

Independent Auditor's Report

To the Members of Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited) (the "Company") which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone 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 standalone 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 loss, 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 Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules 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 standalone financial statements.

Management's and Board of Directors' Responsibilities for the Standalone 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 standalone 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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 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.

Registered Office:

Independent Auditor's Report (*Continued*)

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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)

Imagine Marketing Limited (formerly known as Imagine Marketing Private 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 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 has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its standalone financial statements - Refer Note 33 to the standalone financial statements.
- b. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 46 to the standalone financial statements.
- 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 their knowledge and belief, other than as disclosed in the Note 49 to the standalone 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 their knowledge and belief, as disclosed in the Note 49 to the standalone 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.

Independent Auditor's Report (Continued)

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

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

We draw attention to Note 37E to the standalone financial statements for the year ended 31 March 2023 according to which the managerial remuneration paid to executive directors and provided for independent directors of the Company amounting to Rs. 85.57 million and consequently the total managerial remuneration for the financial year amounting to Rs. 85.57 million exceed the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by Rs. 85.57 million. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the Company proposes to obtain in the forthcoming Annual general Meeting. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Chartered Accountants

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

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Date: 2023.09.22
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Amar Sunder

Partner

Place: Mumbai

Date: 22 September 2023

Membership No.: 078305

ICAI UDIN:23078305BGWONM3435

Annexure A to the Independent Auditor’s Report on the Standalone Financial Statements of Imagine Marketing Limited (formerly known as Imagine Marketing Private 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, the property, plant and equipment which should have been physically verified by the management, during the year were not so verified due to change in physical verification policy by management. Hence, we are unable to comment on the discrepancies, if any. The management has represented to us that the relevant assets would be additionally covered in the physical verification programme for the subsequent years.
- (c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.
- (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, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. 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 except as follows:

(All amount in Rs millions)

Quarter	Name of bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference
June 2022	Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	Inventory	5,983.15	6,592.82	(609.68)

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited) for the year ended 31 March 2023 (Continued)

Quarter	Name of bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference
June 2022	Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	Trade receivables	6,413.63	6,599.69	(186.06)
June 2022	Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	Advance to Vendor	3,051.16	3,059.25	(8.09)
Sep 2022	Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	Inventory	7,597.76	7,641.11	(43.36)
Sep 2022	Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	Trade receivables	9,758.91	9,512.69	246.22
Sep 2022	Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	Advance to Vendor	5,064.21	5,069.71	(5.50)
Dec 2022	Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	Trade receivables	4,652.88	4,626.76	26.11
March 2023	Citi Bank, RBL, HDFC, ICICI, HSBC,	Inventory	4,616.48	4,835.31	(218.83)

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited) for the year ended 31 March 2023 (Continued)

Quarter	Name of bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference
	SCB, Axis				
March 2023	Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	Trade receivables	2,694.15	3,883.34	(1,189.19)
March 2023	Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	Advance to Vendor	3,865.41	4,493.17	(627.76)

(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 provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments in companies and granted interest free unsecured loans to other parties (employees), in respect of which the requisite information is as below. The Company has not made any investments in or granted any loans, secured or unsecured, to firms and limited liability partnership.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has provided unsecured loans as below:

(All amount in Rs millions)

Particulars	Loans
Aggregate amount during the year	
Subsidiary*	-
Others **	6.04
Balance outstanding as at balance sheet date - 31 March 2023	
Subsidiary*	27.00
Others **	0.45

*As per the Companies Act, 2013

** Others represents interest free unsecured loans to employees as per the policies/practice of the Company.

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made and the terms and conditions of the grant of unsecured loans are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited) for the year ended 31 March 2023 (Continued)

of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular except for the loans of Rs. 27 millions given to wholly owned subsidiary company, Dive Marketing Private Limited which are repayable on demand. As informed to us, the Company has not demanded repayment of the loan during the year from Dive Marketing Private Limited. The Company has demanded repayment of the interest thereon of Rs 1.63 millions during the year from Dive Marketing Private Limited and the same has been paid by Dive Marketing Private Limited. Thus, there has been no default on the part of the party to whom the money has been lent. In the case of interest free unsecured loans given to other parties (employees), in our opinion the repayment of principal has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party 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 is no loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties. Further, the Company has not given any advances in the nature of loans to any party.
- (f) 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 the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loans to related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"). Further, the Company has not given any advances in the nature of loans to any party.

(All amount in Rs millions)

	Related Parties
Aggregate of loans	
- Repayable on demand (A)	27.00
- Agreement does not specify any terms or period of Repayment (B)	-
Total (A+B)	27.00
Percentage of loans to the total loans granted	98.36%

- (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 not provided any guarantee or security as specified under Sections 185 and 186 of the Act. In respect of the investments made and loans given by the Company, in our opinion the provisions of Section 186 of the Act have been complied with. The Company has not granted loans, nor made any investments to which the provisions of Section of 185 of the Act apply.
- (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.

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited) for the year ended 31 March 2023 (Continued)

- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the products sold by the Company. 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 generally been regularly deposited with the appropriate authorities, though there have been significant delays in cases of Provident Fund and Labour Welfare Fund and slight delays in a few cases of Duty of Customs.

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, except as mentioned below:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Due date	Date of payment
Income Tax Act, 1961	Tax collected at source	8,572	May 2022	7 June 2022	6 April 2023
Income Tax Act, 1961	Tax collected at source	7,318	June 2022	7 July 2022	6 April 2023
Income Tax Act, 1961	Tax collected at source	20,538	July 2022	7 August 2022	6 April 2023
Income Tax Act, 1961	Tax collected at source	17,183	August 2022	7 Sep 2022	6 April 2023
Income Tax Act, 1961	Tax collected at source	9,142	Sep 2022	7 Oct 2022	6 April 2023
The Employees Provident Funds And Miscellaneous Provisions Act, 1952	Provident Fund	7,771	April 2022	15 May 2022	Not Paid
The Employees Provident	Provident Fund	45,495	May 2022	15 June 2022	Not Paid

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited) for the year ended 31 March 2023 (Continued)

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Due date	Date of payment
Funds And Miscellaneous Provisions Act, 1952					
The Employees Provident Funds And Miscellaneous Provisions Act, 1952	Provident Fund	33,715	June 2022	15 July 2022	Not Paid
The Employees Provident Funds And Miscellaneous Provisions Act, 1952	Provident Fund	51,259	July 2022	15 August 2022	Not Paid
The Employees Provident Funds And Miscellaneous Provisions Act, 1952	Provident Fund	37,070	August 2022	15 Sep 2022	Not Paid

- (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 Duty of Customs which have not been deposited on account of any dispute are as follows:

(All amount in Rs Millions)

Name of the statute	Nature of the dues	Amount Demanded	Amount Paid	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Custom Duty, (including Interest and penalty, if applicable)	341.98	-	June 2019 to December 2020	Comm. of Customs (Import) ACC Sahar

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited) for the year ended 31 March 2023 (Continued)

- (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) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (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) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.
- (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 based on our examination of the records of the Company, the Company has made private placement of compulsorily convertible preference shares during the year. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 and 62 of the Act. Further, in our opinion, the amounts so raised were applied for the purposes for which these securities were issued, though idle funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand. According to the information and explanations given to us and based on our examination of the records of the Company, the Company did not make preferential allotment or private placement of fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company to that extent.
- (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,

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited) for the year ended 31 March 2023 (Continued)

and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
 - (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) According to the information and explanations provided to us during the course of audit, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC. Accordingly, clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has incurred cash losses of Rs 1,192.38 millions in the current financial year and has not incurred cash losses 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 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) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly,

B S R & Co. LLP

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited) for the year ended 31 March 2023 (Continued)

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

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Amar Sunder

Partner

Place: Mumbai

Date: 22 September 2023

Membership No.: 078305

ICAI UDIN:23078305BGWONM3435

Annexure B to the Independent Auditor's Report on the standalone financial statements of Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited) for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid standalone 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 Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited) ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone 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 standalone financial statements, whether due to fraud or error.

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

Annexure B to the Independent Auditor's Report on the standalone financial statements of Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited) for the year ended 31 March 2023 (Continued)

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 standalone financial 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 standalone 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 standalone 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

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SUNDER AMAR SUNDER
Date: 2023.09.22
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Amar Sunder

Partner

Place: Mumbai

Date: 22 September 2023

Membership No.: 078305

ICAI UDIN:23078305BGWONM3435

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Standalone Balance Sheet

As at 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

Particulars	Notes	As at	
		31 March 2023	31 March 2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	210.06	26.03
Right-of-use assets	4	178.05	130.36
Intangible assets	5(A)	315.84	44.03
Intangible assets under development	5(B)	82.51	81.67
Financial assets			
Investments in Subsidiaries, Associate and Joint Venture	6	2,832.98	2,336.74
Other Investments	7	8.14	26.98
Other financial assets	8	266.31	42.71
Non-current tax assets (net)	9	181.63	81.72
Deferred tax assets (net)	9	379.90	31.29
TOTAL NON-CURRENT ASSETS		4,455.42	2,801.54
CURRENT ASSETS			
Inventories	10	4,616.48	5,457.34
Financial assets			
Trade receivables	11	2,694.15	3,227.37
Cash and cash equivalents	12	1,392.27	302.22
Bank balance other than cash and cash equivalents	13	1,930.40	1,575.84
Loans	14	27.45	34.21
Other financial assets	8	109.62	2,523.80
Other current assets	15	5,808.66	2,819.69
TOTAL CURRENT ASSETS		16,579.03	15,940.47
TOTAL ASSETS		21,034.45	18,742.01
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	16	96.10	96.04
Instruments entirely equity in nature	16	108.71	108.71
Other equity	17	4,924.97	5,896.75
TOTAL EQUITY		5,129.78	6,101.50
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	18	5,031.23	-
Lease liabilities	19	114.72	94.30
Provisions	20	11.85	6.34
TOTAL NON-CURRENT LIABILITIES		5,157.80	100.64
CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	18	7,329.86	9,211.32
Lease liabilities	19	65.00	41.36
Trade payables			
Total outstanding dues of micro enterprise and small enterprises	21	29.35	24.43
Total outstanding dues of creditors other than micro enterprises and small enterprises	21	2,528.68	2,164.26
Other financial liabilities	22	78.62	8.11
Other current liabilities	23	57.39	38.36
Provisions	20	657.97	1,052.04
TOTAL CURRENT LIABILITIES		10,746.87	12,539.87
TOTAL LIABILITIES		15,904.67	12,640.51
TOTAL EQUITY AND LIABILITIES		21,034.45	18,742.01

Basis of preparation, measurement and significant accounting policies

2

The accompanying notes 3 to 50 are an integral part of these Standalone Financial Statements.

As per our report of even date attached

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

Chartered Accountants

Firm Registration No. 101248W/W-100022

AMAR

SUNDER

Amar Sunder

Partner

Membership No: 078305

For and on behalf of the Board of Directors of

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

CIN: U52300MH2013PLC249758

SAMEER

ASHOK

MEHTA

Sameer Mehta

Director and CEO

DIN: 02945481

ANKUR

SHARMA

Ankur Sharma

Chief Financial Officer

AMAN

GUPTA

Aman Gupta

Director

DIN: 02249682

MUKESH

RADHESHYA

M RANGA

Mukesh Ranga

Company Secretary

(A-30560)

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Standalone Statement of Profit and Loss For the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

Particulars	Notes	Year ended	Year ended
		31 March 2023	31 March 2022
INCOME			
Revenue from operations	24	32,584.04	28,729.01
Other income	25	263.58	135.07
		32,847.62	28,864.08
EXPENSES			
Purchases of stock-in-trade	26	24,209.80	25,847.78
Changes in inventories of stock-in-trade	27	840.86	(2,369.11)
Employee benefits expense	28	670.18	519.94
Finance costs	29	733.98	332.89
Depreciation and amortisation expense	30	122.73	65.81
Other expenses	31	7,628.89	3,376.35
TOTAL EXPENSES		34,206.44	27,773.66
(Loss)/Profit before tax		(1,358.82)	1,090.42
Tax expense			
Current tax	9	-	306.88
Deferred tax		(348.36)	(4.66)
Total tax expense		(348.36)	302.22
(LOSS)/PROFIT FOR THE YEAR (A)		(1,010.46)	788.20
OTHER COMPREHENSIVE LOSS			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of the net defined benefit plans		(1.01)	(2.12)
Income tax relating to these items		0.25	0.53
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX (B)		(0.76)	(1.59)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR (A+B)		(1,011.22)	786.61
Earnings/(Loss) per equity share (face value of Re. 1 each)			
Basic (Rs.)	32	(10.46)	5.85
Diluted (Rs.)	32	(10.46)	5.84

Basis of preparation, measurement and significant accounting policies

2

The accompanying notes 3 to 50 are an integral part of these Standalone Financial Statements.

