

2.4.2 Derecognition

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

Credo Brands Marketing Limited Mumbai

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.

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2.8 Leases

The Companys'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 Special Purpose 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 Special Purpose Standalone 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 Special Purpose Standalone Statements of profit and loss.

(ii) Where the Company is the lessor

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

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2.9 Inventories

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

2.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

2.11 Provisions and contingencies

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

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

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

2.12 Financial instruments

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

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

2.13 Financial assets

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

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

2.13.1 Classification of financial assets

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL), and
- those measured at amortised cost.

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

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

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

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2.13.2 Subsequent Measurement

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

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

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

2.13.3 Impairment of financial assets

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

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

(b) Trade receivables.

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

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

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

2.13.4 Derecognition of financial assets

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

2.14 Financial liabilities and equity instruments

2.14.1 Classification of debt or equity

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

2.14.2 Equity instruments

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

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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

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 Special Purpose Standalone Interim 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 Special Purpose Standalone Interim Financial Statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy. Fair values have been determined for measurement and / or disclosure purpose using methods as prescribed in "Ind AS 113 Fair Value Measurement".

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2.18 Revenue recognition

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

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

2.18.1 Sale of goods

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

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

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

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

The transfer of control of promised goods as above, generally coincides with the delivery of goods to customers.
- For business partner acting as principal, revenue is recognised upon sale to business partner.
- For business partner acting as agent, revenue is recognised once goods are sold by business partner to end customers.

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

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

The Company operates a loyalty programme through which retail customers accumulate points on purchases of apparels that entitle them to discounts on future purchases. These points provide a discount to customers that they would not receive without purchasing the apparels (i.e. it is a material right). The promise to provide the discount to the customer is therefore a separate performance obligation. The transaction price is allocated between the sale of 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.

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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.

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2.22 Taxation

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

2.22.1 Current tax

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

2.22.2 Deferred tax

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

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

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

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

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

2.22.3 Current and deferred tax for the year

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

2.23 Segment Reporting

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

2.24 Earnings per share

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

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3 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On June 30, 2023, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

4 Use of estimates and critical accounting judgements

The preparation of Financial Statement 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 Statement are disclosed below.

4.1 Property, plant and equipment and Intangible assets

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

4.2 Leases

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

4.3 Inventories

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

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4.4 Employee benefits

The cost of the defined 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.

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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 March 31, 2023	**94.45**	**20.48**	**457.34**	**260.28**	**29.15**	**15.22**	**876.92**
	Additions	14.78	1.43	44.47	25.79	-	0.31	86.78
	Disposals / adjustments	-	-	(0.03)	-	-	-	(0.03)
	Balance as on June 30, 2023	**109.23**	**21.91**	**501.78**	**286.07**	**29.15**	**15.53**	**963.67**
II.	**Accumulated Depreciation**							
	Balance as on March 31, 2023	**29.25**	**9.96**	**141.13**	**71.04**	**7.65**	**2.05**	**261.08**
	Depreciation expense	5.61	1.27	23.78	10.32	1.27	0.38	42.63
	Disposals / adjustments	-	-	(0.02)	-	-	-	(0.02)
	Balance as on June 30, 2023	**34.86**	**11.23**	**164.89**	**81.36**	**8.92**	**2.43**	**303.69**
III.	**Net Carrying Value (I-II)**							
	Balance as on March 31, 2023	**65.20**	**10.52**	**316.21**	**189.24**	**21.50**	**13.17**	**615.84**
	Balance as on June 30, 2023	**74.37**	**10.68**	**336.89**	**204.71**	**20.23**	**13.10**	**659.98**

Notes:

(i) Property, plant and equipment (excluding vehicles) have been pledged against secured term loan and cash credit facility (Refer note no. 18)

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5(b) Right of Use Asset

	Particulars	Building
I.	**Gross Carrying Value**	
	Balance as on March 31, 2023	**2,452.92**
	Additions	236.70
	Deletions	(139.47)
	Balance as on June 30, 2023	**2,550.15**
II.	**Accumulated Depreciation**	
	Balance as on March 31, 2023	**721.65**
	Depreciation expense	101.98
	Deletions	(133.60)
	Balance as on June 30, 2023	**690.03**
III.	**Net Carrying Value**	
	Balance as on March 31, 2023	**1,731.27**
	Balance as on June 30, 2023	**1,860.12**

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

Particulars	As at June 30, 2023
Current lease liability	315.64
Non Current lease liability	1,649.03
Total	**1,964.67**

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 period :

Particulars	As at June 30, 2023
Balance at the beginning of the period	1,818.35
Additions/modifications	232.87
Deletions	(4.79)
Finance cost on lease liabilities (Refer note no. 29)	37.46
Lease rentals paid	(119.22)
Balance as at the end of the period	**1,964.67**

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

Particulars	For the period ended June 30, 2023
Less than one year	453.91
One to five years	1,400.38
More than five years	678.85
Total	**2,533.14**

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.

