

BSR & Co. LLP

Chartered Accountants

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Independent Auditor's Report

To the Members of Cravatex Brands Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cravatex Brands Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related



Independent Auditor's Report (*Continued*)

Cravatex Brands Limited

to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



Independent Auditor's Report (Continued)

Cravatex Brands Limited

2 A. As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company does not have any pending litigations which would impact its financial position.
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 5.1 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall 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 provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 5.1 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The Company has neither declared nor paid any dividend during the year.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.



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Independent Auditor's Report (Continued)

Cravatex Brands Limited

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022



Burjis Pardiwala

Partner

Place: Mumbai

Date: 16 May 2023

Membership No.: 103595

ICAI UDIN:23103595BGTPFG8435

Annexure A to the Independent Auditor's Report on the Financial Statements of Cravatex Brands Limited for the year ended 31 March 2023

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified every year. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not



Annexure A to the Independent Auditor's Report on the Financial Statements of Cravatex Brands Limited for the year ended 31 March 2023 (Continued)

prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending	Remarks , if any
Income Tax Act, 1961	Penalty levied u/s 270A	24	AY 2017-18	CIT (Appeals)	NA

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

- (e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.



Annexure A to the Independent Auditor's Report on the Financial Statements of Cravatex Brands Limited for the year ended 31 March 2023 (Continued)

- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has incurred cash losses of Rs 5,319 lakhs in the current financial year and Rs 1,672 lakhs in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and



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Annexure A to the Independent Auditor's Report on the Financial Statements of Cravatex Brands Limited for the year ended 31 March 2023 (Continued)

when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022



Burjis Pardiwala

Partner

Place: Mumbai

Date: 16 May 2023

Membership No.: 103595

ICAI UDIN:23103595BGTPFG8435

Annexure B to the Independent Auditor's Report on the financial statements of Cravatex Brands Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

Opinion

We have audited the internal financial controls with reference to financial statements of Cravatex Brands Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial



Annexure B to the Independent Auditor's Report on the financial statements of Cravatex Brands Limited for the year ended 31 March 2023 (Continued)

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022



Burjis Pardiwala

Partner

Place: Mumbai

Date: 16 May 2023

Membership No.: 103595

ICAI UDIN:23103595BGTPFG8435

Cravatex Brands Limited

Balance Sheet

as at 31 March 2023

Currency in Indian Rupees

		(Rs. in lakhs)	
Particulars	Note	As at 31 March 2023	As at 31 March 2022
A ASSETS			
1 Non-Current assets			
(a) Property, plant and equipment	3	855	1,022
(b) Goodwill		516	516
(c) Right of use Assets		1,683	2,113
(d) Other intangible assets	4	1,264	2,086
(e) Financial Assets			
(i) Investments	5	1	-
(ii) Other financial assets	7	399	661
(f) Non-current tax assets	27E	38	42
(g) Other non-current assets	8	-	-
Total Non - Current Assets		4,756	6,440
2 Current Assets			
(a) Inventories	9	5,153	5,080
(b) Financial assets			
(i) Investments	5	-	460
(ii) Trade receivables	10	6,959	8,832
(iii) Cash and cash equivalents	11	106	432
(iv) Bank Balances other than cash and cash equivalents	12	-	1
(v) Loans	6	-	21
(vi) Other financial assets	7	7	97
(c) Other current assets	8	1,575	977
Total Current Assets		13,800	15,900
Total Assets		18,556	22,340
B EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share capital	13	9,783	11,388
(b) Other Equity	14	(15,615)	(15,501)
Total Equity		(5,832)	(4,113)
C LIABILITIES			
2 Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	16,037	10,224
(b) Provisions	17	45	212
(c) Lease Liability	16.4	1,321	1,662
(d) Other non-current liabilities	18	341	393
Total Non Current Liabilities		17,744	12,491
3 Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	-	6,087
(ii) Trade payables:			
a. Due of Micro and small enterprises	19	663	1,686
b. Due of creditors other than micro and small enterprises		1,405	2,324
(iii) Other financial liabilities	16	3,254	2,002
(b) Lease Liability	16.4	656	789
(c) Other current liabilities	20	196	645
(d) Provisions	17	470	428
Total Current Liabilities		6,644	13,961
Total Equity and Liabilities		18,556	22,340

Significant accounting policies 2
Notes to the Financial Statement 3 - 44

The accompanying notes are an integral part of the financial statements

As per our report of even attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

B. Pardiwale

Burjis Pardiwale

Partner

Membership No. 103595

Mumbai

Dated: 16 May 2023

For and on behalf of the Board of Directors
of Cravatex Brands Limited
[CIN: U51909MH2016PLC288788]

Nissan Joseph

Nissan Joseph

Director

(DIN No. 06701972)

Kaushal Parekh

Kaushal Parekh

Director

(DIN No. 09794399)

Mumbai

Dated:

16 May 2023



Cravatex Brands Limited

Statement of Profit and Loss

for the year ended 31 March 2023

Currency in Indian Rupees

Particulars	Note	(Rs in lakhs)	
		For the year ended 31 March 2023	For the year ended 31 March 2022
Continuing Operations			
1 Income			
Revenue from operations	21	5,079	7,867
Other Income	22	55	107
Total Income		5,134	7,974
2 Expenses			
Purchase of stock-in-trade		3,333	5,254
Change in Inventories of stock-in-trade	23	655	(850)
Employee benefits expense	24	1,110	1,589
Finance costs	25	267	994
Depreciation and amortisation expense	3, 4 and 37	127	983
Other expenses	26	1,953	2,482
Total expenses		7,445	10,452
3 Loss from continuing operations before tax		(2,311)	(2,478)
4 Tax expense :			
Current tax		-	-
Deferred tax		-	-
Earlier year tax written back		(9)	(16)
5 Loss for the year from continuing operations		(2,302)	(2,462)
Discontinued operations			
Loss from discontinued operations	40	(5,735)	(875)
Tax expense of discontinued operations	40	-	-
Loss from discontinued operations after tax		(5,735)	(875)
Loss for the year		(8,037)	(3,337)
6 Other Comprehensive Income:			
Items that will not be reclassified subsequently to Profit or Loss :			
(i) Re-measurement of the net defined benefit plans	14	(24)	(28)
7 Other Comprehensive Income for the year		(24)	(28)
8 Total Comprehensive Income for the year		(8,061)	(3,365)



Earnings per equity share - continuing operations

Basic Earnings per share (in Rs.)	29	(64.34)	(75.26)
Diluted Earnings per share (in Rs.)		(24.81)	(21.95)

Earnings per equity share - discontinued operations

Basic Earnings per share (in Rs.)	29	(160.30)	(26.75)
Diluted Earnings per share (in Rs.)		(61.82)	(7.80)

Earnings per equity share - continuing and discontinued operations

Basic Earnings per share (in Rs.)	29	(224.64)	(102.01)
Diluted Earnings per share (in Rs.)		(86.63)	(29.75)

Significant accounting policies

2

Notes to the Financial Statement

3 - 44

The accompanying notes are an integral part of the financial statements

As per our report of even attached.

For B S R & Co. LLP*Chartered Accountants*

Firm's Registration No.101248W/W-100022

**Burjis Pardiwala***Partner*

Membership No. 103595

Mumbai

Dated: 16 May 2023

For and on behalf of the Board of Directors
of Cravatex Brands Limited
[CIN: U51909MH2016PLC288788]

**Nissan Joseph***Director*

(DIN No. 06701972)

**Kaushal Parekh***Director*

(DIN No. 09794399)

Mumbai

Dated:

16 May 2023



Cravatex Brands Limited

Statement of Changes in Equity for the year ended 31 March 2023

Currency in Indian Rupee

(Rs. in lakhs)

Equity share capital Current reporting period:

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Revised balance at the beginning of the current reporting period	Changes in equity share capital during the current period	Balance at the end of the current reporting period
3,271	-	3,271	412	4,083

Previous reporting period:

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Revised balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
3,271	-	3,271	-	3,271

Preference share capital

Particulars	31 March 2023 No. of Shares	Amount	31 March 2022 No. of Shares	Amount
At the commencement of the year	8,116,864	8,117	3,919,930	7,079
Add: Series A Compulsorily Convertible Preference Shares issued during the year	-	-	592,619	593
Add: Series A Compulsorily Convertible Preference Shares issued on account of merger with Proteus India Limited	-	-	5,504,435	5,504
Add: Shares issued to the holders of the former equity shares of the company in exchange of the former equity shares of the company	5,708,000	5,708	-	-
Less: Cancellation of equity shares	(8,116,864)	(8,117)	-	-
At the end of the period	5,708,000	5,708	8,116,864	8,117

Other equity

Particulars	Reserve & Surplus						Other comprehensive income				
	Retained Earnings	Securities Premium	Capital Reserve	Capital Redemption Reserve	Export Turnover Reserve	General Reserve	Amalgamation Adjustment Deficit Account	Equity portion of Financial Instrument	Re-measurement of the defined benefit plans	Total attributable to equity shareholders	
Balance as at 31 March 2021	(11,409)	1,388	222	69		4	2,335	(5,386)	-	(188)	(12,544)
Loss for the year	(3,335)	-	-	-	-	-	-	-	-	-	(3,335)
Securities Premium received during the year	-	487	-	-	-	-	-	-	-	-	487
Other comprehensive income	-	-	-	-	-	-	-	-	(28)	-	(28)
Total comprehensive income for the year	(3,335)	487	-	-	-	-	-	-	(28)	-	(2,876)
Balance as at 31 March 2022	(14,743)	2,899	222	69		4	2,335	(5,386)	-	(170)	(15,500)
Loss for the period	(8,837)	-	-	-	-	-	-	-	-	-	(8,837)
Capital reserve created on conversion of Preference Shares into Equity Shares	-	-	7,365	-	-	-	-	-	-	-	7,365
Other comprehensive income	-	-	-	-	-	-	-	-	(24)	-	(24)
OCI classified as Equity	-	-	-	-	-	-	-	-	641	-	641
Total comprehensive income for the period	(8,837)	-	7,365	-	-	-	-	-	641	(24)	(1,111)
Balance as at 31 March 2023	(23,580)	2,899	7,527	69		4	2,335	(5,386)	641	(199)	(15,614)

Notes to the Financial Statement

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The accompanying notes are an integral part of the financial statements

As per our report of even attached

For BSR & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022
B. S. R. & Co. LLP
Partner
Membership No. 101193