As per our report of even date attached

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

Chartered Accountants

Firm Registration No. 101248W/W-100022

AMAR
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Date: 2023.09.22 19:44:54
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Amar Sunder

Partner

Membership No: 078305

For and on behalf of the Board of Directors of
**Imagine Marketing Limited (formerly known as Imagine
Marketing Private Limited)**

CIN: U52300MH2013PLC249758

SAMEER
ASHOK MEHTA

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SAMEER ASHOK MEHTA
Date: 2023.09.22
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Sameer Mehta

Director & CEO

DIN: 02945481

ANKUR
SHARMA

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ANKUR SHARMA
Date: 2023.09.22
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Ankur Sharma

Chief Financial Officer

AMAN
GUPTA

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by AMAN GUPTA
Date: 2023.09.22
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Aman Gupta

Director

DIN: 02249682

MUKESH
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M RANGA

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RADHESHYAM RANGA
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Mukesh Ranga

Company Secretary

(A-30560)

Mumbai, September 22, 2023

Mumbai, September 22, 2023

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

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

(All amounts are in Rs. million, unless otherwise stated)

A. EQUITY SHARE CAPITAL

Particulars	Number of Shares	Amount
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
Equity Shares of ₹ 1/- each fully paid up		
Balance at 31 March 2021	45,066	0.45
Changes in equity share capital due to prior period errors	-	-
Changes in equity share capital during the year	9,59,85,234	95.59
Balance at 31 March 2022	9,60,30,300	96.04
Changes in equity share capital due to prior period errors	-	-
Changes in equity share capital during the year	66,000	0.06
Balance at 31 March 2023	9,60,96,300	96.10

B. INSTRUMENTS ENTIRELY EQUITY IN NATURE

Particulars	Series A CCPS *		Series B CCPS **	
	Number of Shares	Amount #	Number of Shares	Amount ##
ISSUED, SUBSCRIBED AND PAID UP CAPITAL				
Balance at 31 March 2021	5,109	0.05	15,507	93.04
Changes in preference share capital during the year	5,04,891	5.05	1,762	10.57
Balance at 31 March 2022	5,10,000	5.10	17,269	103.61
Changes in preference share capital during the year	-	-	-	-
Balance at 31 March 2023	5,10,000	5.10	17,269	103.61

* Series A CCPS represents 0.01% Non-cumulative compulsorily convertible preference shares of Rs 10 each, fully paid up

** Series B CCPS represents 0.01% Cumulative compulsorily convertible preference shares of Rs 6,000 each, fully paid up

Series A CCPS - Total proceeds received of Rs. 210 million in FY 2018-19 on fresh issuance of Series A CCPS which was classified as compound financial instruments up to 4 January 2021. Refer note 16(h)

Series B CCPS - Total proceeds received of Rs. 4,400.09 million in FY 2020-21 and Rs. 499.96 million during the year ended 31 March 2022 on fresh issuance of Series B CCPS.

C. OTHER EQUITY

Particulars	Reserves and Surplus					
	Securities Premium	Capital redemption reserve	General reserve	Share Options Outstanding Account	Retained earnings	Total Other Equity
Balance at 31 March 2021	3,289.98	0.05	11.25	14.82	1,232.04	4,548.14
Profit for the year	-	-	-	-	788.20	788.20
Other comprehensive income for the year	-	-	-	-	(1.59)	(1.59)
Total comprehensive income for the year	-	-	-	-	786.61	786.61
Securities premium on preference shares issued	489.39	-	-	-	-	489.39
Securities premium on Equity shares issued	19.54	-	-	-	-	19.54
Expenses incurred directly in connection with issue of CCPS	(12.07)	-	-	-	-	(12.07)
Utilised for issue of bonus shares	(99.80)	(0.05)	-	-	-	(99.85)
Share-based payments to employees	-	-	-	155.72	-	155.72
Issue of equity shares on exercise of employee stock options	17.81	-	-	(8.54)	-	9.27
Balance at 31 March 2022	3,704.85	-	11.25	162.00	2,018.65	5,896.75
Loss for the year	-	-	-	-	(1,010.46)	(1,010.46)
Other comprehensive expense for the year	-	-	-	-	(0.76)	(0.76)
Total comprehensive loss for the year	-	-	-	-	(1,011.22)	(1,011.22)
Share-based payments to employees	-	-	-	36.22	-	36.22
Issue of equity shares on exercise of employee stock options	3.22	-	-	-	-	3.22
Balance at 31 March 2023	3,708.07	-	11.25	198.22	1,007.43	4,924.97

Refer note 17B for nature and purpose of reserves.

The accompanying notes 3 to 50 are an integral part of these Standalone Financial Statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022
AMAR SUNDER
Digitally signed by AMAR SUNDER
Date: 2023.09.22 19:11:45 +05'30'
Amar Sunder
Partner
Membership No: 078305

For and on behalf of the Board of Directors of
Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)
CIN: U52300MH2013PLC249758
AMAN GUPTA
Digitally signed by AMAN GUPTA
Date: 2023.09.22 19:11:45 +05'30'
Aman Gupta
Director
DIN: 02249682
MUKESH RADHESHYAM RANGA
Digitally signed by MUKESH RADHESHYAM RANGA
Date: 2023.09.22 19:11:45 +05'30'
AM RANGA
Mukesh Ranga
Company Secretary
(A-30560)

ANKUR SHARMA
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Date: 2023.09.22 19:15:46 +05'30'
Ankur Sharma
Chief Financial Officer

Mumbai, September 22, 2023

Mumbai, September 22, 2023

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Standalone Statement of Cash Flows For the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(1,358.82)	1,090.42
Adjustments for:		
Depreciation and amortisation expense	122.73	65.81
Share based payment expense	36.22	155.72
Interest on fixed deposits	(172.96)	(96.63)
Interest income others	(2.97)	(2.15)
Fair valuation (gain) from investments designated at FVTPL	(0.82)	(2.51)
Liabilities no longer required, written back	-	(0.45)
Provisions no longer required, written back	(0.24)	(6.41)
Fair value loss on account of changes in financial liabilities	31.23	-
Gain on derecognition of leases	(1.55)	(1.70)
Finance cost	733.98	332.89
Provision for loss allowance for trade receivables	252.52	7.05
Provision for doubtful advances	-	38.16
Provision for slow and non moving inventory	330.80	86.61
Provision for warranty	-	484.88
Provision for expected return liability	-	550.00
Unrealised foreign exchange loss	13.30	8.00
Operating (loss)/profit before working capital changes	(16.58)	2,709.69
<i>Adjustments for :</i>		
Decrease/(Increase) in inventories	510.06	(2,455.72)
Decrease/(Increase) in trade receivables	280.70	(2,479.59)
Decrease/(Increase) in loans	6.76	(4.48)
Decrease/(Increase) in other financial assets	2,204.38	(2,460.09)
(Increase) in other current assets	(2,988.97)	(1,637.05)
Increase in trade payables	356.05	974.84
Increase/(Decrease) in other financial liabilities	40.99	(29.53)
Increase/(Decrease) in other current liabilities	19.03	(44.70)
Increase/(Decrease) in current and non-current provisions	(389.33)	(187.06)
Cash generated from/(used in) operations	23.09	(5,613.68)
Taxes paid (net of refunds)	(99.91)	(484.01)
Net Cash flows (used in) operating activities (A)	(76.82)	(6,097.69)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment made in equity shares of subsidiaries and joint venture	(496.24)	(2,336.73)
Redemption of Mutual Funds	19.66	-
Purchase of tangible assets	(220.92)	(24.74)
Purchase of intangible assets	(289.18)	-
Intangible assets under development	(0.84)	(77.89)
Loan given to subsidiaries	-	(31.69)
Repayment of loan from subsidiaries	-	4.69
Fixed deposits placed (net)	(354.56)	(1,575.84)
Fixed deposits matured	-	45.00
Interest on fixed deposits	160.39	13.67
Net cash flow (used in) investing activities (B)	(1,181.69)	(3,983.53)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of preference shares, including securities premium	-	499.96
Proceeds from issue of equity shares, including securities premium	3.28	29.99
Expenses incurred for issuance of preference share capital	-	(12.07)
Proceeds from issue of preference shares classified as financial liability	5,000.00	-
Repayment towards term loan	-	(58.82)
(Repayment)/Proceeds from short-term borrowings	(1,881.46)	8,843.46
Repayment of lease liabilities	(55.85)	(44.05)
Interest and other borrowing costs paid	(717.42)	(318.96)
Net cash flow generated from financing activities (C)	2,348.55	8,939.51
Net increase/(decrease) in cash and cash equivalents (A+B+C)	1,090.05	(1,141.71)
Cash and cash equivalents at the beginning of the year	302.22	1,443.93
Cash and cash equivalents at the end of the year (refer note below)	1,392.27	302.22

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Standalone Statement of Cash Flows For the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

Particulars	Year ended	Year ended
	31 March 2023	31 March 2022
Components of cash and cash equivalents:		
Cash on hand	0.79	0.72
Balance with banks		
In current accounts	235.47	301.50
In deposits with original maturity of less than 3 months	1,156.01	-
Total cash and cash equivalents (refer note 12)	1,392.27	302.22

The above Standalone Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

Reconciliation between opening and closing balance sheet for liabilities arising from financing activities:

Particulars	Opening balance 1 April 2022	Cash flows	Non-cash movement	Closing balance 31 March 2023
			(including P&L charge)	
Proceeds from issue of preference shares classified as financial liability	-	5,000.00	31.23	5,031.23
Loan repayable on demand	9,211.32	(1,881.46)	-	7,329.86
Interest on borrowings	3.12	(717.42)	721.18	6.88
Proceeds from issue of equity capital including premium	96.04	3.28	-	99.32
Leases	135.66	(55.85)	99.91	179.72
Total liabilities from financing activities	9,446.14	2,348.55	852.32	12,647.01

Reconciliation between opening and closing balance sheet for liabilities arising from financing activities:

Particulars	Opening balance 1 April 2021	Cash flows	Non-cash movement	Closing balance 31 March 2022
			(including P&L charge)	
Long-term borrowings (including current maturities)	58.82	(58.82)	-	-
Loan repayable on demand	356.51	8,854.81	-	9,211.32
Interest on borrowings	-	(318.96)	315.85	3.12
Proceeds from issue of equity capital	66.05	29.99	-	96.04
Leases	101.62	(44.05)	78.09	135.66
Total liabilities from financing activities	583.00	8,462.97	393.94	9,446.14

Non-cash movement represents:

- With respect to leases, accrual of interest on lease liabilities.

'- With respect to preference shares, fair value loss on account of fair valuation of financial liability.

'- With respect to interest on borrowings, non cash movement is on account of charge in the current year to the statement of profit and loss.

Refer note 31 (ii) for amount spent towards corporate social responsibility

The accompanying notes 3 to 50 are an integral part of these Standalone Financial Statements.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

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SUNDER
Date: 2023.09.22 19:46:22
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Amar Sunder

Partner

Membership No: 078305

For and on behalf of the Board of Directors of
Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

CIN: U52300MH2013PLC249758

SAMEER MEHTA
ASHOK MEHTA
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Date: 2023.09.22 19:09:05 +05'30'

Sameer Mehta

Director & CEO

DIN: 02945481

AMAN GUPTA
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Date: 2023.09.22 19:12:03 +05'30'

Aman Gupta

Director

DIN: 02249682

ANKUR SHARMA
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Ankur Sharma

Chief Financial Officer

MUKESH RADHESHYAM RANGA
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Date: 2023.09.22 19:18:41 +05'30'

Mukesh Ranga

Company Secretary

(A-30560)

Mumbai, September 22, 2023

Mumbai, September 22, 2023

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

1 Company Information

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited *) ("Company") was incorporated on 1 November 2013 under the erstwhile Companies Act, 1956. The registered office of the Company is in Mumbai, Maharashtra, India. The principal place of business of the Company is in India. The Company is engaged in the business of trading of digital-first consumer technology products such as headphones, earphones, speakers, wearables and related accessories.

* the Company has changed its name from Imagine Marketing Private Limited to Imagine Marketing Limited based on the approval from Registrar of Companies, Maharashtra and accordingly it has become a unlisted public limited company.

2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and measurement

A. Statement of Compliance

The Standalone Financial Statements of the Company comprise of Balance Sheet as at 31 March 2023, Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended 31 March 2023 (hereinafter collectively referred to as "Standalone Financial Statements").

These Standalone Financial Statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of Companies Act, 2013 (the 'Act') read with the Companies (Indian Accounting Standards) Rule, 2015 and other relevant provisions of the Act.

These Standalone Financial Statements were approved by the Board of Directors of the Company in their meeting held on 22 September 2023.

B. Basis of preparation

The accounting policies set out below have been applied consistently to the years presented in the Standalone Financial Statements. These Standalone Financial Statements have been prepared on a going concern basis.

C. Basis of measurement

The Standalone Financial Statements have been prepared on a historical cost convention, except for the following:

- (i) Employee's defined benefit plan at present value of defined benefit obligation (unfunded) determined as per actuarial valuation;
- (ii) Certain financial assets and liabilities that are qualified to be measured at fair value; and
- (iii) Share based payments at fair value of the options on the date of the grant.

D. Functional currency and presentation

The Standalone Financial Statements has been presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions and decimals thereof, unless otherwise mentioned.

E. Use of judgements, assumptions and estimates

The preparation of Standalone Financial Statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosure of contingent liabilities as on the date of balance sheet and the reported amount of income and expenses for the reporting period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors that are believed to be reasonable under the circumstance. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected.