(iv) Impact on statement of profit and loss

Particulars	For the period ended June 30, 2023
Interest on lease liabilities	37.46
Depreciation on right of use assets	101.98
Expenses relating to short-term leases	-
Expenses relating to variable leases	8.12
Expenses relating to low value leases	0.57
Others	0.77

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5(c) Capital work in progress

Particulars	Leasehold Improvement	Total
Balance as on March 31, 2023	**2.08**	**2.08**
Additions	-	-
Transfer to Property, plant and equipment	(2.08)	**(2.08)**
Balance as on June 30, 2023	-	-

Capital work-in-progress ageing schedule for the period ended June 30, 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	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-

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6 Investment Property

Particulars	As at June 30, 2023
Gross carrying value	
Opening gross carrying amount	17.42
Additions	-
Deletion	-
Closing gross carrying value	**17.42**
Accumulated depreciation	
Opening accumulated depreciation	0.76
Depreciation charge (Refer note no. 30)	0.09
Closing accumulated depreciation	**0.85**
Net carrying value	**16.57**

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

Particulars	For the period ended June 30, 2023
Rental income (Refer note no. 25)	1.11
Direct operating expenses from property that generated rental income	-
Profit/(Loss) from investment properties before depreciation	**1.11**
Depreciation charge (Refer note no. 30)	(0.09)
Profit/(Loss) from investment properties	**1.02**

(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 period ended June 30, 2023
Less than one year	4.52
One to five years	9.94
More than five years	-
	14.46

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

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

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

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7 Intangible Assets

	Particulars	Trade Mark & Brands	Software	Total
I.	**Gross Carrying Value**			
	Balance as on March 31, 2023	1.95	3.09	5.04
	Additions	-	-	-
	Disposals / adjustments	-	-	-
	Balance as on June 30, 2023	1.95	3.09	5.04
II.	**Accumulated Amortisation**			
	Balance as on March 31, 2023	1.06	0.22	1.28
	Amortisation expense	0.12	0.25	0.37
	Disposals / adjustments	-	-	-
	Balance as on June 30, 2023	1.18	0.47	1.65
III.	**Net Carrying Value (I-II)**			
	Balance as on March 31, 2023	0.89	2.87	3.76
	Balance as on June 30, 2023	0.77	2.62	3.39

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8 Non-current investments

Particulars	As at June 30, 2023	
	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	-	-
Less: Impairment in value of investment in subsidiary	-	-
Total	-	-

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9 Other financial assets

Particulars	As at June 30, 2023
(Unsecured, considered good)	
Non-current	
Security deposits paid	156.63
	156.63
(Unsecured, considered doubtful)	
Non-current	
Security deposits paid	9.15
Less: Allowance for doubtful security deposit	(9.15)
	-
Total	156.63
(Unsecured, considered good)	
Current	
(a) Security deposits paid	51.41
(b) Accrued interest on bank deposits	0.25
	51.66
Total	51.66

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10 Deferred tax assets

Particulars	As at June 30, 2023
Deferred tax assets (a)	670.95
Deferred tax liabilities (b)	(472.74)
Deferred tax assets (net) (a-b)	198.21

Deferred tax assets / (liabilities) in relation to:

	Particulars	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
	As at June 30 2023				
i)	**Deferred tax assets in relation to:**				
	Property, plant and equipment	101.55	(19.98)	-	81.57
	Leases (net)	457.65	36.82	-	494.47
	Security deposits paid	13.11	(0.21)	-	12.90
	Employee benefits	15.01	1.15	0.26	16.42
	Doubtful debts	23.46	0.51	-	23.97
	Loyalty points	4.67	0.08	-	4.75
	Revenue reversal - goods sold on sale or return basis	26.01	9.86	-	35.87
	GST Input Tax Credit	1.13	(0.13)	-	1.00
	Total	**642.59**	**28.10**	**0.26**	**670.95**
ii)	**Deferred tax liabilities in relation to:**				
	Intangible assets	0.04	0.23	-	0.27
	Investment property	3.14	0.09	-	3.23
	Leases (net)	424.33	32.60	-	456.93
	Security deposits paid	12.56	(0.25)	-	12.31
	Total	**440.07**	**32.67**	**-**	**472.74**
	Deferred tax assets (net)	**202.52**	**(4.57)**	**0.26**	**198.21**

Note:
The Company has recognised deferred tax assets (net) amounting to Rs. 198.21 Millions as at June 30, 2023 (As at March 31, 2023 : Rs. 202.52 Millions), consistent with applicable Indian Accounting Standard as it is considered probable that future taxable profits will be available.