For and on behalf of the Board of Directors
of Cravatex Brands Limited
(CIN: U51905MH2019PLC258754)
Susan Joseph
Director
(DIN No. 067019721)
Kaushal Pareek
Director
(DIN No. 09794199)

Mumbai
Date: 16 May 2023

Mumbai
Date: 16 May 2023



Cravatex Brands Limited

Statement of Cash flows

for the year ended 31 March 2023

	Rs in lakhs	
	For the year ended 31 March 2023	For the year ended 31 March 2022
A Cash flow from operating activities		
Loss before tax	(8,047)	(3,351)
Adjustments for:		
Depreciation and amortisation expense	1,833	1,382
Interest income	(99)	(52)
Loss on sale of property, plant and equipment	10	4
Profit on sale of investments	(3)	(14)
(Gain)/Loss on Fair value of investments	-	(7)
Mark to Market gain on outstanding derivative contracts	-	(1)
Unrealised exchange gain (net)	-	1
Allowance for doubtful debts	777	752
Loss/ (gain) on debt portion of financials instrument measured at FVTPL	238	(448)
Finance Cost	1,097	1,262
Operating profit before working capital changes	(4,194)	(472)
Adjustments for:		
Decrease in Trade Receivables	1,110	187
Increase in Inventories	(74)	(1,991)
Decrease in Loans	21	1
Increase in non-current and current assets	(246)	(229)
Decrease in Trade payables	(1,943)	1,709
Increase in non-current and current liabilities	751	(749)
Decrease in provisions	(149)	13
Cash generated from operations	(4,724)	(1,531)
Direct taxes paid/(refund) (net)	(6)	9
Net cash used in operating activities	(4,718)	(1,540)
B Cash flow from investing activities		
Purchases of Property, plant and equipment	(44)	(123)
Sale of Property, plant and equipment	4	-
Maturity of fixed deposits	1	76
Proceeds from sale of investment	459	303
Interest received	1	8
Net cash generated from investing activities	420	264
C Cash flow from financing activities		
Repayment of current borrowings	(6,087)	(962)
Proceeds from long term borrowings	11,917	2,654
Payment of principal portion of the lease liabilities	(760)	(623)
Issue of Series "A" Compulsory Convertible Preference Shares	-	593
Securities Premium on Issue of Series "A" Compulsory Convertible	-	407
Interest Paid	(1,097)	(1,262)
Net cash generated from financing activities	3,972	807
Net cash outflow during the period (A+B+C)	(326)	(469)
Cash and cash equivalents (opening balance)	432	901
Cash and cash equivalents (closing balance)	106	432

Notes:

- The above cashflow statement has been prepared under "indirect method" as set out in the Indian Accounting Standard-7 on Statement on Cash Flows.



Cravatex Brands Limited

Statement of Cash flows (Continued) for the year ended 31 March 2023

2 Debt reconciliation in accordance with Ind AS-7

Particulars	Long Term Borrowings	Short Term Borrowings
Opening balance as at 1 April 2021	8,018	7,049
Cash flows / (outflows)	2,654	(962)
Non-cash changes:		
Fair value changes	(448)	-
Closing balance as at 31 March 2022	10,224	6,087
Opening balance as at 1 April 2022	10,224	6,087
Cash flows / (outflows)	11,917	(6,087)
Non-cash changes:		
Conversion from borrowing to share capital	5,700	-
Fair value changes	238	-
Closing balance as at 31 March 2023	16,678	-

Notes to the Financial Statement

3 - 44

The accompanying notes are an integral part of these financial statements

As per our report of even attached.

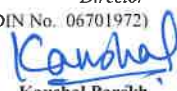
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022



Burjis Pardiwala
Partner
Membership No: 103595

For and on behalf of the Board of Directors
of Cravatex Brands Limited
[CIN: U51909MH2016PLC288788]



Nissan Joseph
Director
(DIN No. 06701972)

Kaushal Parekh
Director
(DIN No. 09794399)

Mumbai
Dated: 16 May 2023

Mumbai
Dated: 16 May 2023



Cravatex Brands Limited

Notes to the Financial Statements

for the year ended 31 March 2023

1 Company Overview

Cravatex Brands Limited (the Company), is a Public Limited Company. The Company was incorporated on 22 December 2016 in India having its registered office at 401, Zillion, 4th Floor, LBS Marg, CST Junction, Kurla (West), Mumbai 400 070.

On 23 March 2017 the Company has purchased FILA and FITNESS undertaking under slump sale, pursuant to the Slump Sale Agreement with its Holding Company M/s. Cravatex Limited.

During FY 2019-20, Company had entered into distributorship agreement with VF Hong Kong Limited (Licensee of VANS brand) to distribute, market and resale of VANS products (footwear, apparels and accessories) in India for a period of 5 years until June 30, 2024

Vide order dated 25 March 2021 of the National Company Law Tribunal ('NCLT'), Mumbai Bench, Proline India Limited (the Merged Company), a Limited Company dealing in trading of PROLINE brand apparels, merged with the Company.

Metro Brands Limited has acquired 100% equity share capital of the company for an enterprise value of Rs. 20,217 lakhs. Consequently, the Company is now a wholly owned subsidiary of the Metro Brands Limited from 1 December 2022.

The Company is in the process of completing the necessary legal formalities for changing its name from Cravatex Brands Limited to Metro Athleisure Limited.

2(A) Significant Accounting Policies:

a) Statement of Compliance:

These financial statements of the Company have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (herein referred to as 'Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, the relevant provisions of the Companies Act, 2013 (the Act).

The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on 16 May 2023.

b) Basis of preparation and presentation:

Basis of Preparation:

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:



Cravatex Brands Limited

Notes to the Financial Statements

for the year ended 31 March 2023

2(A) Significant Accounting Policies: (Continued)

- i. Derivative Financial Instruments measured at Fair Value.
- ii. Certain financial assets and liabilities measured at fair value and classified as fair value through profit or loss (FVTPL); and
- iii. Employee's Defined Benefit Plan as per Actuarial Valuation.
- iv. Assets and liabilities acquired under Business Combination measured at fair value.

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 under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

Functional and Presentation Currency:

The Financial Statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs. Amounts below the rounded off norm have been reflected as "0" in the relevant notes.

Going Concern:

As at 31 March 2023, the Company has paid up capital of Rs 9,783 lakhs (31 March 2022: Rs 11,388 lakhs). Further, the Company has incurred losses during the current year of Rs 8,060 lakhs (31 March 2022: Rs 3,364 lakhs), resulting in reduction in net worth to Rs (5,834) lakhs (31 March 2022: Rs (4,113) lakhs). The financial statements have been prepared on a going concern basis and the Company has performed an assessment of its financial position and its forecasts for a period of twelve months from the date of these financial statements. In making this assessment and developing the balance sheet and cash flow forecasts, the Company has considered the impact of COVID-19 pandemic, supply chain disruptions, disruptions in the different sales channels and other factors impacting the economy and footwear and apparel industry. Based on current liquidity positions, expected cash inflow out of internal accrual and planned funding, the Company will continue its operations and meet its liquidity needs as and when they fall due over the period of next twelve months. Further, Company has received confirmation from its parent company for financial support required for next 12 months that parent company will infuse funds as necessary into the company by way of equity or debt or assist the company to raise funds in any other manner in meeting its liabilities, including operating and statutory liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classifications of carrying amount of assets or to the amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern



Cravatex Brands Limited

Notes to the Financial Statements *(Continued)*

for the year ended 31 March 2023

2(A) Significant Accounting Policies: *(Continued)*

b) Basis of preparation and presentation :*(Continued)*

Classification of Assets and Liabilities into Current/Non-Current:

The Company has ascertained its operating cycle as twelve months for the purpose of Current/ Non-Current classification of its Assets and Liabilities.

For the purpose of Balance Sheet, an asset is classified as current if:

- i. It is expected to be realised, or is intended to be sold or consumed, in the normal operating cycle; or
- ii. It is held primarily for the purpose of trading; or
- iii. It is expected to realise the asset within twelve months after the reporting period; or
- iv. The asset is a cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Similarly, a liability is classified as current if:

- i. It is expected to be settled in the normal operating cycle; or
- ii. It is held primarily for the purpose of trading; or
- iii. It is due to be settled within twelve months after the reporting period; or
- iv. The Company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could result in its settlement by the issue of equity instruments at the option of the counterparty does not affect this classification.

All other liabilities are classified as non-current.

Notwithstanding the accumulated losses of the Company as at the year end, these financial statements have been prepared on going concern basis in view of the business plan of the Company and continued support of its promoters / investors.

c) Business Acquisition:

Business combinations arising from transfers or interests in entities that are under the control of the shareholders that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are revised, the assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the net assets acquired and consideration is transferred to other equity.



Cravatex Brands Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2023

2(A) Significant Accounting Policies: (Continued)

d) Property, Plant and Equipment (PPE):

The initial cost of PPE comprises of its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditure relating to PPE are capitalised only when it is probable that future economic benefit associated with these will flow to the Company and cost of the item can be measured reliably. Repairs and maintenance cost are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

e) Depreciation:

The depreciable amount of an item of PPE is allocated on a systematic basis over its useful life. The Company provides depreciation on the straight line method over the useful lives as prescribed under Schedule II of the Act. The Company believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. The residual values, useful lives and method of depreciation are reviewed at least at each financial year-end and adjusted prospectively, if appropriate.

Depreciation on additions/ (disposals) are provided on a pro-rata basis i.e. from/ (up to) the date on which the asset is ready to use/ (disposed off).

The estimated useful lives for the current and comparative periods are as follows:

Asset Class	Useful Lives (in years) – as estimated by the Company
Furniture and Fixtures	10
Electrical Installations	10
Air-conditioners	5
Computers	3
Other Equipments	5
Motor Car	10



Cravatex Brands Limited

Notes to the Financial Statements (Continued)

for the year ended 31 March 2023

2(A) Significant Accounting Policies: (Continued)

f) Intangible Assets and Amortisation:

Intangible assets with finite useful life that are acquired separately are stated at acquisition cost less accumulated amortisation and impairment losses, if any. The Company determines the useful life as the period over which the future economic benefits will flow to the Company after taking into account all relevant facts and circumstances. The estimated useful life and amortisation method is reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

Class of intangible assets and their estimated useful lives / basis of amortisation are as under:

No.	Asset class	Useful Life
1	Software	3 years
2	Licenses	Over the period of the respective licensing agreement

g) Goodwill:

The Company estimates the value-in-use based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The discount rate used represent the weighted average cost of capital based on the historical market returns of comparable companies. Goodwill is tested for impairment at each period end.

h) Impairment of Non-Financial Assets:

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

The recoverable amount is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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.