Judgements, Assumption and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the amounts recognised in the Standalone Financial Statements is included in the following notes:

- Note 2.2 (e) - Impairment test of non-financial assets and financial assets
- Note 2.2 (j) - Measurement of defined benefit obligations: key actuarial assumptions and employee share based payments
- Note 2.2 (m) - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used
- Note 2.2 (n) - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources including provisions for sales return and discounts
- Note 2.2 (f) and 2.2 (o) - Provision for obsolete inventory and provision for warranties
- Note 2.2 (d) - Useful life of intangible assets
- Note 2.2 (c) - Useful life of property plant and equipment
- Note 2.2 (g) - Fair valuation of financial liabilities
- Note 2.2 (l) - Determining whether the arrangement contains a lease

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation and measurement (continued)

F. Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

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

A liability is treated as current when:

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

Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

G. Fair value measurement

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

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.

2.2 Summary of significant accounting policies

(a) Revenue Recognition

Revenue from sale of goods is recognised when the control of goods is transferred to the customer and it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized. The Company has a single stream of revenue i.e. Sale of products.

Sale of products

The Company recognises revenue at a point in time when the performance obligation is satisfied, i.e. when 'control' of the goods underlying the particular performance obligation are transferred to the customer. Customers obtain control of the goods when the goods are delivered at the agreed point of delivery which generally is the premises of the customer.

Further, revenue from sale of goods is recognised based on a 5-Step Methodology which is as follows:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

MEIS (Merchandise Exports from India Scheme) Income: The Company records MEIS income as and when the scrips are utilised. The Company follows point in time approach for recording of MEIS income.

High seas sales: The Company records high seas sales of raw materials as and when the ownership of goods is transferred to the manufacturers with no control over the goods. The said sales are netted off from purchases since the cost of finished goods purchased from those manufacturers are inclusive of the cost of raw materials sold in High Sea Sales.

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(All amounts are in Rs. million, unless otherwise stated)

2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Right of return

The Company provides a customer with a right to return in case of any defects or on grounds of quality. The Company based on expected value of returns estimates the goods that will be returned by the customer. For goods that are expected to be returned, the Company recognizes a refund liability. A right of return asset and corresponding adjustment to change in inventory is also recognized for the right to recover products from a customer.

Contract balances

Contract assets: The Company classifies its right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon the passage of time. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset where the right to consideration is unconditional upon passage of time. Unbilled revenue which is conditional is classified as other current asset. Trade receivables and unbilled revenue is presented net of impairment.

Contract liabilities: A contract liability (which we referred to as Unearned Revenue) is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is received.

Trade receivables: A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets for guidance on recognition and measurement. The credit period offered to customers generally ranges from 30 days to 60 days.

(b) Recognition of dividend income, interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Dividend income is recognised in the Standalone statement of profit and loss on the date on which the Company's right to receive payment is established.

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(All amounts are in Rs. million, unless otherwise stated)

2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(c) Property, Plant and Equipment

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably and is measured at cost. Subsequent to recognition, all items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

If the cost of an individual part of property, plant and equipment is significant relative to the total cost of the item, the individual part is accounted for and depreciated separately.

The cost of property, plant and equipment comprises its purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of decommissioning, restoration and similar liabilities, if any. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and the subsequent expenditure can be measured reliably.

Items such as spare parts, stand-by equipment and servicing that meets the definition of property, plant and equipment are capitalised at cost and depreciated over the useful life. Cost of repairs and maintenance are recognised in the Standalone statement of profit and loss as and when incurred.

Capital work in progress and Capital advances:

Assets under construction includes the cost of property, plant and equipment that are not ready to use at the balance sheet date. Advances paid to acquire property, plant and equipment before the balance sheet date are disclosed under other non-current assets. Assets under construction are not depreciated as these assets are not yet available for use.

Depreciation and useful lives

Depreciable amount for assets is the cost of asset less its estimated residual value. Depreciation on Property, Plant and Equipment is calculated on the depreciable amount using the straight line method (SLM) using the rates arrived at based on the useful lives estimated by the management as prescribed in Schedule II of the Companies Act, 2013 except for Plant and Equipment where the management has derived useful life based on the technical evaluation.

Tangible Asset	Useful Life
Plant and Equipment	5 years
Furniture and fixtures	10 years
Office equipment	5 years
Computers	3 years

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Based on the technical evaluation and consequent assessment, the management believes that its estimate of useful life as given above best represents the period over which the management expects to use these assets. Estimates in respect of method of depreciation were revised from written down value method to straight line method during the year ended March 31, 2023.

Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the standalone statement of profit and loss when the asset is derecognised.

(d) Intangible assets

Recognition and measurement

Intangible assets comprise primarily of brands. Intangible assets are initially recorded at cost and subsequent to recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure are recognised in the statement of profit and loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight line method, and is included in the Depreciation and Amortisation expense in the Statement of profit and loss. The useful lives of intangible assets that is considered for amortization of intangible assets are as follows:

Intangible Asset	Useful Life
Brands	10 years
Computer Software	5 years

The amortisation period and the amortisation method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such changes is accounted for as a change in an accounting estimate.

Derecognition

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

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2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(e) Impairment

(i) Non-financial assets

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group/ class of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group/ Class of assets is considered as a cash generating unit (CGU). If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss.

Recoverable amount is higher of an asset's or cash generating unit's value in use and its fair value less cost of disposal. Value in use is the estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

An impairment loss is reversed in the Standalone statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

(ii) Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company recognises loss allowances using the expected credit loss (ECL) model as per Ind AS 109 for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12 month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

The Company considers a financial asset to be in default when:

- the counter party is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset in respect of trade receivables is 365 days or more past due and for trade receivables less than 365 days, the Company identifies on case to case basis whether there is a risk of default or increased credit risk.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company expects no significant recovery from the amount written off during the year.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 365 days past due for which the Company considers high risk of default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost is used. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. The comparison of cost and net realisable value is made on an item-by-item basis.

Inventories are stated net of write down or allowances on account of obsolescence, damage or slow moving items. The provision for inventory obsolescence is assessed periodically and is provided as considered necessary.

(g) Financial Instruments

Financial Assets

i) Recognition and initial measurement

All financial assets and liabilities are initially recognized when the Company becomes a party to contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction cost that are directly attributable to its acquisition or issue. However trade receivable that do not contain significant financing component are recognised at transaction price.

ii) Classification and subsequent measurement

On initial recognition, a financial instrument is classified and measured at

- Amortised cost
- Fair value through other comprehensive income (FVOCI) - debt instruments;
- Fair value through other comprehensive income (FVOCI) - equity investments; or
- Fair value through profit and loss (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 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 assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

A debt instrument 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 collect contractual cash flows and selling financial assets; and
- The contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

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(All amounts are in Rs. million, unless otherwise stated)

2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(g) Financial Instruments (continued)

Financial Assets (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 mutual funds. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement and gains and losses

Financial assets at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognized in profit or loss.

Financial assets at amortised cost:

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 recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVTOCI:

These assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI:

These assets are subsequently measured at fair value. Dividends are recognized 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 recognized in OCI and are not reclassified to profit or loss.

iii) Derecognition of financial assets

A financial asset is derecognized only when:

- The Company has transferred the rights to receive cash flows from financial asset or
- Retains the contractual rights to receive the cash flows from financial asset but assumed a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized. Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Investment in Joint Venture

The investments in joint venture is carried in the financial statements at historical cost except when the investment, or a portion thereof, is classified as held for sale, in which case measured at lower of carrying amount and fair value less costs to sell. When the Company is committed to a sale plan involving disposal of an investment, or a portion of an investment, in any joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met. Any retained portion of an investment in a subsidiary or a joint venture that has not been classified as held for sale continues to be accounted for at historical cost. Investments in subsidiaries and joint ventures carried at cost are tested for impairment in accordance with Ind AS 36 Impairment of Assets. The carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount, any impairment loss recognised reduces the carrying amount of the investment.

Financial liability

i) Initial recognition and measurement

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

ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to Standalone statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the Standalone statement of profit or loss. The Company has not designated any financial liability as at fair value through profit or loss other than series C CCPS which is classified as financial liability designated as FVTPL (Refer note 18).

Amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Standalone statement of profit and loss.

Derecognition

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

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

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(All amounts are in Rs. million, unless otherwise stated)

2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(h) Cash and cash equivalents

Cash and cash equivalent includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Statement of Cash Flows

Cash flows are reported using the indirect method, whereby net profit before taxes for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts and cash credits which are repayable on demand form an integral part of Company's cash management and are included as a component of cash and cash equivalents.

(i) Foreign Currency transactions and translations

Foreign currency transactions and translations are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into relevant functional currency at exchange rates in effect at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in Standalone statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss and are generally recognised in Standalone statement of profit and loss, except exchange differences arising from the translation of the following items which are recognised in OCI:

- equity investments at fair value through OCI (FVOCI)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

(j) Employee Benefits

(i) Defined Contribution Plan

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 Company makes specified contributions towards Government administered provident fund scheme, labour welfare fund and employees' state insurance scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

(ii) Defined Benefit Plan

The Company's gratuity plan is a defined benefit plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan 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 present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

All remeasurement gains and losses arising from defined benefit plans are recognised in the Standalone statement of other comprehensive income in the period in which they occur and not reclassified to the Standalone statement of profit and loss in the subsequent period. 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 related to defined benefit plans are recognised under "Finance costs" in the Standalone statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Standalone statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs in the Standalone statement of profit and loss.

(iii) Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits, which include benefits like salaries, wages and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

Short term employee benefits 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. short term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the amount of obligation can be estimated reliably.

(iv) Other long-term employee benefits:

The Company's net obligation in respect of long-term employment benefits, other than gratuity, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated at the balance sheet date on the basis of an actuarial valuation done by an independent actuary using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. Remeasurements gains or losses are recognised in the Standalone statement of profit and loss in the period in which they arise.

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date. The discount rates used for determining the present value of the obligation under long term employment benefits, are based on the market yields on Government securities as at the balance sheet date.

(v) Equity settled share based payments

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Standalone Statement of Profit and Loss. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(k) Borrowing Costs

Borrowing costs include:

- (i) interest expense calculated using the effective interest rate method;
- (ii) finance charges in respect of leases;
- (iii) interest expenses on bill discounting; and
- (iv) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

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

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Standalone statement of profit and loss in the period in which they are incurred.

(l) Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. 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 assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liability

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

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date when the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

(m) Income Taxes

Income tax comprises current and deferred tax. It is recognised in profit or 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.

(i) Current tax

Current tax comprises the 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.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(m) Income Taxes (continued)

(ii) 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:

- 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;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- 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 current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(n) Provisions, Contingent liabilities and Contingent assets

(i) General provision

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. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the Standalone Statements of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(ii) Onerous contract

Provision for onerous contracts, i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

(iii) Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

(iv) Contingent assets

Contingent assets are neither recognised nor disclosed in the Standalone financial Statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(o) Warranties

The Company recognises provision for warranties in respect of the products that it sells. These are reviewed at each balance sheet date and adjusted to reflect the current estimates. A provision is recognised for expected warranty claims on products sold during the year based on the past trend for actual warranty claims.

(p) Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the owners of the Company for the year by the weighted average number of equity shares outstanding during the reporting period (including instruments entirely equity in nature). The diluted earnings per share is computed by dividing the profit attributable to equity holders (after adjusting the cost recognised during the period for convertible instruments) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Diluted earnings per share is computed by dividing the profit (considered in determination of basic earnings per share) after considering the effect of interest and other financing costs or income (net of attributable taxes) associated with dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share adjusted for the weighted average number of equity shares that would have been issued upon conversion of all dilutive potential equity shares.

(q) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer who is designated the chief operating decision maker (CODM). The Company has identified reportable segments based on the dominant source, nature of risks and return and the internal organisation and management structure and for which discrete Financial Statements is available. The CODM monitors the operating results of the entity at segment level for the purpose of making decisions about resource allocation and performance assessment.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Other expenses which are not attributable or allocable to segments are disclosed separately. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Standalone financial Statements. However, the Company's financing (including finance costs and finance income) and income taxes are managed on a Company basis and are not allocated to operating segments. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable assets and liabilities.