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11 Non-current tax assets

Particulars	As at June 30, 2023
Income Tax Assets (net of provision for tax)	38.80
Total	**38.80**

12 Other assets
(Unsecured, considered good)

	Particulars	As at June 30, 2023
	Non-current	
(a)	Capital advances	15.24
(b)	Balance with government authorities (Goods and Services tax input receivable)	134.36
(c)	Prepayments	0.10
(d)	Prepayments - Security deposits	4.32
	Total	**154.02**
	Current	
(a)	Advances to employees	4.40
(b)	Prepayments	71.23
(c)	Prepayments - Security deposits	0.02
(d)	Advances to suppliers	12.84
(e)	Right to return good assets (Refer note (i) below)	63.41
(f)	Other advances (Refer note (iii) below)	19.36
	Total	**171.26**

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 June 30, 2023, share issue expense of Rs. 19.36 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).

13 Inventories (Lower of cost and net realisable value)

Particulars	As at June 30, 2023
Raw materials	42.41
Raw materials - In Transit	0.02
Finished goods	1,066.55
Finished goods - In Transit	13.63
Total	**1,122.61**

(i) The cost of inventories recognised as an expense is Rs. 519.50 Millions for the period ended June 30, 2023 (for the year ended March 31, 2023 Rs. 2,119.41 Millions).

(ii) The cost of inventories recognised as an expense on account of write-down of inventory is Rs. 2.67 Millions for the period ended June 30, 2023 (for the year ended March 31, 2023 Rs. 25.62 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)

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14 Trade receivables

Particulars	As at June 30, 2023
Current	
Unsecured, considered good	1,468.22
unsecured, considered doubtful	86.08
	1,554.30
Less: Allowance for doubtful debts (expected credit loss allowance)	(86.08)
Total	**1,468.22**

Note:

(i) Movement in expected credit loss allowance

Particulars	For the period ended June 30, 2023
Balance as at the beginning of the period	84.04
Add: Provided / (Reversal) during the year	2.04
Less: Amount Written off	-
Balance as at the end of the period	**86.08**

(ii) Age of receivables

Particulars	As at June 30, 2023
Less than 180 days	1,322.88
More than 180 days	231.43
Provided / (Reversal) during the period	(86.08)

(iii) Ageing wise % of expected credit loss allowance

Particulars	As at June 30, 2023
Less than 180 days	0%
More than 180 days	100%

(iv) Trade receivable ageing:
Outstanding for following periods from date of transaction

Particulars	As at June 30, 2023
(a) Undisputed Trade Receivables-considered good	
Not due	-
Less than 6 months	1,322.88
6 months - 1 year	100.83
1-2 years	42.68
2-3 years	1.83
More than 3 years	-
Sub-total	**1,468.22**
(b) Undisputed trade receivables which have significant increase in credit risk	
Not due	-
Less than 6 months	-
6 months - 1 year	0.98
1-2 years	65.67
2-3 years	3.26
More than 3 years	16.17
Total	**86.08**
Less: Allowance for doubtful trade receivables (expected credit loss allowance)	(86.08)
Total	**1,468.22**

(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.

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15 Cash and cash equivalents

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

Particulars	As at June 30, 2023
Cash on hand	7.48
Balance with Banks	
In current accounts	7.01
Other bank balances	
In earmarked deposit accounts	7.84
Total	**22.33**

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

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16 Equity share capital

Particulars	As at June 30, 2023	
	Number	Amount
Authorised share capital		
Equity share capital		
Equity Shares of Rs. 2 each with voting rights (Refer note below)	7,00,00,000	140.00
Total	**7,00,00,000**	**140.00**
Issued share capital		
Equity Shares of Rs. 2 each with voting rights (Refer note below)	6,43,01,880	128.60
Total	**6,43,01,880**	**128.60**
Subscribed and Paid-up share capital		
Equity Shares of Rs. 2 each with voting rights (Refer note below)	6,43,01,880	128.60
Total	**6,43,01,880**	**128.60**

(i) The Authorized Share Capital of the Company was increased from Rs. 50 Million (consisting of 50,00,000 equity shares of face value of ₹ 10 each) to Rs. 140 Million (consisting of 7,00,00,000 equity shares of face value of ₹ 2 each) through an ordinary resolution passed by the Shareholders of the Company in Extra Ordinary General Meeting of Company held on April 23, 2023.

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

Particulars	For the period ended June 30, 2023	
	Number	Amount
Equity shares with voting rights		
At the beginning of the period	32,15,094	32.15
Add: Shares issued during the period	-	-
Add: Issued on account of bonus shares during the period (Refer note 16 f)	96,45,282	96.45
Add: Issued on account of split of shares during the period (Refer note 16 g)	5,14,41,504	-
At the end of the period	**6,43,01,880**	**128.60**

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

Class of shares / Name of the shareholder	As at June 30, 2023	
	Number of shares held	% holding in that class of shares
Equity shares with voting rights		
Mrs. Poonam Khuslani	1,81,64,380	28.25%
Mr. Kamal Khuslani	2,22,60,420	34.62%
M/s. Bennett, Coleman & Company Limited	60,00,000	9.33%
M/s. Bella Properties Private Limited	50,31,260	7.82%

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

Class of shares / Name of the shareholder	As at June 30, 2023	
	Number of shares held	% holding in that class of shares
Equity shares with voting rights		
Mrs. Poonam Khuslani	1,81,64,380	28.25%
(Percentage change during the period)		0.00%
Mr. Kamal Khuslani	2,22,60,420	34.62%
(Percentage change during the period)		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 June 30, 2023	
	Number	Amount
Equity Shares of Rs. 2 each with voting rights (Refer note no. 16 g)	7,00,180	1.40

e. Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 2 each (Refer note no. 16 g). 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.

f. 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.

g. 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.