In respect of the assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent the amount was previously charged to the statement of profit and loss. In case of revalued assets, such reversal is not recognised.



Cravatex Brands Limited

Notes to the Financial Statements (*Continued*) for the year ended 31 March 2023

2(A) Significant Accounting Policies: (*Continued*)

i) Inventories:

Inventories comprise of stock-in-trade which are carried at the lower of cost and net realisable value. Cost is determined on moving weighted average basis.

Cost of stock-in-trade comprises of all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make sale.

j) Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those property, plant and equipment which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred.

k) Provisions, Contingent Liabilities and Contingent Assets:

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessment of time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

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, is disclosed as a contingent liability. Contingent liabilities are also 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.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognised.



Cravatex Brands Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31 March 2023

2(A) Significant Accounting Policies: (*Continued*)

l) Revenue Recognition:

- a. Revenue from sale of goods is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, allowances and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts, probable saleable and non-saleable return of goods from the customers. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

- b. Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.
- c. Interest income is recognised using the effective interest rate (EIR) method.

m) Lease:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in Ind AS 116.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying



Cravatex Brands Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31 March 2023

2(A) Significant Accounting Policies: (*Continued*)

Leases (*continued*)

asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, If that rate cannot be readily determined, the Company uses incremental borrowing rate, Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.



Cravatex Brands Limited

Notes to the Financial Statements *(Continued)*

for the year ended 31 March 2023

2(A) Significant Accounting Policies: *(Continued)*

n) Employee Benefit Expense:

i) Short-term Employee Benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii) Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The eligible employees of the Company are entitled to receive post-employment benefits in respect of provident, in which both the employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to the Regional Provident Fund Commissioner (RPFC) which are charged to the Statement of Profit and Loss as incurred.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a



Cravatex Brands Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31 March 2023

2(A) Significant Accounting Policies: (*Continued*)

o) Employee Benefit Expense: (*Continued*)

potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income.

iii) Other Long-term employee benefits – Compensated Absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Company makes provision for compensated absences based on an independent actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the Statement of Profit and Loss.



Cravatex Brands Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31 March 2023

2(A) Significant Accounting Policies: (*Continued*)

p) Income Taxes:

Income tax comprises of current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in Equity or in Other Comprehensive Income.

Current tax

Current tax comprises expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

- i. temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- ii. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.



Cravatex Brands Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31 March 2023

2(A) Significant Accounting Policies: (*Continued*)

q) Foreign Currency Transactions:

Foreign currency transactions are recorded at exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the Balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Non-Monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate as at the date of initial transactions.

r) Earnings Per Share:

The Company calculates earnings per share amounts for profit or loss attributable to ordinary equity shareholders.

The basic Earnings Per Share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.



Cravatex Brands Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31 March 2023

2(A) Significant Accounting Policies: (*Continued*)

s) Financial Instruments:

i) Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii) Classification and Subsequent Measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) – debt investment;
- Fair Value through Other Comprehensive Income – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Cravatex Brands Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31 March 2023

2(A) Significant Accounting Policies: (*Continued*)

Financial Instruments: (*Continued*)

ii) Classification and Subsequent Measurement (*Continued*)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: subsequent measurement and gains and losses -

Financial assets at FVTPL	at	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	at	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	at	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	at	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Standalone



Cravatex Brands Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31 March 2023

Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

iii) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership but does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flow under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Equity Instrument

Equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.



Cravatex Brands Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31 March 2023

2(A) Significant Accounting Policies: (*Continued*)

Financial Instruments: (*Continued*)

iv) Offsetting (*Continued*)

Measurement of fair values (*Continued*)

The Company has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

t) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

u) Segment Reporting - Identification of Segments:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's management to make decisions for which discrete financial information is available.

Based on the management approach as defined in Ind AS 108, the management evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.



Cravatex Brands Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31 March 2023

2(B): Critical accounting judgements and key sources of estimation uncertainty:

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing 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 statements are included in the following notes:

a) Useful Lives of Property, Plant & Equipment:

As described in Note 2(A) (e), the Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management determined that there were no changes to the useful lives and residual values of the property, plant and equipment.

b) Defined Benefit Plans and Compensated Absences:

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) Fair Value Measurement of Financial Instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

d) Impairment of Financial Assets:

The impairment provision for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.



Cravatex Brands Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31 March 2023

2(B): Critical accounting judgements and key sources of estimation uncertainty: (*Continued*)

e) Provision for warranties:

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences. The timing of outflows will vary as and when warranty claim will arise.

f) Provision for sales returns:

In determining the provision for anticipated sales returns, estimates for probable saleable and non-saleable returns of goods from the customers are made on scientific basis after factoring in the historical data of such returns and its trend.

g) Taxes:

Deferred tax, subject to the consideration of prudence, is recognised on temporary differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised to the extent that there is reasonable certainty that sufficient future tax income will be available against which such deferred tax assets can be realized.

2(C): Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notified new standard or amendments to the existing standards under Companies (Indian Accounting Standards Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its standalone financial statements."

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in statement of profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its standalone financial statements."



Cravatex Brands Limited

Notes to the Financial Statements (*Continued*)

for the year ended 31 March 2023

2(C): Recent Pronouncements (*continued*)

Ind AS 37– Provisions, Contingent Liabilities and contingent assets

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

On June 18, 2021, MCA through a notification has notified Companies (Indian Accounting Standards) Amendment Rules, 2021. The notification has made amendments to various Ind AS. The Company does not expect the amendments to have any significant impact in its financial statements."

Recent Indian Accounting Standards (Ind AS): Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.



Cravatex Brands Limited

Notes to the financial statements (Continued) as at 31 March 2023

Currency in Indian Rupees

3 Property, Plant and Equipment

(Rs. in lakhs)

Sr. No.	Description of Asset	As at 1 April 2022	Gross Block Additions	Disposals	As at 31 March 2023	As at 1 April 2022	Depreciation charge for the year	Charge for the year - discontinued operations (refer note 40)	On Disposals	As at 31 March 2023	As at 31 March 2023	Net Block As at 31 Mar 2022
TANGIBLE ASSETS												
1	Furniture and Fixtures	1,324	8	(70)	1,262	623	104	45	(60)	712	550	701
2	Electrical Installations	117	-	(5)	112	80	4	1	(4)	80	32	37
3	Computers	96	20	(22)	94	81	5	2	(20)	68	26	15
4	Other Equipments	121	1	(8)	114	81	12	5	(8)	90	24	40
5	Land	5	-	-	5	-	-	-	-	-	5	5
6	Building	306	-	-	306	109	3	1	-	113	193	197
7	Leasehold Improvements	2	-	-	2	2	-	-	-	2	-	-
8	Plant & Machinery	28	-	-	28	1	1	1	-	3	25	27
	TOTAL	1,999	29	(105)	1,923	977	129	55	(92)	1,068	855	1,022

Sr. No.	Description of Asset	As at 1 April 2021	Gross Block Additions	Disposals	As at 31 Mar 2022	As at 1 April 2021	Depreciation charge for the year	Charge for the year - discontinued operations (refer note 40)	On Disposals	As at 31 Mar 2022	As at 31 Mar 2022	Net Block As at 31 Mar 2021
TANGIBLE ASSETS												
1	Freehold Land	5	-	-	5	-	-	-	-	-	5	5
2	Building	306	-	-	306	106	2	1	-	109	197	200
3	Furniture and Fixtures	1,266	62	(4)	1,324	460	116	47	-	623	701	806
4	Electrical Installations and Equipments	117	-	-	117	75	3	1	-	80	37	42
5	Computers	92	5	(1)	96	72	7	3	(1)	81	15	20
6	Other Office Equipments	120	1	-	121	63	13	5	-	81	40	58
7	Leasehold Improvements	2	-	-	2	2	-	-	-	2	-	-
8	Plant & Machinery	-	28	-	28	-	-	-	-	-	28	-
	TOTAL	1,908	96	(5)	1,999	778	141	57	(1)	976	1,023	1,130



Cravatex Brands Limited

Notes to the financial statements (Continued) as at 31 March 2023

Currency in Indian Rupees

4 Other intangible assets

(Rs. in lakhs)										
Sr. No.	Description of Asset	Gross Block			Depreciation			Net Block		
		As at 1 April 2022	As at 31 March 2023	Disposals	As at 1 April 2022	Depreciation Charge for the year	Charge for the year - discontinued operations (refer note 40)	On Disposals	As at 31 March 2023	As at 31 Mar 2022
INTANGIBLE ASSETS										
1	Licenses	3,930		-	1,875	214	92	(540)	1,641	2,054
2	Computer Software	62		15	30	6	3	-	40	32
TOTAL		3,992		15	1,905	220	95	(540)	1,681	2,086

Sr. No.	Description of Asset	Gross Block		Depreciation				Net Block		
		As at 1 April 2021	As at 31 Mar 2022	Disposals	As at 1 April 2021	Depreciation charge for the year	Charge for the year - discontinued operations (refer note 40)	On Disposals	As at 31 Mar 2022	As at 31 Mar 2021
INTANGIBLE ASSETS										
1	Licenses	3,930	3,930	-	1,502	266	108	-	1,875	2,428
2	Computer Software	35	62	-	23	5	2	-	30	11
TOTAL		3,965	3,992	-	1,525	271	110	-	1,905	2,439

Note: Depreciation and amortisation expense amounts to Rs. 498 lakhs (31 March 2022 Rs. 579 lakhs)





Notes to the financial statements (Continued)
as at 31 March 2023

10 Trade Receivables

Rs in lakhs

Particulars	As at 31 March 2023	As at 31 March 2022
Secured, considered good	93	169
Unsecured, considered good	6,866	8,663
Credit impaired	2,060	1,534
Less: Loss Allowance	(2,060)	(1,534)
Total	6,959	8,832

Refer note 35 for information about credit risk and market risk of trade receivables.