2.3 Recent accounting developments and pronouncements

Ministry of Corporate Affairs ("MCA"), vide notification dated 31st March 2023, has made the following amendments to Ind AS which are effective from 1st April, 2023

- a. Ind AS 1: Presentation of Financial Statement
- b. Ind AS 8: Accounting Policies, Changes in Accounting Estimates and Errors
- c. Ind AS 12: Income Taxes

Based on preliminary assessment, the company does not expect these amendments to have any significant impact on its Financial Statements.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 3 : PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment	Furniture and fixtures	Office equipment	Computers	Total
Gross block					
As at 1 April 2021	2.97	1.74	11.93	8.79	25.43
Additions	2.02	0.59	7.52	14.61	24.74
Deletions	-	-	-	-	-
As at 31 March 2022	4.99	2.33	19.45	23.40	50.17
Additions	191.40	4.78	16.32	17.68	230.18
Deletions	-	-	-	-	-
As at 31 March 2023	196.39	7.11	35.77	41.08	280.35
Accumulated depreciation					
As at 1 April 2021	1.28	0.38	3.08	3.22	7.96
Depreciation for the year	1.67	0.45	5.67	8.39	16.18
Deletions	-	-	-	-	-
As at 31 March 2022	2.95	0.83	8.75	11.61	24.14
Depreciation for the year	30.06	0.38	5.34	10.37	46.15
Deletions	-	-	-	-	-
As at 31 March 2023	33.01	1.21	14.09	21.98	70.29
Net Block					
As at 31 March 2022	2.04	1.50	10.70	11.79	26.03
As at 31 March 2023	163.38	5.90	21.68	19.10	210.06

Notes:

- (i) The Company has created a charge on its property, plant and equipment for its borrowings (refer to note 18)
- (ii) The Company does not own any immovable property.
- (iii) The Company has not revalued its property, plant and equipment.
- (iv) For details of contractual commitment with respect to property, plant and equipment refer note 34.
- (v) During the year, the Company reviewed the depreciation method of property plant and equipment and changed the method of depreciation from written down value method to straight line method as the same closely reflected the expected pattern of the consumption of the future economic benefits embodied in the asset. This has resulted decrease in depreciation for the year ended March 31, 2023 by Rs. 40.82 million.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 4 : RIGHT-OF-USE ASSETS

	Buildings	Total
Gross block		
As at 1 April 2021	127.58	127.58
Additions	86.42	86.42
Deletions	(20.42)	(20.42)
As at 31 March 2022	193.58	193.58
Additions	118.25	118.25
Deletions	(22.16)	(22.16)
As at 31 March 2023	289.67	289.67
Accumulated depreciation		
As at 1 April 2021	30.30	30.30
Depreciation for the year	44.74	44.74
Deletions	(11.82)	(11.82)
As at 31 March 2022	63.22	63.22
Depreciation for the year	59.22	59.22
Deletions	(10.82)	(10.82)
As at 31 March 2023	111.62	111.62
Net Block		
As at 31 March 2022	130.36	130.36
As at 31 March 2023	178.05	178.05

Notes:

- (i) The Company has lease contracts for premises obtained for warehousing and office purposes. Leases of premises generally have lease terms between 2 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.
- (ii) Refer note 19 for disclosures pertaining to lease liabilities.
- (iii) The following amounts are recognised in the profit and loss:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation expenses of right of use assets (refer note 30)	59.22	44.74
Interest expenses on lease liabilities (refer note 19(i))	12.80	10.81
Expenses relating to short term leases (refer note 31)	25.55	16.06

- (iv) The lease agreements for immovable properties where the Company is the lessee are duly executed in favour of the Company.
- (v) The Company has not revalued its Right-of-use assets.

Imagine Marketing Limited (Formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 5(A) : INTANGIBLE ASSETS

	Brands	Computer Software	Total
Gross block			
As at 1 April 2021	51.50	-	51.50
Additions	-	-	-
Deletions	-	-	-
As at 31 March 2022	51.50	-	51.50
Additions	-	289.17	289.17
Deletions	-	-	-
As at 31 March 2023	51.50	289.17	340.67
Accumulated amortisation			
As at 1 April 2021	2.58	-	2.58
Amortisation for the year	4.89	-	4.89
Deletions	-	-	-
As at 31 March 2022	7.47	-	7.47
Amortisation for the year	5.18	12.18	17.36
Deletions	-	-	-
As at 31 March 2023	12.65	12.18	24.83
Net Block			
As at 31 March 2022	44.03	-	44.03
As at 31 March 2023	38.85	276.99	315.84

Note:

- (i) The Company has not revalued its intangible assets.
- (ii) During the year, the Company reviewed the amortisation method of intangible assets and changed the method of depreciation from written down value method to straight line method as the same closely reflected the expected pattern of the consumption of the future economic benefits embodied in the asset. This has resulted decrease in depreciation for the year ended March 31, 2023 by Rs. 15.31 million.

NOTE 5(B) : INTANGIBLE ASSETS UNDER DEVELOPMENT

	Total
Intangible Assets under Development	
As at 1 April 2021	-
Additions	81.67
Capitalised during the year	-
As at 31 March 2022	81.67
Additions	241.93
Capitalised during the year	241.09
As at 31 March 2023	82.51

(a) Ageing schedule for Intangible Assets under development

As at 31 March 2023

Intangible assets under development	Ageing - Other intangible asset under development				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	82.51	-	-	-	82.51
Projects temporarily suspended	-	-	-	-	-

As at 31 March 2022

Intangible assets under development	Ageing - Other intangible asset under development				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	81.67	-	-	-	81.67
Projects temporarily suspended	-	-	-	-	-

(b) For Intangible assets under development, none of the assets are overdue for completion or has exceeded its cost compared to its original plan.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 6 : INVESTMENTS IN SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE

Particulars	As at 31 March 2023	As at 31 March 2022
Non-Current		
Unquoted		
Investment in Equity Instruments (measured at cost)		
Investment in Subsidiary Companies		
9,999 (31 March 2022: 9,999) Equity shares of Dive Marketing Private Limited (Subsidiary company) having face value Rs 10 each, fully paid up	0.10	0.10
3,10,10,000 (31 March 2022: 3,10,10,000) Equity shares of HOB Ventures Private Limited (Subsidiary company) having face value Rs 10 each, fully paid up	310.10	310.10
3,14,60,000 (31 March 2022: 2,60,60,000) Equity shares of Imagine Marketing Singapore Pte Ltd (Subsidiary company) having face value USD 1 (at Rs. 82.55/ USD; 31 March 2022 Rs. 74.80/ USD) each, fully paid up	2,395.03	1,949.29
10,000 (31 March 2022: 10,000) Equity shares of Kaha Technologies Private Limited (Subsidiary company) having face value Rs 10 each, fully paid up	77.25	77.25
Investment in Associate Company		
NIL (31 March 2022: 3,703) Equity shares of Sirena Labs Private Limited (Associate company) having face value Rs 10 each, fully paid up Less: Loss allowance (provision for impairment) (Refer note 41) #	-	50.00 (50.00)
Investment in Joint Venture		
50,50,000 (31 March 2022: NIL) Equity shares of Califonix Tech and Manufacturing Private Limited (JV with Dixon Technologies Ltd) having face value of Rs. 10 each, fully paid up	50.50	-
Total	2,832.98	2,336.74

Note:

- (i) As at March 31, 2022: The Company assessed the recoverability of the investment made in the equity shares of Sirena Labs Private Limited. Since the probability of recovery of the value of investment was considered to be remote, the management recognised a full provision for impairment as at 31 March 2022. During the year ended March 31, 2023, the Company vide settlement agreement dated 31 May 2022 has settled the outstanding transactions with Sirena Labs Private Limited and paid Rs. 1 million as full and final settlement.
- (ii) The Company has complied with the requirements of the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- (iii) Refer note 35 - Financial instruments, fair values and risk measurement for fair valuation methodology.
- (iv) During the year, the Company in partnership with Dixon Technologies Ltd. formed a Joint Venture "Califonix Tech and Manufacturing Ltd." on 50:50 profit sharing basis. The JV was formed to leverage the manufacturing and product design, backward integration and R&D capabilities held by each of the partner. Accordingly, the Company made initial investment of Rs.50.5 Mn for 50,50,000 equity shares of face value of Rs.10 each.

NOTE 7 : OTHER INVESTMENTS

Particulars	As at 31 March 2023	As at 31 March 2022
Non-Current		
Investments measured at fair value through profit or loss (Quoted)		
Investments in Mutual Funds *	8.14	26.98
Total	8.14	26.98
Aggregate amount of quoted investments (at cost)	6.03	24.00
Market value of quoted investments	8.14	26.98
Aggregate amount of unquoted investments	2,832.98	2,386.74
Aggregate amount of impairment in value of investments #	-	(50.00)
* Mutual funds are provided as lien against Citibank cash credit facility (refer note 18 (i))		

NOTE 8 : OTHER FINANCIAL ASSETS

Particulars	As at 31 March 2023	As at 31 March 2022
Non-Current		
Security deposits	51.31	42.71
Bank deposits with original maturity of more than 12 months and remaining maturity of more than 12 months	215.00	-
Total	266.31	42.71
Current		
Security deposits	6.86	1.08
Bank deposits with original maturity of more than 12 months but remaining maturity of less than 12 months	-	2,436.19
Others (including interest receivable)	102.76	88.30
Allowance for interest receivable on trade advance considered doubtful	-	(1.77)
Total	109.62	2,523.80
(i) Details of lien against bank deposits:		
Security lien towards RBL working capital demand loan	-	51.19
Security lien towards ICICI cash credit facility and working capital demand loan	140.00	1,100.00
Security lien towards HDFC working capital demand loan	-	60.00
Security lien towards HSBC working capital demand loan and overdraft facility	-	1,150.00
Security lien towards Axis cash credit facility and working capital demand loan	75.00	-
Security lien towards SCB working capital demand loan	-	75.00
Total	215.00	2,436.19

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 10 : INVENTORIES

Particulars	As at 31 March 2023	As at 31 March 2022
Stock-in-trade [Including goods in transit Rs. 326.20 millions (March 31, 2022: Rs. 808.52 millions)]	4,616.48	5,457.34
Total	4,616.48	5,457.34

- (i) For mode of valuation, refer note 2 (f) of significant accounting policies
- (ii) Value of inventories above is stated after provisions for slow-moving and obsolete items of Rs. 335.86 millions (31 March 2022: Rs. 86.61 millions). Additionally, the inventories of finished goods have been reduced by Rs. 81.55 million (March 31, 2022 - Nil) as a result of write down of inventories to net realisable value.
- (iii) During the year an amount of Rs. 300.86 millions (31 March 2022: Rs. 702.82 millions) has been charged off to statement of profit and loss on account of cost of goods that have been scrapped.
- (iv) The Company has created a charge on its inventories for its borrowings (refer to note 18)

NOTE 11 : TRADE RECEIVABLES

Particulars	As at 31 March 2023	As at 31 March 2022
Current		
Trade Receivables considered good – Secured	-	-
Trade Receivables considered good – Unsecured	2,853.81	3,265.87
Trade Receivables which have significant increase in credit risk - Unsecured	134.00	-
Trade Receivables – credit impaired - Unsecured	-	2.64
Less: Allowance for expected credit loss	(293.66)	(41.14)
Total	2,694.15	3,227.37

Category wise details of allowance for expected credit loss

Allowance for expected credit loss for Trade Receivables considered good – Unsecured	-	2.64
Allowance for expected credit loss for Trade Receivables – credit impaired - Unsecured	293.66	38.50
	293.66	41.14

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

Refer note 35 - Financial instruments, fair values and risk measurement

- (i) There are no debt which are due by directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member for the year ended 31 March 2023 except from the customer mentioned in note (ii) below.

(ii) Trade receivables from related parties:

Particulars	As at 31 March 2023	As at 31 March 2022
Trade receivables from related parties	3.13	2.64
Less: Allowance for expected credit loss	-	(2.64)
	3.13	-

Refer note 37 - Related party disclosures

(iii) The movement in allowance for expected credit loss is as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Balance as at beginning of the year	41.14	34.09
Change in allowance during the year	252.52	7.05
Balance as at the end of the year	293.66	41.14

(iv) Ageing for trade receivables from the due date of payment for each of the category is as follows:

Trade receivables ageing schedule as at 31 March 2023	Outstanding for following periods from due date of payment						Total
	Current (not due)	Less than 6 months	6 Months to 1 Year	1 - 2 Years	2 -3 Years	More than 3 Years	
(i) Undisputed Trade Receivables - considered good	1,304.13	1,440.82	81.30	22.45	5.09	0.02	2,853.81
(ii) Undisputed Trade Receivables - significant increase in credit risk	-	-	99.91	34.09	-	-	134.00
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered doubtful	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
	1,304.13	1,440.82	181.21	56.54	5.09	0.02	2,987.81
Allowance for expected credit loss	-	(50.80)	(181.21)	(56.54)	(5.09)	(0.02)	(293.66)
	1,304.13	1,390.02	-	-	-	-	2,694.15

Note: There are no unbilled dues as at 31 March 2023

Trade receivables ageing schedule as at 31 March 2022	Outstanding for following periods from due date of payment						Total
	Current (not due)	Less than 6 months	6 Months to 1 Year	1 - 2 Years	2 -3 Years	More than 3 Years	
(i) Undisputed Trade Receivables - considered good	1,712.22	1,546.07	1.47	5.84	0.28	0.00	3,265.87
(ii) Undisputed Trade Receivables - significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered doubtful	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	0.12	2.52	-	2.64
	1,712.22	1,546.07	1.47	5.96	2.80	0.00	3,268.51
Allowance for expected credit loss	-	(30.92)	(1.47)	(5.96)	(2.80)	(0.00)	(41.14)
	1,712.22	1,515.15	-	-	-	-	3,227.37

Note: There are no unbilled dues as at 31 March 2022

The Company sold with recourse trade receivables to a bank for cash proceeds. These trade receivables have not been derecognised from the balance sheet, because the Company retains substantially all of the risks and rewards – primarily credit risk. The amount received on transfer has been recognised as a unsecured bank loan (see Note 18). The arrangement with the bank is such that the customer remit cash directly to the Company and the Company transfers the collected amounts to the bank. The receivables are considered to be held within a held-to-collect business model consistent with the Company's continuing recognition of the receivables.

The following information shows the carrying amount of trade receivables at the reporting date that have been transferred but have not been derecognised and the associated liabilities.