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17 Other equity

Particulars	As at June 30, 2023
Securities Premium	62.69
Share option outstanding account	9.32
Retained earnings	2,698.25
Total	**2,770.26**

(i) Securities Premium

Particulars	As at June 30, 2023
Balance as at beginning of the period	159.14
Issue of shares	(96.45)
Balance as at end of the period	**62.69**

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 June 30, 2023
Balance as at beginning of the period	9.02
Recognition of share based payments	0.30
Balance as at end of the period	**9.32**

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 June 30, 2023
Balance as at beginning of the period	2,613.27
Add: Profit for the period	85.74
Add: Other comprehensive income / (loss) arising from remeasurement of defined benefit obligation (net of income tax)	(0.76)
Balance as at end of the period	**2,698.25**

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

18 Borrowings

Particulars	As at June 30, 2023
Secured - at amortised cost	
Non-current borrowings	
(a) Term loans from bank (Refer note 1 below)	59.24
Total	**59.24**
Current borrowings	
(a) Current maturities of long-term borrowings (secured)	
Term loans from bank (Refer note 1 below)	33.24
	33.24
(b) Other Borrowings	
Cash credit from bank (Refer note 2 below)	20.47
	20.47
Total	**53.71**

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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 June 30, 2023
Interest rate	8.60%

1.2 Repayment terms

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

Repayable in	As at June 30, 2023
2023-2024	24.93
2024-2025	33.24
2025-2026	34.31
Total	**92.48**

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 Cash credit facility

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

19 Other financial liabilities (carried at amortised cost)

Particulars	As at June 30, 2023
Non-Current	
(a) Security deposits received	366.25
Total	**366.25**
Current	
(b) Creditors for capital goods	9.94
(c) Interest accrued but not due on borrowings	0.65
(d) Interest accrued and due on security deposits	5.47
Total	**16.06**

20 Provisions

Particulars	As at June 30, 2023
Non-Current	
Provision for employee benefits:	
Provision for gratuity (Refer note no. 36)	40.67
Total	**40.67**
Current	
Provision for employee benefits:	
Provision for compensated absences	5.32
Provision for gratuity (Refer note no. 36)	4.91
Other provisions	
Provision for loyalty points	18.87
Total	**29.10**

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Customer Loyalty Points

Particulars	As at June 30, 2023
As at the beginning of the period	18.54
Deferred during the period	18.87
Released to the statement of Profit and Loss	(18.54)
As at the end of the period	**18.87**

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.

21 Other liabilities

Particulars	As at June 30, 2023
Current	
(a) Advances from customers	16.86
(b) Statutory dues	31.63
(c) Refund liability for expected sales return (Refer note below)	176.38
Total	**224.87**

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 June 30, 2023
(i) Total outstanding dues of micro enterprises and small enterprises	62.48
	62.48
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	164.05
(iii) Accrued payroll	43.84
	207.89
Total	**270.37**

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 June 30, 2023
(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period	
Principal	61.79
Interest	0.08
(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 period;	-
(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	0.61
(d) The amount of interest accrued and remaining unpaid at the end of accounting period; and	0.69
(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.	0.01

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

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(iii) Trade payable analysis

Outstanding for following periods from date of transaction

	Particulars	As at June 30, 2023
(a)	**Undisputed dues**	
	Micro, small and medium enterprises	
	Not due	-
	Less than 1 year	62.48
	1-2 years	-
	2-3 years	-
	More than 3	-
		62.48
	Others	
	Not due	-
	Less than 1 year	160.74
	1-2 years	1.19
	2-3 years	0.32
	More than 3	1.80
		164.05
	Total	**226.53**

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

23 Current tax liabilities/(assets)

Particulars	As at June 30, 2023
Income tax liability (net of advance tax and tax deduted at source)	-
Total	**-**

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24 Revenue from operations

Particulars	For the period ended June 30, 2023
Sale of Products	1,184.90
Total	**1,184.90**

Reconciliation of revenue recognised with contract price :

Particulars	For the period ended June 30, 2023
Revenue from sale of products (gross) at contract price	1,340.77
Less:	
Provision for Sales Return	(68.07)
Customer Loyalty Points & Gift Vouchers	(7.00)
Discount	(80.80)
Net revenue from sale of products	**1,184.90**