As at 31st March 2023

Rs in lakhs

Particulars	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables - Considered Good	5,264	1,390	145	157	3	6,959
Undisputed Trade Receivables - Credit Impaired	300	22	(1,212)	(7)	533	2,060
Undisputed Trade Receivables - Credit Impaired	(300)	(22)	(1,212)	7	(533)	(2,060)
Trade Receivables	5,264	1,390	145	157	3	6,959

As at 31st March 2022

Rs in lakhs

Particulars	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables - Considered Good	7,501	1,039	177	13	2	8,832
Undisputed Trade Receivables - Credit Impaired	1,079	-	239	104	112	1,534
Undisputed Trade Receivables - Credit Impaired	(1,079)	-	(239)	(104)	(112)	(1,534)
Trade Receivables	7,601	1,039	177	13	2	8,832

References

Particulars	As at 31 March 2023	As at 31 March 2022
Balances with banks:		
Current accounts	94	88
Cash in hand & imprest	5	9
Bank deposit with original maturity of less than 3 months	7	335
Total	106	432

Rs. in lakhs

Particulars	As at 31 March 2023	As at 31 March 2022
Bank deposit with original maturity of more than 3 months, but within 12 months	-	1
Total	-	1



Cravatex Brands Limited

Notes to the financial statements (Continued) as at 31 March 2023

Currency in Indian Rupees

13 Share Capital

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of Shares	Amount	Number of Shares	Amount
Authorized				
Equity Share of Rs. 100/- each	4,800,000	4,800	4,800,000	4,800
Preference Shares of Rs. 100/- each	14,166,875	14,167	13,816,875	13,817
Total	18,966,875	18,967	18,616,875	18,617
Issued, Subscribed and fully paid up:				
Equity Share of Rs. 100/- each	4,082,789	4,083	3,271,100	3,271
0.001% Series "A" Compulsory Convertible Preference Shares of Rs. 100/- each	-	-	8,116,864	8,117
0.001% Compulsory Convertible Preference shares of Rs.100 each	5,700,000	5,700	-	-
Total	9,782,789	9,783	11,387,964	11,388

Notes:

1) Reconciliation of Number of Shares:

(A) Equity Shares:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of Shares	Amount	Number of Shares	Amount
Shares outstanding at the beginning of the period	3,271,100	3,271	3,271,100	3,271
Shares issued to the preference share holder on conversion in the ratio of 10:1	811,689	812	-	-
Shares outstanding at the end of the period	4,082,789	4,083	3,271,100	3,271

(B) Preference Shares:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of Shares	Amount	Number of Shares	Amount
Shares outstanding at the beginning of the period	8,116,864	8,117	2,019,810	2,020
Shares issued during the year	-	-	6,097,054	6,097
Less: Shares converted into equity shares in the ratio of 10:1 i.e. 1 equity shares for every 10 preference shares held	8,116,864	8,117	-	-
Add: Shares reclassified from non-current borrowings to share capital due to change in conversion ratio from variable to fixed i.e. 1 equity shares for holding 1 CCPS	5,700,000	5,700	-	-
Shares outstanding at the end of the period	5,700,000	5,700	8,116,864	8,117

2) Terms/rights attached to the Equity Shares

The Company has only one class of equity shares having a par value of Rs.100/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution to all preferential holders. The distribution will be in proportion to the number of equity shares held by the shareholders.



Notes to the financial statements (Continued)
as at 31 March 2023

Currency in Indian Rupees

3) Terms/rights attached to the Preference Shares

The Company has issued 0.001% compulsory convertible preference shares (CCPS) having a par value of Rs.100/- per share.

One CCPS shall be converted into one equity share at the option of the holder

Each holder of the CCPS shall be entitled to vote together with equity shareholders as if such shareholders held maximum number of equity shares representing the deemed shareholding into which its CCPS will be converted.

During the current year, Company has changed the terms of CCPS wherein variable conversion has been changed to Fixed to Fixed conversion in the ratio of 1 equity shares for holding 1 CCPS

4) Shares held by the Holding Company

(A) Equity Shares:

Name of the Shareholders	As at 31 March 2023		As at 31 March 2022	
	Number of Shares	%	Number of Shares	%
Metro Brands Limited	4,082,789	100.00%	-	-
Cravatex Limited	-	-	3,271,000	99.997%

(B) Preference Shares:

Name of the Shareholders	As at 31 March 2023		As at 31 March 2022	
	Number of Shares	%	Number of Shares	%
Metro Brands Limited	5,700,000	100.00%	-	-

5) Shareholders holding more than 5%

(A) Equity Shares:

Name of the Shareholders	As at 31 March 2023		As at 31 March 2022	
	Number of Shares	%	Number of Shares	%
Metro Brands Limited	4,082,789	100.00%	-	-
Cravatex Limited	-	-	3,271,000	99.997%

(B) Preference Shares:

Name of the Shareholders	As at 31 March 2023		As at 31 March 2022	
	Number of Shares	%	Number of Shares	%
Metro Brands Limited	5,700,000	100.00%	-	-
Batra Family	-	-	2,725,446	33.58%
Proline Exports Pvt Ltd	-	-	2,269,079	27.96%
Paragon Partners Growth Fund-I	-	-	2,180,308	26.86%
Cravatex Limited	-	-	592,619	7.30%

6) Shareholding of Promoters

(A) Equity Shares:

Name of the Shareholders	As at 31 March 2023		As at 31 March 2022	
	Number of Shares	%	Number of Shares	%
Metro Brands Limited	4,082,789	100.00%	-	-
Cravatex Limited	-	-	3,271,000	99.997%

(B) Preference Shares:

Name of the Shareholders	As at 31 March 2023		As at 31 March 2022	
	Number of Shares	%	Number of Shares	%
Metro Brands Limited	5,700,000	100.00%	-	-
Batra Family	-	-	2,725,446	33.58%
Proline Exports Pvt Ltd	-	-	2,269,079	27.96%
Paragon Partners Growth Fund-I	-	-	2,180,308	26.86%
Cravatex Limited	-	-	592,619	7.30%



Cravatex Brands Limited

Notes to the financial statements (Continued) as at 31 March 2023

Currency in Indian Rupees

14 Other Equity

Rs in lakhs

Particulars	As at 31 March 2023	As at 31 March 2022
Refer Statement of changes in Equity for detailed movement in equity balance		
(i) Securities Premium (Balance at the beginning and end of the year)	2,096	1,688
Add: Premium received on issue of Compulsory Convertible Preference Shares	-	407
Closing Balance	2,096	2,095
(ii) Capital Reserves		
Opening Balance	222	222
Add: Capital reserve created on conversion of Preference Shares into Equity Shares	7,305	-
Closing Balance	7,527	222
(iii) Capital Redemption Reserves (Balance at the beginning and end of the period)	69	69
(iv) Export Turnover Reserve (Balance at the beginning and end of the period)	4	4
(v) General Reserve (Balance at the beginning and end of the period)	2,335	2,335
(vi) Amalgamation Adjustment Deficit Account (Balance at the beginning and end of the period)	(5,308)	(5,308)
(vii) Equity portion of financial instrument (Balance at the beginning and end of the period)	641	-
(viii) Retained Earnings		
Opening Balance	(14,743)	(11,408)
Add: Transfer from surplus in Statement of Profit and Loss	(8,037)	(3,335)
Closing Balance	(22,780)	(14,743)
Other Comprehensive Income		
Opening Balance	(175)	(147)
Add: Remeasurements of defined benefit plans	(24)	(28)
Closing Balance	(199)	(175)
Total	(15,615)	(15,501)

Description of nature and purpose of each reserve:

- Securities Premium:** The amount received in excess of face value of the equity and compulsory convertible preference shares is recognised in Securities Premium.
- Retained Earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.
- Capital Reserve:**
Opening Balance - This constitutes reserve created on account of conversion of Preference Shares into Equity Shares and reserves taken over as a result of merger of Proline India Limited.
Addition - Out of opening outstanding no of CCPS 81,16,864 which was supposed to be converted in the ratio of 1:1 is actually converted in
- Capital Redemption Reserve, Export Turnover Reserve and General Reserve:** These are the reserves taken over as a result of merger of Proline India Limited. These reserves including Amalgamation adjustment deficit account will be utilized as per the conditions of the Companies Act, 2013.
- Amalgamation Adjustment Deficit Account:** The same is created on account of merger between Cravatex Brands Limited and Proline India Limited w.e.f 1st April 2020. This represent difference between consideration paid to the shareholder of Proline India Limited and net assets acquired during the merger.
- OCD reclassification:** In FY 2021-22 OCD was classified as Debt. Due to change in terms of OCD in current year, it is classified as Hybrid

15 Borrowings

Rs in lakhs

Particulars	Non-current As at 31 March 2023	As at 31 March 2022
(Secured)		
Term Loan from HDFC Bank Ltd.	-	1,082
Term Loan from Saraswat Bank	-	82
(Unsecured)		
ICD from Metro Brands Ltd.	14,580	-
\$7,00,000 0.01% Compulsory Convertible Preference Shares (CCPS)	-	5,460
18,00,000 Optionally Convertible Debentures (OCD)	1,457	2,100
(Debt portion of financial instrument)		
OCD From Tata Capital	-	1,500
Total	16,037	10,224



Cravatex Brands Limited

Notes to the financial statements (Continued) as at 31 March 2023

Currency in Indian Rupees

Notes:

Secured:

Term Loan from HDFC Bank Limited:

- Company has availed Working Capital Term Loan from HDFC Bank under Emergency Credit Line Guarantee Scheme (ECLGS), Ministry of Finance.
- Total amount sanctioned under ECLGS was of INR 1,083 lakhs and the same was completely disbursed during the year.

- Tenor of the loan is 5 years with 1 year moratorium period

The above facility from HDFC Bank is secured through

- a) This facility is covered by 100% guarantee from Ministry of Finance, Govt of India.

b) Second pari-passu charge as follows:

- 1) by way of hypothecation on entire current assets of the Company including stock and book debts, present and future.
- 2) by way of equitable mortgage of property of Cravatex Limited (Holding Company) at Nariman point, Mumbai.
- 3) by way of hypothecation on entire movable fixed assets of the Company, both present and future except vehicles.

- During the year, Company has made prepayment of entire Term Loan to HDFC Bank Limited

Term Loan from Saraswat Bank:

- Company has availed Working Capital Term Loan from Saraswat Bank.
- Total amount sanctioned was Rs. 97.30 lakhs and the same was completely disbursed during the year.
- Tenor of the loan is 3 years.
- The above facility from Saraswat Bank is secured through hypothecation of Furniture and Fixture of Koramangala Office, Bangalore
- The above borrowings carry a rate of interest ranging between 8% to 10%.
- During the year, Company has made prepayment of entire Term Loan to Saraswat Bank

Unsecured:

Terms of Optionally Convertible Debentures (OCD):

- The Company has issued following Unsecured Optionally Convertible Debentures. Debentures are allotted on 27 March, 2017.