Particulars	As at March 31, 2023	As at March 31, 2022
Carrying amount of trade receivables transferred to a bank	659.22	430.17
Carrying amount of associated liabilities	659.22	430.17

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 12 : CASH AND CASH EQUIVALENTS

Particulars	As at	As at
	31 March 2023	31 March 2022
Cash on hand*	0.79	0.72
Balances with banks		
In current accounts	235.47	301.50
In deposits with original maturity of less than 3 months	1,156.01	-
Total	1,392.27	302.22

* Cash on hand includes balances in digital wallets of Rs. 0.67 (31 March 2022 : Rs. 0.69)

Refer note 35 - Financial instruments, fair values and risk measurement

Note:

Details of lien against fixed deposits:

Security lien towards RBL cash credit facility and working capital demand loan	13.87	-
Security lien towards ICICI bank cash credit facility and working capital demand loan	1,000.00	-
Security lien towards HDFC bank cash credit facility and working capital demand loan	52.24	-
Security lien towards Citi bank cash credit facility and working capital demand loan	89.90	-
Total	1,156.01	-

NOTE 13 : BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at	As at
	31 March 2023	31 March 2022
Balances with banks to the extent held as security against the borrowings		
Fixed deposits with original maturity of more than 3 months but less than 12 months	1,930.40	1,575.84
Total	1,930.40	1,575.84

Refer note 35 - Financial instruments, fair values and risk measurement

Note:

Details of lien against fixed deposits:

Security lien towards RBL working capital demand loan	1,585.30	25.84
Security lien towards ICICI cash credit facility and working capital demand loan	60.00	-
Security lien towards HDFC working capital demand loan	10.00	-
Security lien towards Citi Bank working capital demand loan	50.10	550.00
Security lien towards HSBC working capital demand loan and overdraft facility	150.00	1,000.00
Security lien towards SCB working capital demand loan	75.00	-
Total	1,930.40	1,575.84

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 14 : LOANS

Particulars	As at 31 March 2023	As at 31 March 2022
Loan to employees	-	-
Loans Receivables considered good – Secured	-	-
Loans Receivables considered good – Unsecured	0.45	7.21
Loans Receivables which have significant increase in credit risk	-	-
Loans Receivables – credit impaired	-	-
Loan to Subsidiary Company (Refer note (iii) below)	27.00	27.00
Total	27.45	34.21

Refer note 35 - Financial instruments, fair values and risk measurement

Notes:

- (i) There are no loans due by directors or other officers of the Company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member except as disclosed in note (iii) below.
- (ii) Loans given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013.
- (iii) Loans to promoters, directors, KMPs or related parties (as defined under Companies Act, 2013) either severally or jointly with any other person, that are:
(a) repayable on demand; or
(b) without specifying any terms or period of repayment *

Particulars	As at 31 March 2023		As at 31 March 2022	
	Amount outstanding	% of total	Amount outstanding	% of total
Type of Borrower				
Promoters	-	-	-	-
Directors	-	-	-	-
Key management personnel (KMP)	-	-	-	-
Related party (Subsidiary)	27.00	98.36%	27.00	78.91%

* There are no loans to promoters, directors, KMPs or related parties (as defined under Companies Act, 2013) either severally or jointly with any other person, that are without specifying any terms or period of repayment.

- (iv) There are no advances in the nature of loans to promoters, directors, KMPs or related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

- (a) repayable on demand; or
(b) without specifying any terms or period of repayment; except as disclosed below

Particulars	As at 31 March 2023		As at 31 March 2022	
	Amount outstanding	% of total	Amount outstanding	% of total
Advances to subsidiary company	38.23	1%	258.72	15%

NOTE 15 : OTHER CURRENT ASSETS

Particulars	As at 31 March 2023	As at 31 March 2022
Current		
<i>Unsecured, considered good unless otherwise stated</i>		
Advances to vendors	3,865.41	1,696.85
Less: Provision for doubtful advances	(46.00)	(58.63)
Return asset *	273.57	390.50
Prepaid Expenses	37.44	22.93
Balances with Government Authorities		
- Goods and Services Tax credit receivable	1,625.82	722.67
- Custom Duty	52.39	45.31
- Sales Tax/ Value Added Tax	0.03	0.06
Total	5,808.66	2,819.69

* Return Asset: Customers of the Company have right to return in case of any defects or on grounds of quality. The Company uses expected value method to estimate the goods that will be returned. For goods that are expected to be returned, instead of revenue proceeds, the Company recognize a refund liability. A right of return asset and corresponding adjustment to change in inventory is also recognized for the right to recover products from a customer.

Note: There are no advances to directors or other officers of the Company or any of them either severally or jointly with any other persons or advances to firms or private companies respectively in which any director is a partner or a director or a member except for those disclosed in note 14(iv) above .

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 9 : INCOME TAXES

A. Components of income tax expense

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
I. Tax expense recognised in Profit and Loss		
Current Tax Expense		
Current tax on profits for the year	-	306.50
Adjustments for the current tax of prior periods	-	0.38
Total Current Tax Expense	-	306.88
Deferred Tax Expense		
Origination and reversal of temporary differences	(348.36)	(4.66)
Total Deferred Tax Expense	(348.36)	(4.66)
Income tax expenses recognised in profit and loss	(348.36)	302.22
II. Tax expense recognised in Other Comprehensive Income		
Deferred Tax Expense		
Net (loss)/gain on remeasurements of defined benefit plans	(0.25)	(0.53)
Income tax expenses recognised in other comprehensive income	(0.25)	(0.53)

B. Reconciliation of Effective Tax Rate

The reconciliation between the statutory income tax rate applicable and the effective income tax rate is as follows:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Statutory income tax rate applicable for the year		
<i>Differences due to:</i>		
Expenses not deductible for tax purposes	25.17%	25.17%
Impact of adjustments for the current tax of prior periods	0.32%	0.00%
Impact of tax rate change (in FY 2019-20)	0.00%	2.52%
Others	0.00%	0.03%
Effective tax rate	25.64%	27.72%

C. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred Tax Assets		
Lease liabilities	45.24	34.14
Provisions for employee benefits	7.07	5.91
Allowance for expected credit loss	85.49	25.56
Others	24.62	-
Losses to be carried forward	265.75	-
Total Deferred Tax Assets (A)	428.17	65.61
Deferred Tax Liabilities		
Property, plant and equipment	(10.09)	(0.04)
Right-of-use assets	(37.48)	(32.81)
Investments in equity instruments measured at FVTPL	(0.53)	(0.75)
Security deposits	(0.17)	(0.72)
Total Deferred Tax Liabilities (B)	(48.27)	(34.32)
Net Deferred Tax Assets / (Liabilities) (A-B)	379.90	31.29

NOTE 9 : INCOME TAXES (CONTINUED)

C. Deferred tax assets and liabilities (Continued)

(i) Movements in Deferred Tax Assets / (Liabilities)

Movements during the year ended 31 March 2023	Opening balance as on 01 April 2022	Recognised in profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Closing balance as on 31 March 2023
Deferred tax Liabilities					
Property, plant and equipment	(0.04)	(10.05)	-	-	(10.09)
Right-of-use assets	(32.81)	(4.67)	-	-	(37.48)
Investments in equity instruments measured at FVTPL	(0.75)	0.22	-	-	(0.53)
Security Deposits	(0.72)	0.55	-	-	(0.17)
Deferred tax Assets					
Lease liabilities	34.14	11.10	-	-	45.24
Provisions for employee benefits	5.91	0.91	0.25	-	7.07
Allowance for expected credit loss	25.56	59.93	-	-	85.49
Losses to be carried forward	-	265.75	-	-	265.75
Others	-	24.62	-	-	24.62
Total	31.29	348.36	0.25	-	379.90

Movements during the year ended 31 March 2022	Opening balance as on 01 April 2021	Recognised in profit and loss	Recognised in other comprehensive income	Recognised directly in equity	Closing balance as on 31 March 2022
Deferred tax Liabilities					
Property, plant and equipment	(1.46)	1.42	-	-	(0.04)
Right-of-use assets	(24.48)	(8.33)	-	-	(32.81)
Investments in equity instruments measured at FVTPL	(0.14)	(0.61)	-	-	(0.75)
Security Deposits	0.64	(1.36)	-	-	(0.72)
Deferred tax Assets					
Lease liabilities	25.58	8.56	-	-	34.14
Provisions for employee benefits	1.93	3.45	0.53	-	5.91
Allowance for expected credit loss	16.23	9.33	-	-	25.56
Others	7.80	(7.80)	-	-	-
Total	26.10	4.66	0.53	-	31.29

D. Tax assets and liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Non-Current tax assets (net)		
Advance tax and tax deducted at source, net of provision for tax	181.63	81.72

During the year ended 31 March 2023 and 31 March 2022, the Company has not surrendered or disclosed any income in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961). Accordingly, there are no transaction which are not recorded in the books of accounts.

E. Business loss/Unabsorbed depreciation can be carried forward as per table mentioned below:

Loss for the year ended	Head	Amount (Rs. In millions)	Carried forward till
31 March 2023	Business Loss	963.31	31-03-2031
31 March 2023	Unabsorbed depreciation	90.26	indefinite period
31 March 2023	Capital loss	2.21	31-03-2031

Note: During the year, the Company has incurred losses and the Company is reasonably certain that the above losses will be set off against the profits of the coming years. Based on the future projections and profitability, the Company has created deferred tax assets on the carried forward losses, unabsorbed depreciation and capital loss.

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Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 16 : EQUITY SHARE CAPITAL AND INSTRUMENTS ENTIRELY EQUITY IN NATURE

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
AUTHORISED SHARE CAPITAL				
Equity shares of Re 1 each (Previous Year of Re. 1 each)	16,08,28,000	160.83	14,64,68,000	146.47
Series A Preference shares of Rs 10 each	5,35,200	5.35	5,35,200	5.35
Series B Preference shares of Rs 6,000 each	18,929	113.57	18,929	113.57
Series C Preference shares of Rs 3.00 each (classified as financial liability)	66,58,000	19.98	-	-
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL				
Equity share capital				
Equity shares of Re 1 each (Previous Year of Rs. 1 each)	9,60,96,300	96.10	9,60,30,300	96.04
		96.10		96.04
Instruments entirely Equity in nature				
Series A Preference shares of Rs 10 each	5,10,000	5.10	5,10,000	5.10
Series B Preference shares of Rs 6,000 each	17,269	103.61	17,269	103.61
		108.71		108.71
Total		204.81		204.75

(a) Reconciliation of the number of shares

Particulars	Equity shares		Series A CCPS		Series B CCPS	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
As at 31 March 2021	45,066	0.45	5,109	0.05	15,507	93.04
Conversion of preference shares to equity shares	2,559	0.03	(2,559)	(0.03)	-	-
Bonus shares issued during the year	94,77,375	94.77	5,07,450	5.08	-	-
Equity shares arising on share split from Rs. 10 to Re. 1 per share *	8,57,25,000	-	-	-	-	-
Issue of Equity Shares on exercise of employee stock option	3,16,800	0.32	-	-	-	-
Shares issued during the year on private placement basis	4,63,500	0.46	-	-	1,762	10.57
As at 31 March 2022	9,60,30,300	96.04	5,10,000	5.10	17,269	103.61
Issue of Equity Shares on exercise of employee stock option	66,000	0.06	-	-	-	-
As at 31 March 2023	9,60,96,300	96.10	5,10,000	5.10	17,269	103.61

* Pursuant to the resolutions passed by the Board of Directors on 15 December 2021 and the shareholders on 15 December 2021, the face value of the equity shares was sub-divided from Rs. 10 per Equity share to Re. 1 per Equity share. There is no impact on the value of equity share capital.

Equity shares represents equity shares of Re. 1 each, fully paid up
Series A CCPS represents 0.01% Non-cumulative compulsorily convertible preference shares of Rs 10 each, fully paid up
Series B CCPS represents 0.01% Cumulative compulsorily convertible preference shares of Rs 6,000 each, fully paid up

(b) Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held and after payment to the secured and unsecured loan.

(c) Rights, preferences and restrictions attached to preference shares:

The Company has three classes of preference shares i.e. 0.01% Non-Cumulative Compulsory Convertible preference shares of Rs. 10 each ('Series A CCPS'), 0.01% Cumulative Compulsory Convertible preference shares of Rs. 6,000 each ('Series B CCPS'), 0.01% Cumulative Compulsory Convertible preference shares of Rs. 3 each ('Series C CCPS').

Series A CCPS comprises Series A CCPS and Series A1 CCPS, both convertible at a ratio of 1:1 (that is 1 Equity Share shall be issued upon conversion of 1 Preference Share), having a right to preferred non-cumulative dividend of 0.01% per annum and of the par value of Rs 10 each in the capital of the Company. Each Preference Share may be converted into Equity Shares at any time at the option of the holder of that Preference Share and/or if mandated by applicable laws.

Subject to applicable Laws, the preference shares shall be automatically converted into equity shares in the ratio of 1 Equity Share for 1 Preference Share ('Conversion Ratio'), upon the earlier of (i) expiry of 19 years and 9 months from the Closing Date or (ii) in connection with an IPO, prior to the filing of a red-herring prospectus (or equivalent document, by whatever name called) by the Company with the competent authority or such later date as may be permitted under applicable law.

In the event of a liquidation, the holders of CCPS will have priority over equity shareholders in the payment of dividend and repayment of capital.