25 Other income

	Particulars	For the period ended June 30, 2023
(a)	Interest received	
	Financial assets measured at amortised cost	
	Bank deposits	0.12
	Security deposits	2.99
	Others	2.83
(b)	Other gains and losses	
	Rental income (Refer note no. 6 (i))	1.11
	Profit on sale of asset	0.02
	Discount received	1.64
	Gain on termination of leases (Net)	0.57
	Miscellaneous income	0.12
	Total	**9.40**

26 Cost of materials consumed

	Particulars	For the period ended June 30, 2023
(a)	Opening stock (including Goods-in-transit)	60.71
	Add: Purchase of Raw Materials	29.67
		90.38
	Less: Closing stock (including Goods-in-transit)	(42.43)
	Total (a)	47.95
(b)	Purchases of stock-in-trade	478.41
	Total	**526.36**

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

	Particulars	For the period ended June 30, 2023
(a)	Closing stock	
	Finished goods and stock-in-trade	1,080.18
		1,080.18
(b)	Opening stock	
	Finished goods and stock-in-trade	1,073.32
		1,073.32
	Total	**(6.86)**

28 Employee benefits expense

	Particulars	For the period ended June 30, 2023
(a)	Salaries and wages	85.52
(b)	Share based payments to employees (Refer note no. 37)	0.30
(c)	Contribution to provident and other funds	0.92
(d)	Gratuity expenses (Refer note no. 36)	1.75
(e)	Staff welfare expenses	2.41
	Total	**90.90**

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29 Finance costs

	Particulars	For the period ended June 30, 2023
(a)	Interest expenses for financial liabilities (classified at amortised cost)	
	Borrowings	2.67
	Trade payables	0.69
	Security deposits	5.86
(b)	Interest on lease liabilities (Refer note no. 37)	37.46
(c)	Interest on delayed payment of taxes	0.00
(d)	Others	7.04
	Total	**53.72**

30 Depreciation and amortisation expense

	Particulars	For the period ended June 30, 2023
(a)	Depreciation on property, plant and equipment (Refer note no. 5(a))	42.63
(b)	Depreciation on right of use assets (Refer note no. 5(b))	101.98
(c)	Depreciation on investment properties (Refer note no. 6)	0.09
(d)	Amortisation of intangible assets (Refer note no. 7)	0.38
	Total	**145.08**

31 Other expenses

	Particulars	For the period ended June 30, 2023
(a)	Power and fuel	4.32
(b)	Rent (Refer note no. 5)	15.87
(c)	Repair and maintenance	1.72
(d)	Insurance expenses	2.53
(e)	Rates and taxes	3.79
(f)	Communication	1.91
(g)	Travelling and conveyance	11.35
(h)	Printing and stationery	0.89
(i)	Freight charges	9.14
(j)	Sales commission and brokerage	43.62
(k)	Advertisement and sales promotion	51.41
(l)	Legal and professional	9.37
(m)	Payments to auditors (Refer note below)	2.50
(n)	Expenditure on corporate social responsibility	10.00
(o)	Computer and Software Charges	3.47
(p)	Labour charges	1.17
(q)	Security charges	1.78
(r)	Store Expenses	20.62
(s)	Courier Charges	1.84
(t)	Manpower Expenses	70.92
(u)	Allowance for expected credit loss	2.03
(v)	Miscellaneous expenses	1.74
	Total	**271.99**

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

	Particulars	For the period ended June 30, 2023
	To Statutory auditors for:	
(a)	For Audit	2.50
	Total	**2.50**

32 Tax expense

(i) Income tax recognised in Special Purpose Standalone statement of profit or loss

	Particulars	For the period ended June 30, 2023
(a)	Current tax	27.30
(b)	Short/(Excess) provision of income tax in relation to earlier years	(4.46)
(c)	Deferred Tax charge/(credit)	4.53
	Total	**27.37**

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32 Tax expense

(i) Income tax recognised in Special Purpose Standalone statement of profit or loss

	Particulars	For the period ended June 30, 2023	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Current tax	27.30	309.05	187.38	50.01
(b)	Short/(Excess) provision of income tax in relation to earlier years	(4.46)	(1.42)	(6.52)	(6.16)
(c)	Deferred Tax charge/(credit)	4.53	(44.65)	(59.93)	(38.18)
	Total	**27.37**	**262.98**	**120.93**	**5.67**

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

Particulars	For the period ended June 30, 2023	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before tax	113.12	1,038.12	478.33	40.08
Tax Rate	25.17%	25.17%	25.17%	25.17%
Income tax expense calculated	28.47	261.27	120.39	10.09
Adjustment				
Expense that are not deductible in determining taxable profit	2.61	3.68	2.00	1.46
Short/(Excess) provision of income tax of earlier years	(4.46)	(1.42)	(6.52)	(6.16)
Others	0.73	(0.55)	5.06	0.28
	(1.12)	1.71	0.54	(4.42)
Income tax expense recognised in Special Purpose Standalone Statement of Profit or Loss	**27.35**	**262.98**	**120.93**	**5.67**