- The OCDs shall be converted into one equity share at the option of the holder.
- The OCD has been fair valued through profit and loss using Black and Scholes Model - Option Pricing Method at Rs. 2,098 lakhs (31 March 2022 - Rs. 2,100 lakhs) (Refer note 35)
- Interest - On redemption, the holder of the OCDs shall be entitled to receive, together with the face value of the relevant OCDs, a redemption premium determined as in any other circumstances, such amount as the holder of the OCDs and the Company may mutually agree

Terms of Optionally Convertible Debentures (OCD) issued to Tata Capital:

- The Company has issued following Unsecured Optionally Convertible Debentures. Debentures are allotted in two tranches dated 30th June 2021 and 29th October 2021
- The OCDs shall be convertible to any time at the option of the holder into such number of fully paid Shares in the ratio of one equity shares in lieu of one OCD issued.
- The OCDs shall be converted at any time at The option of the lender.
- The above OCD carry a rate of interest ranging between 13%-15%
- During the year, Company has made prepayment of entire OCD's to Tata Capital

Unsecured:

Terms of Inter Corporate Deposit (ICD) availed from Metro Brands Limited:

- The Company availed Inter Corporate Deposit (ICD) from Metro Brands Limited
- The ICD amount shall be used for working capital requirement of the Company.
- Tenure of ICD is 2 years from the date of avaiement.
- The above ICD carry a rate of interest ranging between 7%-9%



Cravatex Brands Limited

Notes to the financial statements (Continued) as at 31 March 2023

Currency in Indian Rupees

15 Borrowings (Continued)

Rs in lakhs

Particulars	As at 31 March 2023	As at 31 March 2022
Current		
(Secured)		
From Banks		
Bank overdraft	-	6,087
Total	-	6,087

Secured

A. The Overdraft and Working Capital Demand Loan facilities taken by the Company are availed from HDFC Bank and have been secured by:

1) First part-passu charge as follows:

- 1) by way of hypothecation on entire current assets of the Company including stock and book debts, present and future.
- 2) by way of equitable mortgage of property of Cravatex Limited (Holding Company) at Nariman point, Mumbai.
- 3) by way of hypothecation on entire movable fixed assets of the Company, both present and future except vehicles.

II) Second part-passu charge on commercial Office located at 4th Floor Sahas, Prabhadevi, Mumbai of Cravatex Limited (Holding Company).

The above borrowings carry a rate of interest ranging between 10% to 12%.

During the year, Company has repaid entire amount of Overdraft facility to HDFC Bank.

B. The Overdraft and Working Capital Demand Loan facilities taken by the Company are availed from Saraswat Co-operative Bank Ltd (Scheduled Bank) and have been secured by:

1) First part-passu charge as follows:

- 1) by way of hypothecation on the entire current assets of the Company including stock and book debts, present and future.
- 2) by way of equitable mortgage of property of Proline India Limited (now merged with CBL) at No. 70, JC Industrial Estate, Kanakapura Road, Bangalore and Shop No. 768 & 769, at Spencer Plaza, Anna Salai, Chennai. Company is in the process of transferring the title deeds in its name.
- 3) by way of Fixed deposit of Rs 52.79 lakhs in the name of M/s Proline Exports Pvt. Ltd. and Corporate Guarantee from M/s Proline Exports Pvt. Ltd (a group Company) for Rs 500 lakhs.
- 4) by way of hypothecation of furniture and fixtures and other fixed assets of the Company at various locations.

The above borrowings carry a rate of interest ranging between 10% to 12%.

During the year, Company has repaid entire amount of Overdraft facility to HDFC Bank.

16 Other Financial Liabilities

Rs in lakhs

Particulars	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Employee benefits payable	-	-	239	52
Interest Payable	-	-	(1)	23
Accrual for expenses	-	-	3,015	1,927
Total	-	-	3,283	2,002

Rs in lakhs

Particulars	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Lease Liability (refer note 37)	1,321	1,662	656	789
Total	1,321	1,662	656	789

17 Provisions

Rs in lakhs

Particulars	Non-current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits:				
Gratuity (refer note 31)	-	126	53	91
Compensated absences (refer note 31)	45	86	7	14
Others:				
Provision for Sales Return (refer note a. below)	-	-	410	294
Provision for warranty (refer note a. below)	-	-	-	29
Total	45	212	470	428



Cravatex Brands Limited

Notes to the financial statements (Continued) as at 31 March 2023

Currency in Indian Rupees

a. Movement in provisions

Particulars	Rs in lakhs	
	Provision for Sales Return	Provision for Warranty
Balance as 31 March 2021	327	27
Less: Utilization	(327)	(27)
Add: Provisions	294	29
Balance as 31 March 2022	294	29
Less: Utilization	(294)	(29)
Add: Provisions	470	-
Balance as 31st March 2023	470	-

18 Other Non-Current Liabilities

Particulars	Rs in lakhs	
	As at 31 March 2023	As at 31 March 2022
Security deposits		
From Dealers and Distributors	341	393
Total	341	393

19 Trade Payables

Particulars	Rs in lakhs	
	As at 31 March 2023	As at 31 March 2022
Due to Micro and small enterprises (refer note 30)	663	1,686
Due to Holding Company	-	7
Due to others	1,405	2,317
Total	2,068	4,010

Payables to related parties (Refer note 32)

19.1 Trade Payables ageing schedule

As at 31st March, 2023						Rs in lakhs
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	
MSME	620	35	8	-	663	
Others	1,176	93	71	65	1,405	
Total Trade Payables	1,796	128	79	65	2,068	

As at 31st March, 2022						Rs in lakhs
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	
MSME	1,686	-	-	-	1,686	
Others	2,136	85	63	40	2,324	
Total Trade Payables	3,822	85	63	40	4,010	

20 Other Current Liabilities

Particulars	Rs in lakhs	
	As at 31 March 2023	As at 31 March 2022
Advances received against supplies and services	116	511
Deferred revenue	-	40
Statutory Dues	80	94
Total	196	645



Cravatex Brands Limited

Notes to the financial statements (Continued) as at 31 March 2023

Currency in Indian Rupees

21 Revenue from Operations

Rs in lakhs

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Sale of products	5,008	7,656
Sale of services	70	195
Other operating income	1	16
Total	5,079	7,867

Refer note 38 for disclosure in accordance with Ind AS 115

22 Other Income

Rs in lakhs

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest Income	1	-
Interest income on fair value of security deposits	18	-
Fair value adjustment at FVTPL on debt portion of financials instrument	(2)	-
Rent Received	35	32
Miscellaneous Income	3	75
Total	54	107

23 Change in Inventories of Stock-in-Trade

Rs in lakhs

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening stock		
Stock-in-trade (including goods in transit)	1,895	1,036
Stores and spares	77	87
Total	1,972	1,123
Closing stock		
Stock-in-trade (including goods in transit)	1,317	1,896
Stores and spares	-	77
Total	1,317	1,973
Increase/(decrease) in stock-in-trade	655	(850)

24 Employee benefits expense

Rs in lakhs

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries and wages	997	1,437
Contributions to :		
Provident and other funds	94	127
Staff welfare expenses	19	25
Total	1,110	1,589



Cravatex Brands Limited

Notes to the financial statements (Continued) as at 31 March 2023

Currency in Indian Rupees

25 Finance costs

Particulars	Rs in lakhs	
	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest expense on bank borrowings	132	677
Interest expense on others	135	280
Other borrowing costs	-	37
Total	267	994

26 Other expenses

Particulars	Rs in lakhs	
	For the year ended 31 March 2023	For the year ended 31 March 2022
Packing materials consumed	53	28
Electricity charges	20	27
Warehouse expenses	30	54
Rent	-	77
Insurance	6	12
Rates and taxes	14	142
Printing and stationery	7	9
Communication expenses	33	47
Repairs and maintenance	34	59
Advertisement and sales promotion	334	708
Travelling and conveyance	47	63
Commission and brokerage	82	89
Transportation and octroi charges	71	129
Legal and professional charges	568	622
Bank Charges not related to borrowings	4	38
Fair value loss on debt instruments measured at FVTPL	-	(448)
Payment to auditors	31	31
Bad Debts written off	25	-
Advance written off	209	-
Deposits written off	18	-
Allowance for doubtful debts	311	712
Foreign exchange fluctuation (Net)	16	13
Loss on sale of Property, Plant and Equipment	3	2
Miscellaneous expenses	38	68
Total	1,954	2,482

Note: Payment to Auditors

Nature of Service	Rs in lakhs	
	For the year ended 31 March 2023	For the year ended 31 March 2022
As auditor		
Statutory Audit	15	30
Other services	15	1
Reimbursement of expenses	1	-
Total	31	31



Cravatex Brands Limited

Notes to the financial statements (Continued) for the year ended 31 March 2023

Currency in Indian Rupees

27 Contingent Liabilities :

a. Contingent liabilities :

- Claims against the Company not acknowledged as debt Rs. Nil (31 March 2022 - Rs. Nil)

- The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshni Limited & others v s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

In view of the management, the liability for the period from date of the SC order to 31 March 2019 is not significant. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts.