Series B CCPS comprises Series B CCPS and Series B1 CCPS, both cumulative participating compulsorily and fully convertible preference shares having a face value of Rs. 6,000 each, convertible at a ratio of 1:2000 * (that is 2000 Equity Share shall be issued upon conversion of 1 Preference Share), having a right to preferred cumulative dividend of 0.01% per annum and of the par value of Rs 6,000 each in the capital of the Company. Each Preference Share may be converted into Equity Shares at any time at the option of the holder of that Preference Share and/or if mandated by applicable laws.

Subject to applicable Laws, the preference shares shall be automatically converted into equity shares in the ratio of 2000 Equity Share for 1 Preference Share ('Conversion Ratio'), upon the earlier of (i) expiry of 19 years and 9 months from the Closing Date; or (ii) in connection with an IPO, prior to the filing of a red-herring prospectus (or equivalent document, by whatever name called) by the Company with the competent authority or such later date as may be permitted under applicable law.

In the event of a liquidation, the holders of CCPS will have priority over equity shareholders in the payment of dividend and repayment of capital.

* As per the original terms of Series B CCPS, the conversion ratio was 1:1 (that is 1 Equity Share shall be issued upon conversion of 1 Preference Share). During the year ended 31 March 2022, pursuant to the Corporate Event being issuance of Bonus Equity Shares and Bonus Series A CCPS and the face value of the equity shares was sub-divided from Rs. 10 per Equity share to Re. 1 per Equity share the Company adjusted the conversion price for Series B CCPS in accordance with their terms of issuance as set out in the articles of association and the amended shareholders agreement dated 9 April 2021 from Rs. 283,749 to Rs. 141.88. Accordingly, the revised conversion ratio is 1:2000.

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Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 16 : EQUITY SHARE CAPITAL AND INSTRUMENTS ENTIRELY EQUITY IN NATURE (CONTINUED)

(d) Details of shareholders more than 5% shares of a class of shares in the Company:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	% in shares	Number of shares	% in shares
Equity shares				
Mr. Sameer Mehta	3,83,70,000	39.93%	3,83,70,000	39.96%
Mr. Aman Gupta	3,83,70,000	39.93%	3,83,70,000	39.96%
South Lake Investment Ltd	1,85,10,000	19.26%	1,85,10,000	19.28%
Series A CCPS				
Fireside Ventures Investment Fund - I	5,10,000	100.00%	5,10,000	100.00%
Series B CCPS				
South Lake Investment Ltd	15,507	89.80%	15,507	89.80%
Qualcomm Ventures LLC	1,762	10.20%	1,762	10.20%

(e) Shares reserved for issue under options and contracts:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
Under Employee Stock Option Plan 2019:				
Equity shares of Re 1 each, at exercise price of Rs 30.27 per share	5,85,200	0.59	7,53,200	0.75
Equity shares of Re 1 each, at exercise price of Rs 141.88 per share	20,36,450	2.04	23,83,150	2.38
Equity shares of Re 1 each, at exercise price of Rs 218.00 per share	8,75,000	0.88	-	-
Equity shares of Re 1 each, at exercise price of Rs 300.00 per share	1,50,000	0.15	-	-
Equity shares of Re 1 each, at exercise price of Rs 450.00 per share	5,56,002	0.56	-	-
Under Employee Stock Option Plan 2021:				
Equity shares of Re 1 each, at exercise price of Rs 141.88 per share	20,64,000	5.50	54,98,000	5.50
For 0.01% Non-Cumulative Compulsory Convertible preference shares of Rs. 10 each				
Equity shares of Re 1 each *	51,00,000	5.10	51,00,000	5.10
For 0.01% Cumulative Compulsory Convertible preference shares of Rs. 6,000 each				
Equity shares of Re 1 each *	3,45,38,000	34.54	3,45,38,000	34.54

* Pursuant to the Corporate Event being issuance of Bonus Equity Shares and Bonus Series A CCPS, the number of options and the exercise price per share have also been adjusted accordingly, i.e. number of options have been multiplied by 200 and the exercise price per share has been divided by 200.

Terms attached to the Compulsorily Convertible Preference Shares are described in note 16 (c).

Terms attached to the Employee Stock Options granted to the employees are described in note 40 regarding Employee share based payments.

(f) During the period of five years immediately preceding the reporting date:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
Aggregate number and class of shares allotted as fully paid up by way of bonus shares				
Equity shares of Re 1 each (Previous Year of Rs. 1 each) @		94,77,375		94,77,375
0.01% Non-Cumulative Compulsory Convertible preference shares of Rs. 10 each #		5,07,450		5,07,450
Aggregate number and class of shares bought back during the period of five years immediately preceding the reporting date:				
Equity shares of Re 1 each (Previous Year of Rs. 1 each) *		4,934		4,934

@ During the year ended 31 March 2022, the Company has issued bonus shares in the ratio of 1:199 (i.e. 199 new bonus shares for every 1 share held by the holder) credited as fully paid up, to the eligible equity shareholders of Equity Shares of Rs. 10 each and whose names appear in the Register of Members / Beneficial Owners' position of the Company on 13 May, 2021 ("Record Date").

During the year ended 31 March 2022, the Company has issued bonus shares in the ratio of 1:199 (i.e. 199 new bonus shares for every 1 share held by the holder) credited as fully paid up, to the eligible shareholders 0.01% Non-Cumulative Compulsory Convertible preference shares of Rs. 10 each and whose names appear in the Register of Members / Beneficial Owners' position of the Company on 13 May, 2021 ("Record Date").

Pursuant to the aforementioned Corporate Event being issuance of Bonus Equity Shares and Bonus Series A CCPS and the face value of the equity shares was sub-divided from Rs. 10 per Equity share to Re. 1 per Equity share, the Company adjusted the conversion price for Series B CCPS in accordance with their terms of issuance as set out in the articles of association and the amended and shareholders agreement dated April 9, 2021, from Rs. 283,749 to Rs. 141.88.

* During the year ended 31 March 2021, the Company bought back 4,934 equity shares of Rs 10 each, fully paid up at a price of Rs. 283,138.31 per equity share for an amount of Rs.1,135,502,418 from Mr. Sameer Mehta (2,467 equity shares) and Mr. Aman Gupta (2,467 equity shares).

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(All amounts are in Rs. million, unless otherwise stated)

NOTE 16 : EQUITY SHARE CAPITAL AND INSTRUMENTS ENTIRELY EQUITY IN NATURE (CONTINUED)

(g) Details of shares by the Promoter's of the Company:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	% in the class	Number of shares	% in the class
Equity shares of Rs each fully paid up held by:				
Mr. Sameer Mehta	3,83,70,000	39.93%	3,83,70,000	39.96%
Mr. Aman Gupta	3,83,70,000	39.93%	3,83,70,000	39.96%

(h) Agreements with Shareholders:

(i) For terms in relation to Series C CCPS refer note 18(viii).

(ii) During the year ended 31 March 2022:

Pursuant to a Shareholders Agreement (SHA) dated 9 April 2021 entered into by and between Imagine Marketing Private Limited, Sameer Mehta (Promoter 1), Aman Gupta (Promoter 2), Fireside Ventures Investment Fund - I (Scheme of Fireside Ventures Investments Trust), South Lake Investments Ltd and Qualcomm Ventures LLC and the Share Subscription Agreement (SSA) dated 9 April 2021 entered into by and between Imagine Marketing Private Limited, the Promoters, Fireside Ventures Investment Fund - I (Scheme of Fireside Ventures Investments Trust), South Lake Investments Ltd and Qualcomm Ventures LLC, the Company issued 1,762 0.01% Cumulative Compulsory Convertible preference shares of Rs. 6,000 each to Qualcomm Ventures LLC on 20 April 2021 on a private placement basis as per the provisions of Section 42 of the Companies Act, 2013. Consequent to such issue of shares, the Company received Rs. 499.96 million the details of which are included in the table below:

Type of share	Face value per share	Issue price per share	Premium on issue per share	No. of shares	Total amount in Rs. million
0.01% Cumulative Compulsory Convertible preference shares of Rs. 6,000 each (Series B1 CCPS)	6,000.00	2,83,749.00	2,77,749.00	1,762	499.96

Pursuant to the SHA dated 9 April 2021 as mentioned above, the conversion ratio of the Series B1 CCPS was determined to be 1:1. Accordingly, Series B1 CCPS were considered to be "Instrument entirely Equity in nature" as at the transaction date.

(iii) During the year ended March 31, 2022, Innoven Capital India Private Limited has exercised the right to subscribe shares of the Company provided as part of the loan agreement. Pursuant to this, the Company has issued 463,500 equity shares of Re 1 each, fully paid to Innoven Capital India Private Limited at an exercise price of Rs 43.15 per equity share totalling to Rs. 20.00 million.

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Notes to the Standalone Financial Statements for the year ended 31 March 2023

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NOTE 17 : OTHER EQUITY

A. Summary of Other Equity balance:

Particulars	As at	As at
	31 March 2023	31 March 2022
Securities Premium	3,708.07	3,704.85
General Reserve	11.25	11.25
Share Options Outstanding Account	198.22	162.00
Retained Earnings	1,007.43	2,018.65
Total Other Equity	4,924.97	5,896.75
<hr/>		
Particulars	As at	As at
	31 March 2023	31 March 2022
Securities Premium		
Balance at the beginning of the year	3,704.85	3,289.98
Add: Addition during the year on account of new issue of CCPS	-	489.39
Add: Addition during the year on account of new issue of Equity Shares	-	19.54
Add: Addition during the year on account of issue of equity shares on exercise of employee stock options	3.22	17.81
Less: Expenses incurred directly in connection with issue of CCPS	-	(12.07)
Less: Utilised for issue of bonus shares	-	(99.80)
Balance at the end of the year	3,708.07	3,704.85
Capital Redemption Reserve		
Balance at the beginning of the year	-	0.05
Less: Utilised for issue of bonus shares	-	(0.05)
Balance at the end of the year	-	-
General Reserve		
Balance at the beginning of the year	11.25	11.25
Balance at the end of the year	11.25	11.25
Share Options Outstanding Account		
Balance at the beginning of the year	162.00	14.82
Add: Charge for the year (Refer note 28)	36.22	155.72
Less: Issue of equity shares on exercise of employee stock options	-	(8.54)
Balance at the end of the year	198.22	162.00
Retained Earnings		
Balance at the beginning of the year	2,018.65	1,232.04
Add: (Loss) / Profit for the year	(1,010.46)	788.20
Less: Remeasurement of post employment benefit obligation, net of tax	(0.76)	(1.59)
Balance at the end of the year	1,007.43	2,018.65

B. Nature and purpose of reserves:

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

Capital Redemption Reserve - The Company has recognised Capital Redemption Reserve on the buyback of equity shares from its retained earnings. The amount in the Capital Redemption Reserve is equal to the nominal amount of the equity shares bought back.

General Reserve - On redemption of the debentures for which the debenture redemption reserve was created, the Company has transferred the balance in the debenture redemption reserve to the General Reserve.

Share Options Outstanding Account - The fair value of the equity-settled share based payment transactions is recognised in Standalone statement of profit and loss with corresponding credit to Employee Stock Options Outstanding Account.

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.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 18 :BORROWINGS

Particulars	As at	As at
	31 March 2023	31 March 2022
Non-Current		
Unsecured, at Fair value through profit and loss (FVTPL)		
6,657,791 0.01% Cumulative Compulsory Convertible preference shares of Rs. 3 each (refer note viii below)	5,031.23	-
Total	5,031.23	-
Current		
Secured, at amortised cost		
Cash credit from banks (refer note (i) below)	3,020.64	2,086.34
Loan repayable on demand:		
- from banks (refer note (i) below)	3,650.00	6,000.00
Unsecured, at amortised cost		
Loan repayable on demand:		
- from banks (refer note (i) below)	659.22	1,124.98
Total	7,329.86	9,211.32

Refer note 35 - Financial instruments, fair values and risk measurement

Notes:

(i)(a) As at March 31, 2023

Name of the bank	Limits INR Millions	Nature of Limits	Outstanding As on March 31, 2023	FY23 - Interest Rates	
				From	To
HSBC	1,500	CC & WCDL Limits	1,224.23	5.71	9.63
HSBC (unsecured)	1,000	Bill Discounting facility	659.22	8.95	NA
Citi Bank	1,400	CC & WCDL Limits	-	6.20	9.00
ICICI Bank	1,000	OD CC & WCDL Limits	845.59	6.20	8.95
ICICI Bank	2,000	FD OD limits	1,052.13	FD rate + 0.50%	NA
RBL Ltd	750	OD CC & WCDL Limits	750.00	6.14	8.75
RBL Ltd	1,500	FD OD limits	1,498.68	FD rate + 0.50%	NA
Standard Chartered Bank	750	CC & WCDL Limits	-	6.25	8.70
Axis Bank	750	CC & WCDL Limits	700.00	6.90	8.70
HDFC Bank	600	CC & WCDL Limits	600.00	6.00	8.29
Total	11,250		7,329.85		