(iii) Income tax recognised in other comprehensive income

Particulars	For the period ended June 30, 2023	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Deferred tax arising on expense recognised in other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurement of the defined benefit plans	(0.26)	0.03	2.28	1.67
Total	**(0.26)**	**0.03**	**2.28**	**1.67**

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

	Particulars	For the period ended June 30, 2023	For the year ended March 31, 2023	For the year ended March 31, 2023	For the year ended March 31, 2023
A.	**Contingent Liabilities**				
	Claims against the Group not acknowledged as debts				
	Demand raised by income tax authorities	4.00	4.00	4.38	-
	Bonus liablity for the FY 2014-15 pending settlement with judiciary authorities	3.87	3.87	3.87	3.87
	Claims against Group not acknowledged as debt	3.71	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 (i) below)	18.03	11.12	11.66	4.39

Note:

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

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

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34 Segment Reporting

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

There are no material individual markets outside India and hence the same is not disclosed for geographical segments for the segment revenues or results or assets. During the period ended June 30, 2023, 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 period ended June 30, 2023
Basic earnings per share	
Profit for the period (A)	**85.74**
Weighted Number of equity shares at the end of the period	6,43,01,880
Add: Bonus shares issued (Refer note (i) below)	-
Add: Shares increased on account of sub-division (Refer note (ii) below)	-
Weighted average number of shares outstanding during the period for Basic EPS (B)	**6,43,01,880**
Basic earnings per share in Rs. (C=A/B)	**1.33**
Diluted earnings per share	
Profit for the period (A)	**85.74**
Weighted average number of shares outstanding during the period for Basic EPS	6,43,01,880
Add: Weighted average number of potential equity shares	-
Weighted average number of equity shares for Diluted EPS (B)	**6,43,01,880**
Diluted earnings per share in Rs. (C=A/B)	**1.33**

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.

(iii) The Company has issued 1,20,000 shares options to Mr. Sanjay Mutha (Company Secretary) under the ESOP Scheme 2020 pursuant to resolution passed at the Nomination and Remuneration Committee Meeting dated August 14, 2023, however they have not been considered for the purpose of calculation of Dilutive earnings per share since the fair valuation of the share is in process.

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36 Employee benefit plans

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

A. Defined Contribution Plan

The Company's contribution to Provident & Other Funds is Rs. 0.89 Millions for the period ended June 30, 2023 (for the year ended March 31, 2023: Rs. 2.96 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 June 30, 2023
(i)	Discount rate(s)	7.28%
(ii)	Expected rate(s) of salary increase	10.00%
(iii)	Mortality table used	IALM (2012-14) Urban
(iv)	Attrition rate	
	Service 1 year and below	35.00% p.a.
	Service 2 years to 3 years	21.00% p.a.
	Service 4 years to 5 years	10.00% p.a.
	Service 6 years & above	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 June 30, 2023
I.	**Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:**	
(i)	Current Service Cost	0.95
(ii)	Past service cost and (gains)/losses from settlements	-
(iii)	Net interest expense	0.80
	Components of defined benefit costs recognised in profit or loss	**1.75**
	Remeasurement on the net defined benefit liability	
(i)	Actuarial (gains)/loss arising form changes in financial assumptions	0.67
(ii)	Actuarial (gains)/loss arising form changes in demographic assumptions	-
(iii)	Actuarial (gains)/loss arising form experience adjustments	0.35
	Components of defined benefit costs recognised in other comprehensive income	**1.02**
	Total	**2.77**

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

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

	Particulars	Gratuity As at June 30, 2023
(i)	Present value of defined benefit obligation	(45.58)
(ii)	Fair value of plan assets	-
(iii)	Surplus	**(45.58)**
(iv)	Current portion of the above	(4.91)
(v)	Non current portion of the above	(40.67)

III. Change in the obligation during the period

Particulars	As at June 30, 2023
Present value of defined benefit obligation at the beqinninq of the period	43.20
Expenses Recognised in Profit and Loss Account	
Current Service Cost	0.95
Past Service Cost	-
Interest Expense (income)	0.80
Recoqnised in Other Comprehensive Income	
Remeasurement gains / (losses)	
Actuarial Gain (Loss) arising from:	
i. Financial Assumptions	0.67
ii. demographic Assumptions	-
iii. Experience Adjustments	0.35
Benefit payments	(0.39)
Present value of defined benefit obligation at the end of the period	**45.58**

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

	Particulars	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
(i)	**Discount rate**			
	As at June 30, 2023	1%	(3.50)	4.04
(ii)	**Salary growth rate**			
	As at June 30, 2023	1%	2.81	(2.66)
(iii)	**Rate of employeee turnover**			
	As at June 30, 2023	1%	(0.36)	0.40

Note:

I. The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, 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 period, which is the same method as applied in calculating the Defined Benefit Obligation as recognised in the balance sheet.