- Company has received order u/s 270A of the Income Tax Act, 1961 for the levy of penalty of INR 29.73 lakhs. Company has filed Appeal to Commissioner (Appeals) against the said order

b. Commitments

- The Company has issued corporate guarantees to the extent of Rs. 1.99 lakhs (31 March 2022 - Rs 9 lakhs)

- Letter of credit outstanding to the extent of Rs.NIL (31 March 2022 - Rs. 372 lakhs)

Of the above 2023: Rs. Nil (2022: Rs. Nil) pertains to discontinued operations

28 Income Taxes

A. Components of Income Tax Expense:

(i) Tax expense recognised in profit and loss

Particulars	Rs in lakhs.	
	For the year ended 31 March, 2023	For the year ended 31 March 2022
Current tax		
Earlier year tax provision (written back)	(9)	(10)
Deferred Tax (net)		
Tax expense for the year / period	(9)	(10)

(ii) Tax expense recognised in other comprehensive income - Rs. Nil (31 March 2022 - Rs. Nil)

B. Reconciliation of Effective Tax Rate:

Particulars	Rs in lakhs.	
	For the year ended 31 March, 2023	For the year ended 31 March 2022
Loss before tax from continued operations	(2,311)	(2,479)
Loss before tax from discontinued operations	(5,735)	(875)
Applicable Tax Rate (See note below)	25.17%	25.17%
Income tax expense recognised in profit and loss	-	-

The Company has plan to move to the new tax regime and accordingly will discharge its tax liability using new tax rate. The new tax rate has been used for calculation of deferred tax



28 Income Taxes: (Continued)

C. Movement in deferred tax assets and liabilities:

Particulars	Opening as on 1 April 2022	Recognised in Profit and loss for the year	Net Deferred tax asset / (liabilities)
Deferred tax liabilities			
Property, plant and equipment & Intangible assets	(253)	(181)	(434)
Deferred tax assets			
Disallowances under section 43B	31	7	38
Disallowances under section 40(a)(ii)	304	108	412
Carry forward Losses	(569)	296	(273)
Others	447	(230)	217
Deferred tax asset / (liabilities) as at 31 March, 2023			130

Particulars	Opening as on 1 April 2021	Recognised in Profit and loss for the year	Net Deferred tax asset / (liabilities)
Deferred tax liabilities			
Property, plant and equipment & Intangible assets	(240)	9	(231)
Deferred tax assets			
Disallowances under section 43B	19	(6)	13
Disallowances under section 40(a)(ii)	113	(9)	104
Carry forward Losses	1	(57)	(56)
Others	107	38	145
Deferred tax asset / (liabilities) as at 31 March, 2022			139

The Company was incorporated on 22 December 2016 and purchased business as on 23 March 2017. During the previous years and current year Company has incurred business losses. Since there is no history of taxable profits or other convincing evidence, there is no virtual certainty that sufficient future taxable income would be generated against which the deferred tax assets could be realised, and accordingly deferred tax asset has been recognised to the extent of liability.

D. Unrecognised deferred tax asset:

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Carry forward business losses	8,891	6,816
Unabsorbed Depreciation	3,953	3,522
Total	12,844	10,338

E. Tax assets :

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Advance tax and TDS	38	42
Total	38	42

29 Earnings per Share (EPS) :

Particulars	For the year ended 31 March, 2023			For the year ended 31 March, 2022		
	Continuing operations	discontinuing operations	Total	Continuing operations	discontinuing operations	Total
Basic EPS						
(i) Net Profit / (Loss) attributable to Equity Shareholders	(2,382)	(5,735)	(8,117)	(2,462)	(875)	(3,337)
(ii) Weighted average number of Equity Shares outstanding (Nos.)	3,577,917	3,577,917	3,577,917	3,271,100	3,271,100	3,271,100
Basic Earnings Per Share (Rs.) (i)/(ii)	(64.34)	(160.30)	(224.64)	(75.26)	(26.75)	(102.01)
Diluted EPS						
(i) Weighted average number of Equity Shares outstanding (Nos.)	3,577,917	3,577,917	3,577,917	3,271,100	3,271,100	3,271,100
(ii) Add: Potential Equity Shares on exercise of CCPS (Nos.)	5,700,000	5,700,000	-	2,019,810	2,019,810	2,019,810
(iii) Add: Potential Equity Shares on exercise of CCPS on merger (Nos.)	-	-	-	5,504,435	5,504,435	5,504,435
(iv) Add: Potential Equity Shares on issue of CCPS-Right Shares	-	-	-	423,150	423,150	423,150
(v) Weighted average number of Equity Shares Outstanding for calculation of Diluted EPS (i)+(ii)+(iii)+(iv)	9,277,917	9,277,917	9,277,917	11,218,495	11,218,495	11,218,495
Diluted Earning Per Share (Rs.) [(A) (i) (B) (iv)]	(24.81)	(61.82)	(86.63)	(21.95)	(7.80)	(29.75)

30 Micro and Small Enterprises:

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

Particulars	As at 31 March 2023	As at 31 March 2022
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
(i) Principal amount	482	1,629
(ii) Interest due thereon	150	57
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year:	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006:	160	57
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and		
Financial year 2020-21	10	10
Financial year 2021-22	47	47
Financial year 2022-23	123	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006:	180	57

Principal amount due to Micro and Small Enterprises amounts to Rs. 482 lakhs (March 2022 - Rs. 1,629 lakhs) and interest overdue on the same amounts to Rs. 180 lakhs (March 2022 - Rs. 57 lakhs). During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and the same has been relied upon by the auditors.



31 Employee Benefits :

a. Defined Benefit Plans:

Gratuity:

The gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Company and is in accordance with the rules of the Company for payment of gratuity.

Inherent Risk on above:

The plan is defined in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, this exposes the Company to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to the employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risk.

31 Employee Benefits : (Continued)

a. Defined Benefit Plans: (Continued)

Particulars	Rs in lakhs	
	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	Gratuity	Gratuity
(i) Change in Defined Benefit Obligation		
Balance at the beginning of the year	309	344
Adjustment of:		
Current Service Cost	34	33
Benefit paid directly by the employer	(196)	(180)
Interest Cost	25	23
- Change in Financial Assumptions	(9)	(11)
- Experience Changes	45	45
Benefits Paid	(16)	(40)
Balance at the end of the year	252	319
(ii) Change in Fair value of assets		
Balance at the beginning of the year	152	163
Expected Return on Plan Assets excluding interest income	12	8
Interest Income	11	11
Contributions by the employer	41	19
Benefits payments from plan assets	(16)	(40)
Balance at the end of the year	200	172
(iii) Net Asset / (Liability) recognized in the Balance Sheet		
Present value of the funded defined benefit obligation at the end of the period	(252)	(319)
Fair Value of Plan Assets	200	172
Net Asset / (Liability) in the Balance Sheet	(52)	(147)
(iv) Expenses recognized in the Statement of Profit & Loss		
Current Service Cost	34	33
Net Interest Cost	15	12
Amount charged to the Statement of Profit and Loss	49	45

31 Employee Benefits : (Continued)

a. Defined Benefit Plans: (Continued)

Particulars	Rs in lakhs	
	For the year ended 31 March, 2023	For the year ended 31 March, 2022
(v) Re-measurements recognized in Other Comprehensive Income(OCI):		
Changes in Financial Assumptions	(9)	(9)
Experience Adjustments	45	45
Actual return on Plan assets less interest on plan assets	(12)	(8)
Amount recognized in Other Comprehensive Income(OCI)	24	28
(vi) Maturity Profile of Defined Benefit Obligation:		
Within the next 12 months	20	27
Between 1 and 5 years	111	140
Between 6 and 10 years	126	185
11 Years and above	198	320
(vii) Sensitivity analysis for significant assumptions:*		
Increase/(Decrease) on present value of defined benefits obligation at the end of the year		
1% increase in discount rate	(15)	(24)
1% decrease in discount rate	17	28
1% increase in salary escalation rate	17	28
1% decrease in salary escalation rate	(15)	(25)
1% increase in employee turnover rate	1	1
1% decrease in employee turnover rate	(1)	(1)
The major categories of plan assets as a percentage of total plan:		
Investor Managed Funds	200	152
Actuarial Assumptions:		
Discount Rate (p.a.)	7.46%	8.80%
Expected Return on Plan Assets (p.a.)	7.46%	8.80%
Turnover Rate	For service 4 years and below 20.00% p.a. For service 5 years and above 7.00% p.a.	For service 4 years and below 20.00% p.a. For service 5 years and above 7.00% p.a.
Mortality tables	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Salary Escalation Rate (p.a.)	6.00%	6.00%
Retirement age	60	60 and 70
Weighted Average duration of Defined benefit obligation (years)	8	8



*The Sensitivity Analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

Basis used to determine Expected Rate of Return on Plan Assets: The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary Escalation Rate: The past experience and industry practice considering promotion and demand and supply of employees.

Asset Liability matching strategy : The money contributed by the Company to the Gratuity fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to an insurance Company. The insurance Company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset liability matching strategy. There is no compulsion on the part of the Company to fully prefund the liability of the Plan. The Company's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

The Company's expected contribution during next year is Rs. 62 lakhs (31 March 2022 - Rs. 91 lakhs).

31 Employee Benefits : (Continued)

b. Defined Contribution Plans:

Amount recognized as an expense and included in Note 24 under the head "Contribution to Provident and other Funds" of Statement of Profit and Loss is : (This amount is excluding of amounts recognised under discontinued operations)

Particulars	Rs in lakhs	
	31 March 2023	31 March 2022
Provident, Family Pension and other Funds	90	180
Employees State Insurance Scheme	4	4
Total	94	184

Compensated Absences:

The liability towards compensated absences for the year ended 31st March 2023 is based on actuarial valuation carried out by using Projected Accrued Benefit Method amounting to Rs. 52.08 lakhs (31 March 2022 - Rs. 99.46 lakhs).

a. Financial assumptions

Particulars	31 March 2023	31 March 2022
Discount Rate (p.a.)	7.46%	8.90%
Salary Escalation Rate (p.a.)	6.00%	6.00%

b. Demographic assumptions:

Particulars	31 March 2023	31 March 2022
Mortality tables	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Turnover Rate	20 % and 7 %	20 % and 7 %
Leave Encashment ratio	2 %	2 %

32 Related Party Disclosures :

(A) List of parties exercising control:

Name of Related Parties	Nature of Relationship
R.B Fitness & Trading Private Limited (Cease to be w.e.f. 30th November 2022)	Ultimate Holding Company
Cravatex Limited (Cease to be w.e.f. 30th November 2022)	Holding Company
Metro Brands Limited (w.e.f. 30th November 2022)	Holding Company
M/s. Metmill Footwear Private Limited (w.e.f. 30th November 2022)	Fellow Subsidiary Company

(B) List of Related Parties where control exists:

Name of Related Parties	Nature of Relationship
Profine Exports Private Limited (Cease to be w.e.f. 30th November 2022)	Enterprises under which Directors referred above are able to exercise Director's relative interest
Crav Apurva Private Limited (Cease to be w.e.f. 30th November 2022)	Fellow subsidiary
Key Management Personnel / Directors	
Mr. Rajesh Bhatia (Cease to be w.e.f. 1st December 2022)	Chairman
Mr. Rohan Bhatia (Cease to be w.e.f. 1st December 2022)	Managing Director
Mr. Sandeep Mukam (Cease to be w.e.f. 31st December 2022)	Chief Executive Officer
Mr. Suneeet Nmdrajog (Cease to be w.e.f. 1st December 2022)	Director
Mr. Nitin Lalpuria (Cease to be w.e.f. 1st December 2022)	Director
Mr. Rupa Vora (Cease to be w.e.f. 1st December 2022)	Director
Mr. N. Santhanam (Cease to be w.e.f. 1st December 2022)	Director
Mr. Anuj Raghavan (Cease to be w.e.f. 1st December 2022)	Director
Mr. Nakul Tachinwal (Cease to be w.e.f. 1st December 2022)	Director
Mr. Sanjay Marwaha (Cease to be w.e.f. 31st December 2022)	Director
Mr. H N Devaprasad (Cease to be w.e.f. 31st December 2022)	Chief Financial Officer
Ms. Apurva Parulekar (Cease to be w.e.f. 31st April 2023)	Company Secretary
Ms. Parsh Malik Bhargava (w.e.f. 1st December 2022)	Director
Mr. Kaushal Parekh (w.e.f. 1st December 2022)	Director
Mr. Nisan Joseph (w.e.f. 1st December 2022)	Director
Mr. Iqbal Dassani (w.e.f. 1st December 2022)	Director



32 Related Party Disclosures (Continued)

(C) The following transactions were carried out with the related parties in the ordinary course of business:

Name of Related Parties		31 March 2023	31 March 2022
<u>Rent Expenses</u>			
Cravates Limited		5	18
<u>Reimbursement of expenses</u>			
Cravates Limited (SAP support charges)		21	23
<u>Purchase of stock in trade</u>			
Crav Apparels Private Limited		55	35
<u>Sales of products (net off sales returns)</u>			
Metro Brands Limited		184	-
<u>ICD Taken</u>			
Proline Exports Private Limited		1,500	-
Metro Brands Limited		14,580	-
<u>Interest on ICD Taken</u>			
Proline Exports Private Limited		36	-
Metro Brands Limited		256	-
<u>Director Sitting Fee</u>			
Ms. Rupa Vora		2	5
Mr. N Santhanam		1	2
Mr. Anuj Rakhiyan		1	3
Mr. Nakul Toshniwal		1	2
Mr. Sanjay Marwala		1	2
<u>Consultancy charges</u>			
Ms. Anura Mukherjee (relative of KMP)		-	4
Mrs. Aparna Deshpande (relative of KMP)		-	3
<u>Remuneration</u>			
Mr. Rohan Baira		22	34
Mr. Sandeep Mukian		131	125
Mr. H S Devaprakas		70	76
Ms. Apurva Parulekar		-	6
Mr. Ankur Sharma		-	1

32 Related Party Disclosures (Continued)

(D) Outstanding balances:

Name of Related Parties		31 March 2023	31 March 2022
Borrowings			
Metro Brands Limited		14,580	
Trade Receivables			
Metro Brands Limited		110	

(E) Compensation of Key Management Personnel of the Company:

Particulars		31 March 2023	31 March 2022
— Mr. Rohan Batra		20	30
— Mr. Sandeep Mukim		125	110
— Mr. H S Devaprasad		65	72
— Ms. Apurva Parulekar		6	5
— Mr. Ankur Sharma (left on June 03, 2022)		-	17
Short Term Employee Benefits		216	243
— Mr. Rohan Batra		2	3
— Mr. Sandeep Mukim		6	8
— Mr. H S Devaprasad		5	5
— Ms. Apurva Parulekar		0.5	0.3
Other Long Term Benefits		14	14
Payment of sitting fee to directors [refer note 32. C for details]		5	11
Total Compensation		235	268

Terms and condition of transaction with related parties :

Terms and condition of transaction with Related parties :
All related party transactions entered during the year are in ordinary course of the business and are on arm's length basis



Cravatex Brands Limited

Notes to the financial statements (Continued) for the year ended 31 March 2023

Currency in Indian Rupees

33 Financial Instruments:

Classification of Financial Assets and Liabilities :

Particulars	Rs. in lakhs	
	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Financial assets at Amortized cost:		
Loans (Current)	-	21
Investments	1	-
Trade Receivables	6,959	8,832
Cash and Cash Equivalents	106	432
Bank Balances other than cash and cash equivalents	-	1
Other Non Current Financial Assets	399	661
Other Current Financial Assets	7	-
Financial assets at Fair Value through P&L:		
Investment (Current)	-	460
Total	7,471	10,407
Financial liabilities at Amortized cost:		
Trade Payables	2,068	4,010
Cash Credits/Working Capital Borrowings	-	6,087
Other Current Financial Liabilities	3,910	2,791
Financial liabilities at FVTPL:		
Borrowings - Non-current	16,037	10,224
Total	22,015	23,112

34 Fair Value measurement :

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company has established the following fair value hierarchy that categorizes the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. The investment in mutual funds are valued using the closing Net Asset Value based on the mutual fund statements received by the company. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Particulars	Rs. in lakhs	
	As at 31 March 2023	As at 31 March 2022
Financial Asset at Fair Value through profit or loss:		
Investments - Level 1	-	460
Total	-	460
Financial Liabilities at Fair Value through profit or loss:		
Optionally Convertible Debentures (OCD) - Level 3	1,457	2,100
Compulsory Convertible Preference Shares (CCPS) - Level 3	-	5,460
Total	1,457	7,560

The management has assessed that cash and bank balances, trade payables, and other financial asset and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the quoted units of mutual fund schemes are based on net asset value at the reporting date.



Cravatex Brands Limited

Notes to the financial statements (Continued) for the year ended 31 March 2023

Currency in Indian Rupess

34 Fair Value measurement : (Continued)

The following methods and assumptions were used to estimate the fair values: (Continued)

The fair value of Optionally Convertible Debentures (OCD) is determined using Black and Scholes Option Pricing Method.

The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates and interest rate curve of the respective currencies.

The significant unobservable inputs used in the fair value measurement of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2023

Description of significant unobservable inputs to valuation:

Particulars	Valuation Technique	Significant unobservable inputs
Optionally Convertible Debentures (OCD)	Option Pricing Method	Equity value of the Company



Cravatex Brands Limited

Notes to the financial statements (Continued) for the year ended 31 March 2023

Currency in Indian Rupees

35 Financial Risk Management Objectives and Policies :

The Company's principal financial liabilities comprise of trade payables, borrowings and other payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets include Investments, Loans, Trade receivables and Other receivables, Cash and Cash Equivalents, Other Bank Balances that directly derive from its operations.

The Company's activities are exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument.

The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

a) Foreign Currency Risk

Foreign currency risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the import of raw materials and exports of finished goods.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

The Company evaluates exchange rate exposure arising from foreign currency transactions. The Company follows established risk management policies and standard operating procedures. It uses derivative instruments like forwards contracts to hedge exposure to foreign currency risk.

Outstanding Foreign Currency Exposure (gross)	Foreign Currency in lakhs	
	As at 31 March 2023	As at 31 March 2022
Trade Payables		
USD	2	6

Foreign Currency Sensitivity on unhedged exposure:

1% increase in foreign exchange rate will have the following impact on loss before tax:

Particulars	Rs in lakhs	
	As at 31 March 2023	As at 31 March 2022
USD	1	5

Note: If the rate is decreased by 100 bps loss will decrease by an equal amount

Interest rate risk :

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

Particulars	Rs in lakhs		
	Total borrowings	Floating Rate Borrowings	Fixed Rate Borrowings
As at 31st March 2023			
INR	14,580	-	14,580
As at 31st March 2022			
INR	8,751	-	8,751



Cravatex Brands Limited

Notes to the financial statements (Continued) for the year ended 31 March 2023

Currency in Indian Rupees

35 Financial Risk Management Objectives and Policies : (Continued)

a) Foreign Currency Risk (Continued)

Interest rate sensitivities for unhedged exposure (impact on increase in 100 bps):

Particulars	Rs in lakhs	
	As at 31 March 2023	As at 31 March 2022
INR	146	88

Note: If the rate is decreased by 100 bps loss will decrease by an equal amount.

b. Credit Risk :

Credit risk is the risk that 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 (primarily Trade Receivables), investing and financing activities including Mutual Fund Investments, Investment in Debt Securities, Bank Balance, Deposits with Bank, Security Deposits, Loans to Employees and other financial instruments.

Trade Receivables :

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and based on the evaluation credit limit of each customer is defined.

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been 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. The company allows credit period ranging from 60 days to 180 days, subject to reasonableness of the receivable. There is no concentration of customers and receivable amount.

Movement of allowance for doubtful debts		Rs in lakhs
Particulars	Amount	
Balance as at 31 March 2021	782	
Add: Provisions	752	
Balance as at 31 March 2022	1,534	
Add: Provisions (net)	526	
Balance as at 31 March 2023	2,060	

Investments, Cash and Cash Equivalent and Bank Deposit:

Credit Risk on cash and cash equivalent, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions who have been assigned high credit rating by international and domestic rating agencies.

Investments of surplus funds are made only based on Investment Policy of the Company. Investments primarily include investment in units of mutual funds. These Mutual Funds and Counterparties have low credit risk.

c. Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

As at 31 March 2023	Carrying Value	Contractual values			
		Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Non derivative financial liability:					
Trade Payables	2,068	2,068	-	-	2,068
Borrowings	16,037	-	14,580	1,457	16,037
Other Financial Liabilities	3,254	3,254	-	-	3,254



Cravatex Brands Limited

Notes to the financial statements (Continued) for the year ended 31 March 2023

Currency in Indian Rupees

As at 31 March 2022	Carrying Value	Contractual values			
		Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Trade Payables	4,010	4,010	-	-	4,010
Borrowings	16,311	6,087	2,664	7,560	16,311
Other Financial Liabilities	2,002	2,002	-	-	2,002

36 Capital Management :

The Company's objectives when managing capital are to

- (a) maximise shareholder value and provide benefits to other stakeholders and
- (b) maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders.

The Company monitors capital using debt-equity ratio, which is total debt and bank deposits less investments divided by total equity.

Particulars	Rs in lakhs	
	As at 31 March 2023	As at 31 March 2022
Total Debt (Bank and other borrowings)	16,037	16,311
Total Equity	(5,832)	(4,113)
Liquid Investments including bank deposits	106	892
Debt to Equity (Net)	(2.73)	(3.75)

In addition the Company has financial covenants relating to the borrowing facilities that it has taken from the lenders like interest coverage service ratio, Debt to EBITDA, etc. which is maintained by the Company



Cravatex Brands Limited

Notes to the financial statements (Continued) for the year ended 31 March 2023

Currency in Indian Rupees

37 Leases

The company has taken on lease retail stores, office premises and warehouses. The lease typically run for the period between 12 month to 60 months.