(i)(b) As at March 31, 2022

Name of the bank	Limits INR Millions	Nature of Limits	Outstanding As on March 31, 2022	FY22 - Interest Rates	
				From	To
HSBC	1,500	CC & WCDL Limits	1,500.00	6.27	8.07
HSBC	2,500	FD OD limits	2,496.68	FD rate + 0.60%	NA
HSBC (unsecured)	1,000	Bill Discounting facility	430.17	8.00	NA
Citi Bank	1,400	CC & WCDL Limits	1,394.81	6.20	8.00
ICICI Bank	1,000	CC & WCDL Limits	813.96	6.20	8.37
ICICI Bank	2,000	FD OD limits	975.70	FD rate + 0.50%	NA
RBL Ltd	750	CC & WCDL Limits	750.00	6.15	9.50
Standard Chartered Bank	750	CC & WCDL Limits	250.00	6.10	6.95
HDFC Bank	600	CC & WCDL Limits	600.00	6.00	9.25
Total	11,500		9,211.32		

- (a) Unsecured loan has been obtained by the Company from HSBC Bank towards working capital through sales invoice discounting facility of invoices of Appario Retail Private Limited ('Appario') which carries an interest rate 8.95% per annum (March 31, 2022 - 8%). Loan is repayable as per due dates of invoices of Appario and interest on transaction basis for the amount utilised for number of days.
- (b) Cash Credit (CC) facility and Overdraft facility has been availed by the Company from ICICI bank for meeting the working capital requirements of the Company and carries an interest rate at Repo rate+2.2% and FD rate + 0.50% respectively (March 31, 2022: MCLR - 6M+0.70% and FD rate + 0.50%), computed on monthly basis on the actual amount utilized to be paid on last date of each month against the pledge of current asset receivable and current asset inventory (earlier there was pledge on 1,250 (625 owned by Mr. Sameer Ashok Mehta and 625 owned by Mr. Aman Gupta having face value of Rs 10 per share) which was subsequently removed.
During the year ended 31st March 2022, Company had availed WCDL limit of Rs.1000 million as a sublimit of Cash Credit facility secured against hypothecation on current asset receivable and current asset inventory of the Company and interest rate on the same was to be decided at the time of disbursement. Also the Company had availed WCDL limit of Rs.2000 million as a sublimit of Overdraft facility secured against the 100% Fixed Deposit and carries interest rate of FD rate + 0.50%. There was personal guarantee of Directors - Mr. Sameer Ashok Mehta and Mr. Aman Gupta. Additionally, the Company had given First pari passu charge on "boAt" brand between Citi bank, ICICI Bank, HDFC Bank, SCB Bank, Innoven Capital and RBL. Pledge on Equity shares; the personal guarantee of Directors - Mr. Sameer Mehta and Mr. Aman Gupta and first pari passu charge on "boAt" brand were released on 12 January 2021. The tenure of the WCDL loans ranges from 7 days to 180 days. In the current year, the Company has availed an additional fixed deposit backed overdraft facility (FD-OD) of Rs.2,000 million from ICICI bank secured against the 100% Fixed Deposit and carries interest rate of FD rate + 0.50%.
- (c) Cash Credit (CC) facility and working capital demand loan (WCDL) facility from Citi bank has been availed and carried an interest rate mutually agreed between the parties at the time of disbursement which ranged between 6.20% to 9.00% as at 31 March 2023 (6.20% to 8.00% as at 31 March 2022), computed on monthly basis on the actual amount utilised to be paid on last date of each month.
The Company has availed an aggregate limit of Rs.2000 million (including Cash Credit Limit and Working Capital Demand Loan) of which Rs.1400 million was secured against hypothecation on current stocks and book debts of the Company as well as pledge against fixed deposits. The remaining limit of Rs. 600 million is an unsecured adhoc facility given by the bank.
The WCDLs generally had a tenure ranging upto 6 months. These cash credit and WCDLs loans are repayable on demand. As on March 31, 2023, there was a breach of financial covenant (Debt to EBITDA) for which the Company has made representation to the bank for waiver. Further, the bank continues to provide financial limits as mentioned above vide Sanction letter dated July 21, 2023.
- (d) Secured working capital demand loan (sublimit of cash credit facility) has been obtained by the Company from RBL bank against fixed deposit of Rs 75 million as security. The Company has given RBL First Passu Charge on the entire current assets of the Company, both present and future. The interest rate is applicable as per disbursement date and the bank reserves the right to charge additional interest at the rate of 2% p.a on occurrence of such events as specified in the agreement. Additionally, the Company has given First pari passu charge on "boAt" brand between Citi bank, ICICI Bank, HDFC Bank, SCB bank, Innoven Capital and RBL and pledge of 3,750 Equity share (1,875 owned by Mr. Sameer Ashok Mehta and 1,875 owned by Mr. Aman Gupta) having face value of Rs 10 per share. There was a personal guarantee of Mr. Sameer Mehta and Mr. Aman Gupta of 4 undated cheques (UDCs) of Rs 5 crores each drawn on Citi Bank. During the year ended 31 March 2022, pledge on Equity shares; the personal guarantee of Directors - Mr. Sameer Mehta and Mr. Aman Gupta and first pari passu charge on "boAt" brand were released. The tenure of the WCDL loans ranges upto 3 months and the same was repayable on demand. In the current year, the Company has availed fixed deposit backed overdraft facility (FD-OD) of Rs.1,500 million from RBL bank secured against the 100% Fixed Deposit and carries interest rate of FD rate + 0.50%.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 18 : BORROWINGS (CONTINUED)

- (e) Overdraft facility has been availed by the Company from HSBC Bank and carried an interest rate mutually agreed per annum which was linked to the prevalent Bank MCLR/3M T-bill against the pledge of current asset receivable and inventory and had placed under lien Fixed Deposits of Rs. 150 million and Rs. 2500 million as a lien marked towards overdraft-1 facility and overdraft - 2 facility respectively. The tenure of the WC DL loans ranged upto 90 days and the same is repayable on demand.
- (f) Secured loan including cash credit and working capital demand loans has been obtained by the Company from HDFC bank towards working capital which carries an interest rate ranging between 6 to 8.29% (March 31, 2022 - 6 to 9.25%) p.a. linked to 1 year MCLR reset annually. The Company has given First pari passu charge on entire receivables and on entire inventory of the Company, present and future, to HDFC bank, RBL, Citi Bank and Innoven capital. Also, fixed deposit charge of Rs 60 million lien marked to HDFC Bank. Additionally, the Company has given First pari passu charge on "boAt" brand between Citi bank, ICIC Bank, HDFC Bank, SCB Bank Innoven Capital and RBL and had pledge 1,250 of Equity share (625 owned by Mr. Sameer Ashok Mehta and 625 owned by Mr. Aman Gupta) having face value of Rs 10 per share. During the period ended 31 March 2022, pledge on Equity shares; the personal guarantee of Directors - Mr. Sameer Mehta and Mr. Aman Gupta and first pari passu charge on "boAt" brand were released.
- (g) Secured loan has been obtained by the Company from Standard Chartered Bank towards working capital which carries an interest rate specified by the bank at the time of drawdown ranging 6.25% to 8.70% as at 31 March 2023 (6.10% to 6.95% as at 31 March 2022). The Company has given first pari passu charge on current assets (stock and book debt) and has placed fixed deposits of Rs. 75 million under lien. The maximum tenure of this loan is 150 days and the same is repayable on demand.
- (h) Secured loan has been obtained by the Company from Axis Bank towards working capital which carries an interest rate specified by the bank at the time of drawdown ranging 6.90% to 8.70% as at 31 March 2023. The Company has given first pari passu charge on current assets (current and future stock and book debt) and has placed fixed deposits of Rs. 75 million under lien. The maximum tenure of this loan is 90 days and the same is repayable on demand.
- (ii) Borrowings from banks and financial institutions have been used for the purpose for which they were obtained.
- (iii) The Company has filed quarterly returns/statements of current assets during the year ended 31 March 2023 and 31 March 2022 with the banks or financial institutions, wherever applicable, and these returns were in agreement with the books of accounts. Following are the discrepancies between books of accounts & quarterly statements submitted to banks relating to current assets, where borrowings have been availed based on security of current assets.

Bank	Quarter	Particulars	Amount as per books of account	Amount as reported in the quarterly return/statement	Amount of difference	Reason for material discrepancies
Citi Bank, RBL, HDFC, ICICI, HSBC	June 2021	Inventory	2,720.83	2,488.29	232.55	Adjustment for goods inward and settled subsequently
Citi Bank, RBL, HDFC, ICICI, HSBC	June 2021	Trade receivables	3,006.22	2,962.44	43.78	Adjustment for Advance from Debtors
Citi Bank, RBL, HDFC, ICICI, HSBC	June 2021	Advance to Vendor	2,692.41	2,631.16	61.25	Adjustment for Vendor Advance against Trade Payables
Citi Bank, RBL, HDFC, ICICI, HSBC	September 2021	Inventory	7,323.01	1,715.93	5,607.08	Adjustment for goods-in-transit recognised
Citi Bank, RBL, HDFC, ICICI, HSBC	September 2021	Trade receivables	6,352.63	8,623.95	(2,271.32)	Adjustment for reversal of revenue for period end cut off
Citi Bank, RBL, HDFC, ICICI, HSBC	September 2021	Advance to Vendor	3,117.39	4,673.68	(1,556.29)	Adjustment for Vendor Advance against Trade Payables
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB	December 2021	Inventory	7,935.08	6,693.71	1,241.37	Adjustment for goods-in-transit recognised
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB	December 2021	Trade receivables	4,286.16	4,242.01	44.15	Adjustment for Advance from Debtors
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB	December 2021	Advance to Vendor	1,473.62	1,387.65	85.97	Adjustment for Vendor Advance against Trade Payables
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB	March 2022	Inventory	5,457.34	5,551.31	(93.97)	Adjustment for goods-in-transit and provisions recognised
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB	March 2022	Trade receivables	3,227.37	3,807.74	(580.37)	Adjustment for reversal of revenue for year end cut off
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB	March 2022	Advance to Vendor	1,696.85	1,564.90	131.95	Adjustment for Vendor Advance against Trade Payables
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	June 2022	Inventory	5,983.15	6,592.82	(609.68)	Adjustment for goods-in-transit and provisions recognised
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	June 2022	Trade receivables	6,413.63	6,599.69	(186.06)	Adjustment for provisions for doubtful debts
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	June 2022	Advance to Vendor	3,051.16	3,059.25	(8.09)	Adjustment for Vendor Advance against Trade Payables
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	September 2022	Inventory	7,597.76	7,641.11	(43.36)	Adjustment for goods-in-transit and provisions recognised
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	September 2022	Trade receivables	9,758.91	9,512.69	246.22	Adjustment for Advance from Debtors
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	September 2022	Advance to Vendor	5,064.21	5,069.71	(5.50)	Adjustment for Vendor Advance against Trade Payables
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	Dec-22	Trade receivables	4,652.88	4,626.76	26.11	Adjustment for Advance from Debtors
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	Mar-23	Inventory	4,616.48	4,835.31	(218.83)	Adjustment for goods-in-transit and provisions recognised
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	Mar-23	Trade receivables	2,694.15	3,883.34	(1,189.19)	Adjustment for reversal of revenue for year end cut off and provisions
Citi Bank, RBL, HDFC, ICICI, HSBC, SCB, Axis	Mar-23	Advance to Vendor	3,865.41	4,493.17	(627.76)	Adjustment for Vendor Advance against Trade Payables

(iv) The Company has registered all the charges or satisfaction with the Registrar of Companies (ROC) by the statutory date.

(v) The company has not been declared a Willful defaulter.

(vi) There has been no discrepancy in utilisation of borrowings.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 18 : BORROWINGS (CONTINUED)

(vii) The Company has not obtained any long term borrowings except for series C classified as financial liability.

(viii) Terms of series C CCPS:

During the year ended 31 March 2023:

Pursuant to a Shareholders Agreement (SHA) dated 24 October 2022 entered into by and between Imagine Marketing Limited, Sameer Mehta (Promoter 1), Aman Gupta (Promoter 2), Fireside Ventures Investment Fund - I (Scheme of Fireside Ventures Investments Trust), South Lake Investments Ltd, Qualcomm Ventures LLC, Malabar India Fund Limited, Malabar Select Fund and Malabar Midcap Fund and the Share Subscription Agreement (SSA) dated 24 October 2022 entered into by and between Imagine Marketing Limited, the Promoters, South Lake Investments Ltd, Malabar India Fund Limited, Malabar Select Fund and Malabar Midcap Fund, the Company issued 6,657,791 0.01% Cumulative Compulsory Convertible preference shares of Rs. 3 each to South Lake Investments Ltd, Malabar India Fund Limited, Malabar Select Fund and Malabar Midcap Fund on December 2, 2022 on a private placement basis as per the provisions of Section 42 of the Companies Act, 2013. Consequent to such issue of shares, the Company received Rs. 5,000 million the details of which are included in the table below:

Type of share	Face value per share	Issue price per share	Premium on issue per share	No. of shares	Total amount in Rs. million
0.01% Cumulative Compulsory Convertible preference shares of Rs. 3 each (Series C CCPS)	3.00	751.00	748.00	66,57,791	5,000.00
Add: Fair value loss on account of changes in financial liabilities					31.23
Carrying amount of liability as at March 31, 2023					5,031.23

Series C CCPS comprises cumulative compulsorily and fully convertible preference shares having a face value of Rs. 3 each, to be converted into such number of equity shares of face value of Rs. 1 each as per the adjustment ratio linked to next external funding round as mentioned in the shareholders agreement (SHA) dated October 24, 2022. Further, the Series C CCPS have a right to preferred cumulative dividend of 0.01% per annum and of the par value of Rs 3 each in the capital of the Company.