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

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37 Share-based payments

A. Credo ESOP 2020

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

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

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

c. There were no modification to the awards during the period ended June 30, 2023. As at the end of the financial period, details and movement of the outstanding options are as follows:

				As at June 30, 2023
Particulars	**Grant 1**	**Grant 2**	**Grant 3**	**Grant 4**
Options granted under ESOP				
Options outstanding at the beginning of the period	-	92,074.00	37,962.00	10,000.00
Options granted during the period^	-	17,49,406.00	7,21,278.00	1,90,000.00
Options forfeited during the period	-	-	-	-
Options exercised during the period	-	-	-	-
Options expired during the period	-	-	-	-
Options outstanding at the end of the period	-	18,41,480	7,59,240	2,00,000
Options exercisable at the end of the period	-	10,33,420.00	7,53,426.00	76,000.00
Exercise price of the outstanding options (Rs.)	-	31.35	31.35	31.35
Remaining contractual life of the outstanding options (years)	-	7.36	7.36	8.36
Dividend yield (%)	0.00%	0.39%	0.39%	0.39%
Expected Life (Time to Maturity)	-	6.16	6.08	6.50
Risk free interest rate (%)	0.00%	5.58%	5.61%	6.12%
Volatility*	0.00%	15.00%	15.00%	15.00%
Weighted average fair value	-	4.92	4.99	6.25

* 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.

^Options granted during the period pertains to additional options granted upon issuance of bonus and subdivision of shares.

38 Corporate Social Responsibility (CSR)

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

	Particulars	For the year ended June 30, 2023
(a)	Amount required to be spent by the company during the period	10.53
(b)	Amount of expenditure incurred	(10.00)
(c)	Short / (Excess) amount spent	0.53
(d)	Nature of CSR Activities	Promotion of Education and Health
(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

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39 Related party transactions and balances

a. Names of related parties and related party relationships

I. Key management personnel
(a) Mr. Kamal Khushlani (Chairman and Managing Director)
(b) Mrs. Poonam Khushlani (Whole-time Director)
(c) Mr. Amer Jaleel (Independent 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
(f) Mr. Paresh Bambolkar (Independent Director) w.e.f. May 9, 2023
(g) Mr. Manoj Nakra (Non-executive Director) w.e.f. May 9, 2023
(h) Mrs. Ramona Jogeshwar (Independent Director) w.e.f. May 9, 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)

III. Enterprises controlled by / under significantly influenced by Directors and/or their relatives:
(a) Smart Global Solution and Services

b. Related party transactions

Particulars	For the period ended June 30, 2023
Transactions during the period	
Remuneration	
Mr. Kamal Khushlani	6.46
Mrs. Poonam Khushlani	1.26
Ms. Sonakshi Khushlani	0.44
Mr. Andrew Khushlani	0.29
Mr. Rasik Mittal	2.25
Mr. Sanjay Kumar Mutha	0.86
Reimbursement of Expenses	
Mr. Kamal Khushlani	0.03
Mr. Sanjay Kumar Mutha	0.11
Smart Global Solution and Services	0.07
Sitting Fees	
Mr. Amer Jaleel	0.25
Mr. Paresh Bambolkar	0.18
Mr. Manoj Nakra	0.20
Mrs. Ramona Jogeshwar	0.13
Professional Fees	
Smart Global Solution and Services	0.78

c. Related party outstanding balances

Particulars	As at June 30, 2023
Trade Receivables	
KAPS Mercantile Private Limited	0.01
Trade Payables	
Smart Global Solution and Services	0.01
Remuneration Payable	
Mr. Kamal Khushlani	3.26
Mrs. Poonam Khushlani	0.30
Ms. Sonakshi Khushlani	0.12
Mr. Andrew Khushlani	0.08
Mr. Rasik Mittal	0.40
Mr. Sanjay Kumar Mutha	0.22
Sitting Fees	
Mr. Amer Jaleel	0.08
Mr. Paresh Bambolkar	0.08
Mr. Manoj Nakra	0.08
Mrs. Ramona Jogeshwar	0.05

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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 period was as follows:

Particulars	For the period ended Jun 30, 2023
Short-term benefits	11.56
Total	**11.56**

Note :

(i) The above figure do not include provisions for encashable leave as separate actuarial valuations are not available.

(ii) As the liabilities for defined benefit plans are provided on actuarial basis for the Company, the amounts pertaining to Key Managerial Personnel are not included.