Information about leases for which the company is lessee is presented below:

A. Right of use assets

Rs in lakhs

Particulars	As at	As at
	1 April 2022	1 April 2021
Carrying amount of:		
Right-of-Use: Buildings	3,782	2,935
	3,782	2,935

Rs in lakhs

Particulars	As at	As at
	31 March 2023	31 March 2022
Balance at April 1, 2022	3,987	2,935
Additions	836	-
Disposal / Derecognized during the year	(1,310)	822
Balance at March 31, 2023	3,513	2,113

B. Accumulated depreciation

Rs in lakhs

Particulars	As at	As at
	31 March 2023	31 March 2022
Balance at April 1, 2022	1,875	1,595
Depreciation expense	813	571
Disposal / Derecognized during the year	(859)	-
Balance at March 31, 2023	1,829	2,394

C. Lease liabilities

Rs in lakhs

Particulars	As at	As at
	31 March 2023	31 March 2022
Balance at April 1, 2022	2,451	3,132
Addition	-	-
Accredition of interest	305	323
Payments	1,065	989
Adjustments for Disposals	(287)	15
Balance at March 31, 2023	1,978	2,451
Current	656	789
Non-current	1,321	1,662



D. Amounts recognised in profit and loss

Rs in lakhs

Particulars	As at 31 March 2023	As at 31 March 2022
Depreciation expense of right-of-use assets	813	800
Interest expense on lease liabilities	305	323
Expense towards short term lease and lease for low value assets	-	221
Total	1,118	1,124

E. Maturity Analysis of Lease Liability

Rs in lakhs

Particulars	As at 31 March 2023	As at 31 March 2022
1 year or less	656	789
1-2 years	475	687
2-5 years	776	821
More than 5 years	70	154
Carrying Amount	1,977	2,451

F. Amount recognised in statement of cash flows

Rs in lakhs

Particulars	As at 31 March 2023	As at 31 March 2022
Principal portion of the lease liabilities	760	623
Interest portion of the lease liabilities	305	284
Total	1,065	907



Cravatex Brands Limited

Notes to the financial statements (Continued) for the year ended 31 March 2023

Currency in Indian Rupees

38 Revenue from contract with customer

A Disaggregation of revenue

Following table provides disaggregation of revenue

For the period ended 31 March 2023					
Particulars	FILA (Refer Note 40)	VANS	Fitness	Proline	Total
Segment revenue	9,616	709	664	3,705	14,695
Total revenue from contract with customers	9,616	709	664	3,705	14,695

For the period ended 31 March 2022					
Particulars	FILA (Refer Note 40)	VANS	Fitness	Proline	Total
Segment revenue	7,786	426	1,982	5,459	15,653
Total revenue from contract with customers	7,786	426	1,982	5,459	15,653

B Timing of Revenue recognition:

Rs. in lakhs		
Particulars	31-Mar-23	31-Mar-22
-Goods/Services transferred at a point in time	5,009	15,458
-Service transferred over time	79	195
Total revenue from contract with customers	5,080	15,653

C Contract balances:

The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers.

Rs. in lakhs		
Particulars	31-Mar-23	31-Mar-22
Trade receivables (Refer note 10)	6,959	8,832
Deferred Revenue (Refer note 20)	-	40

The contract assets primarily relate to the Company's right to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the Customer. The contract liabilities primarily relate to the advance consideration received from the customers.

Significant changes in contract liabilities during the period:

Rs. in lakhs		
Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Deferred revenue as on 1st April 2022	40	66
Loss: revenue recognised that was included in the contract liability balance at the beginning of the period	(40)	(58)
Add: revenue transferred unearned revenue	-	32
Deferred revenue as on 31st March 2023	-	40

D Reconciliation the amount of revenue recognised in the statement of profit and loss with the contracted price:

Rs. in lakhs		
Particulars	31-Mar-23	31-Mar-22
Revenue as per contracted price	11,196	20,752
Adjustments		
Sales return (incl provision for sales return)	3,377	3,572
Discounts	2,740	1,527
Revenue from contract with customers	5,079	15,653



Cravatex Brands Limited

Notes to the financial statements (Continued) for the year ended 31 March 2023

Currency in Indian Rupees

39 Ratios

Ratio	Numerator	Denominator	31-Mar-23	31-Mar-22	Variance	Explanation for variation by more than 25%
(a) Current Ratio	Total current assets	Total Current Liabilities	2.08	1.14	82.4%	The reason for the same is on account of decrease in total current liabilities in comparison to previous year
(b) Debt-Equity Ratio	Debt, consisting of current and non current lease liabilities	Total Equity	(2.98)	(4.37)	-31.9%	The reason for the same is on account of higher borrowings and losses during the year
(c) Debt Service Coverage Ratio	Earning before interest, tax, depreciation and amortisation (EBITDA), arrived by adding back Finance costs and Depreciation and amortisation expense on Profit before tax	before Principal repayment of loan	(0.48)	(0.04)	1000.1%	The reason for the same is on account of increase in losses in comparison to previous year
(d) Return on Equity Ratio	Equity Profit for the period (PAT)	Total Equity	1.38	0.81	70.0%	The reason for the same is on account of increase in losses in comparison to previous year
(e) Inventory turnover ratio	Cost of Good Sold	Inventory	0.77	1.78	-56.4%	The reason for the same is on account of decrease in cost of goods sold in comparison to previous year
(f) Trade Receivables turnover ratio	Revenue from operations	from Trade receivables	0.73	1.77	-58.8%	The reason for the same is on account of decrease in revenue from operations in comparison to previous year
(g) Trade payables turnover ratio	Purchase of stock in trade	Trade payables	1.61	2.75	-41.3%	The reason for the same is on account of decrease in trade payables in comparison to previous year
(h) Net capital turnover ratio	Revenue from operations	from Total current assets less total current liabilities	0.71	8.08	-91.2%	The reason for the same is on account of decrease in total current liabilities in comparison to previous year
(i) Net profit ratio	Profit for the period (PAT)	Total income	(1.57)	(0.21)	660.9%	The reason for the same is on account of increase in losses in comparison to previous year
(j) Return on Capital employed	Earning before interest and tax, arrived by adding back Finance costs on Profit before tax (EBIT)	Total Equity plus current and non current lease liabilities	2.02	1.26	60.4%	The reason for the same is on account of increase in losses (EBIT) in comparison to previous year
(k) Return on investment	on Profit for the period (PAT)	Total assets	(0.43)	(0.15)	191.0%	The reason for the same is on account of increase in losses in comparison to previous year

40 Discontinued Operations:

The Board of Directors at its meeting dated 21 March 2023 has approved a Scheme of Arrangement for Demerger wherein the assets, liabilities and business of importing, trading, selling, marketing, advertising, retailing and distribution of footwear, apparel and accessories under the licensed brand 'FILA' in India, Pakistan, Sri Lanka, Bangladesh, Nepal and Bhutan will be demerged from the Company to Metro Brands Limited. The Company is in the process of filing the Scheme of Arrangement for Demerger with National Company Law Tribunal (NCLT).

Revenue and expenses relating to discontinued operations is as follows:

A Results of Discontinued Operation

Particulars	Rs. In lakhs	
	Amount as on 31.03.2023	Amount as on 31.03.2022
Discontinued operations		
Income		
Revenue from operations	9,616	7,785
Other Income	299	398
Total Income	9,915	8,183
Expenses		
Purchase of stock-in-trade	6,511	5,762
Change in Inventories of stock-in-trade	(729)	(1,141)
Employee benefits expense	1,292	870
Finance costs	1,331	268
Depreciation and amortisation expense	1,706	399
Other expenses	5,536	2,909
Total expenses	15,650	9,058
Loss before tax	(5,735)	(875)
Loss after tax	(5,735)	(875)



Cravatex Brands Limited

Notes to the financial statements (Continued) for the year ended 31 March 2023

Currency in Indian Rupees

41 Goodwill:

Goodwill has been valued at Rs. 516 lakhs. The estimated value-in-use is based on the future cash flows using a 20% annual growth rate for periods subsequent to the forecast period of 9 years and discount rate of 14.1%. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the Goodwill would decrease below its carrying amount. Long term average growth rate is 16%

42 Covid-19:

In February 2020, the World Health Organization (the "WHO") declared COVID-19 a Public Health Emergency of International Concern. The Company's operations were impacted from 17th March, 2020 till the first week of May 2020 (1st wave) and further from the first week of April 21 to June 21 (2nd wave) as the COVID-19 pandemic had disrupted demand and supply chains across industries, impacting the business of companies. Even though India was impacted by the 3rd wave in Jan-Feb'22 but the same was not disruptive in comparison to the first and second wave of the pandemic. Considering COVID-19 pandemic, the Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the financial results. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has at the date of approval of these financial statements used internal and external sources of information. The Company has performed an analysis on the assumptions used and based on current estimates expects the carrying amount of its assets will be recovered. The Company has considered the impact to the extent known and available currently. Since now the pandemic has scaled down to a great extent and daily caseload has been significantly down, Company is witnessing an increase in demand for all across the channels with some channels achieving pre-COVID level as well. The Company is looking forward to more robust demand of its product as the markets and offices are already normalised.

43 The Companies Act, 2013 has formulated Section 135, Companies (Corporate Social Responsibility) Rules, 2014 and Schedule VII which prescribes mandatory provisions for Companies to fulfill their Corporate Social Responsibility. The provisions of this section are applicable to profit making entities only. As the entity is a loss making Company, provisions of CSR would not be applicable to it.

44 The figure for the previous year have been regrouped/reclassified to correspond to current year's classification/ disclosure that include changes consequent to the issuance of "Guidance Note on division II- Ind AS schedule III to the Companies Act, 2013" and further amendment in schedule III.

Notes to the Financial Statement

The accompanying notes are an integral part of the financial statements

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As per our report of even attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No. 101248W-W-100022

B. S. R. & Co. LLP

B. S. R. & Co. LLP

Partner

Membership No. 103595

For and on behalf of the Board of Directors
of Cravatex Brands Limited

(CIN: U31909MH2016PLC288708)

Nissar Joseph

Nissar Joseph

Director

(DIN No. 00791972)

Kaushal Parekh

Kaushal Parekh

Director

(DIN No. 09794399)

Mumbai

Dated: 16 May 2023

Mumbai

Dated:

16 May 2023