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40 Financial instruments
40.1 Capital Management

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

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

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

Gearing Ratio

Following is the Company's gearing ratio:

Particulars	As at June 30, 2023
Debt (refer note (i))	2,077.62
Less: cash and bank balances	(14.49)
Net Debt (I)	**2,063.13**
Total equity (II)	2,898.86
Net debt to equity ratio (I/II)	71.17%

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 June 30, 2023
Financial assets	
Measured at amortised cost*	
(a) Investments	-
(b) Trade receivables	1,468.22
(c) Cash and cash equivalents	14.49
(d) Other bank balances	7.84
(e) Other financial assets	208.29
Financial liabilities	
Measured at fair value through profit or loss (FVTPL) (mandatorily measured)	
(a) Liability for share-based payments	9.32
Measured at amortised cost	
(a) Borrowings	112.95
(b) Lease liabilities	1,964.67
(c) Trade payables	270.37
(d) Other financial liabilities	382.31

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.

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.

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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 period are as follows.

Particulars	As at June 30, 2023
Assets (INR)	
USD	0.06
HKD	0.00
SGD	0.00
Total	**0.06**
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 June 30, 2023
Profit or (loss)	
INR strengthens by 10%	(0.01)
INR weakening by 10%	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 period.

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40.3.2 Credit risk management

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

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

Bank balances are held with reputed and creditworthy banking institutions.

Financial instrument and cash deposit

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

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40.3.3 Liquidity risk management

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

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

Particulars	Weighted average effective interest rate(%)	Upto 1 year	More than 1 year	Total	Carrying Amount
As at June 30, 2023					
Non-Interest bearing					
Trade payables	0.00%	270.37	-	270.37	270.37
Other financial liabilities	0.00%	16.06	-	16.06	16.06
Variable Interest rate instruments					
Term loans from bank	8.60%	33.24	59.24	92.48	92.48
Cash credit from bank	8.10%	20.47	-	20.47	20.47
Lease Liabilities	7.47%	453.91	2,079.22	2,533.13	1,964.67
Fixed Interest rate instruments					
Security Deposit received	7.58%	-	366.25	366.25	366.25
Total		**794.05**	**2,504.71**	**3,298.76**	**2,730.30**

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 June 30, 2023
Undrawn cash credit limit	679.53
Undrawn overdue limit	-

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

41 Ratios

Ratio	Formulae	June 30, 2023
Current Ratio		
Numerator	Current Assets	2,836.08
Denominator	Current Liabilities	909.75
		3.12
Debt-Equity Ratio		
Numerator	Borrowings + Lease Liabilities	2,077.62
Denominator	Shareholder's Equity	2,898.86
		0.72
Debt Service Coverage ratio		
Numerator	Earnings available for debt service	284.54
Denominator	Debt Service	181.26
		1.57
Return on Equity Ratio		
Numerator	Net Profits after taxes	85.74
Denominator	Average Shareholder's Equity	2,856.17
		3.00%
Inventory Turnover Ratio		
Numerator	Revenue from Operations	1,184.90
Denominator	Average Inventory	1,128.32
		1.05
Trade Receivables Turnover Ratio		
Numerator	Revenue from Operations	1,184.90
Denominator	Average Accounts Receivable	1,420.51
		0.83
Trade Payables Turnover Ratio		
Numerator	Total Purchases	508.08
Denominator	Average Trade Payables	347.52
		1.46
Net Capital Turnover Ratio		
Numerator	Revenue from Operations	1,184.90
Denominator	Average Working Capital	1,922.28
		0.62
Net Profit Ratio		
Numerator	Net Profits after taxes	85.74
Denominator	Revenue from Operations	1,184.90
		7.24%
Return on Capital Employed		
Numerator	Earning before interest and taxes	166.83
Denominator	Average Capital Employed	4,854.55
		3.44%
Return on Investment		
Numerator	Earning before interest and taxes	NA
Denominator	Average of Total Investments	

Credo Brands Marketing Limited
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(All amounts in Millions, unless otherwise stated)

42 Other statutory information

(a) Title deeds of all immovable properties are held in the name of the Company.
(b) The Company has not revalued its Property, Plant and Equipment during the current financial period.
(c) No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibitions Act, 1988 and the rules made thereunder.)
(d) The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 except as disclosed.
(e) The Company has registered all its charges or satisfaction with Registrar of Companies within the statutory period.
(f) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
(g) The Company has not advanced or loaned or invested funds to/in any other person(s) or entity(ies) including foreign entities (intermediaries) with the understanding that intermediary shall,

(i) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate beneficiaries)
or
(ii) Provide any guarantee, security or the like to or on behalf of the Ultimate beneficiaries

(h) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding party) with the understanding (whether recorded in writing or otherwise) that it will,

(i) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate beneficiaries)
or
(ii) Provide any guarantee, security or the like to or on behalf of the Ultimate beneficiaries.

(j) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the period 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 period 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. NIL Millions for the period ended June 30, 2023 (for the year ended March 31, 2023, Rs. 321.51).

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.

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: October 20, 2023