Subject to applicable Laws, the preference shares shall be automatically converted as per the terms mentioned above, upon the earlier of (i) expiry of 19 years and 9 months from the of the issuance and allotment; or (ii) in connection with an IPO, prior to the filing of a red-herring prospectus (or equivalent document, by whatever name called) by the Company with the competent authority or such later date as may be permitted under applicable law.

In the event of a liquidation, the holders of CCPS will have priority over equity shareholders in the payment of dividend and repayment of capital.

As per Ind AS 32 - Financial Instruments: Presentation, and terms and conditions mentioned in the SHA mentioned above, the Company has classified the same as financial liability since it comprises an obligation on the Company to deliver a variable number of shares on the basis of conversion ratio and price as defined in the SHA. Although the variability is subject to the adjustment ratio as mentioned in the SHA at the time of conversion, the overall number of equity instruments that the issuer is obliged to deliver is not fixed.

NOTE 19 : LEASE LIABILITIES

Particulars	As at 31 March 2023	As at 31 March 2022
<u>Non-current</u>		
Lease liabilities payable beyond 12 months	114.72	94.30
	114.72	94.30
<u>Current</u>		
Lease liabilities payable within 12 months	65.00	41.36
	65.00	41.36

(i) Set out below is the movement in lease liabilities during the period:

Particulars	As at 31 March 2023	As at 31 March 2022
As at 1 April	135.66	101.62
Add: Addition during the year	100.00	80.71
Add: Accretion of interest	12.80	10.81
Less: Deletion due to closure	(12.89)	(13.43)
Less: Payments	(55.85)	(44.05)
Closing balance	179.72	135.66
Non-Current	114.72	94.30
Current	65.00	41.36
Total	179.72	135.66

(ii) Maturity analysis of lease liabilities (undiscounted basis):

Particulars	As at 31 March 2023	As at 31 March 2022
Not later than one year	65.00	41.36
Later than one year and not later than five years	114.72	103.40
Later than five years	-	-
Total	179.72	144.76

(iii) The effective interest rate for lease liabilities is 9.56% as on 31 March 2023 (7.13%, as on 31 March 2022)

(iv) The Company had total cash outflow for leases (including the short-term leases) for 31 March 2023: Rs. 81.40 million (31 March 2022: Rs. 60.11 million).

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Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 20 : PROVISIONS

Particulars	As at	As at
	31 March 2023	31 March 2022
Non-Current		
Provision for employee benefits		
- Provision for gratuity (refer note 39)	11.85	6.34
Total	11.85	6.34
Current		
Provision for employee benefits		
- Provision for gratuity (refer note 39)	0.16	0.12
- Provision for compensated absence (refer note 39)	16.09	17.04
Other provisions		
- Provision for warranties	220.85	484.88
- Provision for expected return liability	420.87	550.00
Total	657.97	1,052.04

The provision for warranties represents management's best estimate of the Company's liability under warranties granted on products, based on prior experience and industry averages.

The provision for expected return liability represents management's best estimate of the Company's liability with respect to the customers contractual right to return goods in case of any defects or on grounds of quality.

(i) Movements in Other Provisions

Provision for warranties	As at	As at
	31 March 2023	31 March 2022
At the beginning of the year	484.88	181.94
Addition during the year	220.85	484.88
Utilised during the year	(484.88)	(181.94)
At the end of the year	220.85	484.88
Provision for expected return liability	As at	As at
	31 March 2023	31 March 2022
At the beginning of the year	550.00	20.95
Addition during the year	420.87	550.00
Utilised during the year	(550.00)	(20.95)
At the end of the year	420.87	550.00

For movements in provisions for employee benefits, refer Note 39.

The Company does not expect any reimbursements in respect of the above provisions.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 21 : TRADE PAYABLES

Particulars	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprise and small enterprises	29.35	24.43
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,528.68	2,164.26
Total	2,558.03	2,188.68

Trade payables are non-interest bearing and are normally settled on 0 to 30 day terms.

Refer note 35 for information about liquidity risk and market risk of trade payables.

(i) **Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) under the Chapter on Delayed Payments to Micro, Small and Medium Enterprises which are also required as per Ind AS Schedule III:**

Information has been determined to the extent such parties have been identified on the basis of information available with the Company:

Particulars	As at 31 March 2023	As at 31 March 2022
The amounts remaining unpaid to micro and small enterprise suppliers as at the end of the year		
- Principal	29.35	24.43
- Interest	-	-
The amount of interest paid by the buyer as per MSMED Act, 2006	-	-
The amounts of the payments made to micro and small enterprise suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

(ii) **Ageing for trade payable from the due date of payment for each of the category is as follows:**

Trade payables ageing schedule as at 31 March 2023	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues of micro enterprises and small enterprises	-	29.32	-	0.03	-	-	29.35
Undisputed dues of creditors other than micro enterprises and small enterprises	1,267.99	811.47	437.23	8.94	3.05	-	2,528.68
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
	1,267.99	840.79	437.23	8.97	3.05	-	2,558.03

Trade payables ageing schedule as at 31 March 2022	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues of micro enterprises and small enterprises	-	8.71	15.66	0.06	-	-	24.43
Undisputed dues of creditors other than micro enterprises and small enterprises	1,201.56	341.10	608.18	13.42	-	-	2,164.26
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
	1,201.56	349.80	623.84	13.48	-	-	2,188.68

NOTE 22 : OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March 2023	As at 31 March 2022
Current		
Interest accrued and due on borrowings	6.88	3.12
Payable to employees	42.20	1.21
Capital creditors	29.54	3.78
Total	78.62	8.11

Refer note 35 - Financial instruments, fair values and risk measurement

NOTE 23 : OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2023	As at 31 March 2022
Current		
Contract liability (Advance received from customers)	23.14	7.68
Statutory dues (includes goods and services tax, tax deducted at source, provident fund, etc.)	34.25	28.51
Liability towards unspent corporate social responsibility obligation	-	2.17
Total	57.39	38.36

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Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 24 : REVENUE FROM OPERATIONS

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Sale of products	32,432.85	28,707.64
Other Operating Income	151.19	21.37
Total Revenue from Operations	32,584.04	28,729.01

(i) Reconciliation of Revenue from sale of products with the contracted price:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Contracted Price	40,186.37	36,127.84
Less: Returns	(2,392.53)	(2,725.27)
Less: Discounts	(5,360.99)	(4,694.93)
Sale of products	32,432.85	28,707.64

(ii) Contract balances:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Contract Liabilities (refer note 23)	23.14	7.68

Note:

Contract liabilities represent advance received from customers for sale of products at the reporting date.

(iii) Movement in contract liabilities during the year:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Balance as at beginning of the year	7.68	60.28
Revenue recognised that was included in the contract liability balance at the beginning of the year	(7.68)	(60.28)
Advance received during the year	23.14	7.68
Balance as at end of the year	23.14	7.68

(iv) Disaggregation of revenue from contracts with customers:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Based on geographies		
Within India	32,390.26	28,707.64
Outside India	42.59	-
Total	32,432.85	28,707.64
Based on business segments		
Audio	23,508.31	22,760.15
Wearables	7,831.74	5,155.13
Others	1,092.80	792.36
Total	32,432.85	28,707.64

NOTE 25 : OTHER INCOME

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest Income		
- From Banks (calculated using the effective interest method for financial assets)	172.96	96.63
- From Others	2.97	2.15
Other non-operating income		
- Fair valuation gain from investments designated at FVTPL (net)*	0.82	2.51
- Liabilities no longer required, written back	-	0.45
- Provisions no longer required, written back	0.24	6.41
- Other non-operating income (includes miscellaneous income, etc.)	86.59	26.92
Total	263.58	135.07

* Fair valuation gain from investments designated at FVTPL includes Rs. 1.70 million (31 March 2022: Rs. Nil) as 'Net gain or loss on sale of investments'.

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Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 26 : PURCHASES OF STOCK-IN-TRADE

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Purchases of stock-in-trade	24,209.80	25,847.78
Total	24,209.80	25,847.78

Note: The above purchase amount is net of high seas sales amounting to Rs. 1,633.88 millions. Same is netted off as the Company is merely acting as an agent in buying raw materials and selling it to the manufacturers in India.

NOTE 27 : CHANGES IN INVENTORIES OF STOCK-IN-TRADE

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Inventory at the beginning of the year	5,457.34	3,088.23
Inventory at the end of the year	4,616.48	5,457.34
Total changes in inventories of stock-in-trade	840.86	(2,369.11)

NOTE 28 : EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Salaries, wages and bonus	610.76	340.72
Contribution to provident fund and other funds	15.86	9.79
Defined benefit plan expenses (refer note 39)	5.23	2.17
Compensated absence	2.11	11.54
Share based payment expense (refer note 40)	36.22	155.72
Total	670.18	519.94

NOTE 29 : FINANCE COSTS

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest cost on financial liabilities measured at amortized cost		
- borrowings from banks	660.90	312.99
- Lease liabilities	12.80	10.81
Interest cost on others		
- Net defined benefit liability (refer note 39)	0.46	0.14
Other borrowing costs (includes processing charges)	59.82	8.95
Total	733.98	332.89

NOTE 30 : DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation for property, plant and equipment	46.15	16.18
Depreciation of right-of-use assets	59.22	44.74
Amortisation of intangible assets	17.36	4.89
Total	122.73	65.81

NOTE 31 : OTHER EXPENSES

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Warranty expenses	1,343.74	1,365.98
Advertisement and promotion expenses	4,273.12	990.57
Freight and transportation charges	585.47	432.75
Legal and professional expenses	242.58	171.23
Contract labour charges	106.01	93.02
Payment to auditor (refer note i below)	7.30	19.29
Fair value loss on account of changes in financial liabilities	31.23	-
Lease expense	25.55	16.06
Rates, fees and taxes	29.18	41.44
Repair and maintenance expense	6.43	1.99
Royalty and License Expenses	302.44	1.73
Expenses towards corporate social responsibility (refer note ii below)	19.88	12.97
Information Technology and Support charges	166.84	29.20
Provision for loss allowance for trade receivables	252.52	7.05
Provision for doubtful advances	-	38.16
Miscellaneous expenses	236.60	154.91
Total	7,628.89	3,376.35

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(All amounts are in Rs. million, unless otherwise stated)

NOTE 31 : OTHER EXPENSES (CONTINUED)

(i) **Payment to Auditor (excluding applicable taxes)**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
As auditors:		
- Statutory audit	6.11	3.30
- Certification	0.26	0.10
- Other Services	0.70	15.07
For reimbursement of expense	0.23	0.82
Total	7.30	19.29

Note: In previous year, the other services includes Rs. 14.77 million fees towards proposed DRHP deliverables.

(ii) **Expenses towards corporate social responsibility**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(a) Gross amount required to be spent by the Company during the year	19.88	12.97
(b) Actual amount spent by the Company during the year		
Amount spent during the year on (paid in cash) :		
Construction /acquisition of any asset	-	-
On purpose other than above	19.88	10.81
Amount spent during the year on (yet to be paid in cash) :		
Construction /acquisition of any asset	-	-
On purpose other than above (Refer note j below)	-	2.17
	19.88	12.97

(c) **Movements in Liability towards unspent corporate social responsibility obligation**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
At the beginning of the year	2.17	7.16
Add: Provision created during the year	-	2.17
Less: Provision utilised during the year	(2.17)	(7.16)
At the end of the year	-	2.17
(d) Shortfall at the end of the year (paid subsequent to year end) (refer note (i) and (j) below)	-	-
(e) Total of previous years shortfall	-	-
(f) Reason for shortfall	NA	NA
(g) Nature of CSR activities includes child educational and talent development and healthcare and PM care fund.		
(h) There were no CSR spends which were incurred by the Company through its related party.		
(i) During the year ended 31 March 2022, the Company recorded a provision of Rs 2.18 million for unspent corporate social responsibility expenses as at year end and was subsequently deposited in Prime Minister Care Fund on 23 September 2022 and 29 September 2022.		
(j) The Company has not spent any excess amount during the year.		
(k) The Company does not have any ongoing projects as at 31 March 2023.		

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(All amounts are in Rs. million, unless otherwise stated)

NOTE 32 : EARNING PER SHARE ('EPS')

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(Loss)/Profit attributable to equity holders:		
Basic earnings/(loss)	(1,010.46)	788.20
Add: Fair value (gain)/loss on account of change in financial liability	31.23	-
Adjusted for the effect of dilution	(979.23)	788.20
Weighted average number of Equity Shares for:		
Basis EPS		
Number of equity shares at the beginning of the year	9,60,30,300	45,066
Add: Shares issued on conversion of CCPS during the year	-	2,559
Add: Issue of Equity Shares on exercise of employee stock option	66,000	3,16,800
Add: Issue of Equity Shares during the year	-	4,63,500
Add: Bonus shares issued during the year *	-	94,77,375
Add: Equity shares arising on share split from Rs. 10 to Re. 1 per share @	-	8,57,25,000
Number of equity shares outstanding at the end of the year	9,60,96,300	9,60,30,300
Number of instruments completely in the nature of equity at the beginning of the year	5,27,269	20,616
Add: Shares issued during the year	-	1,762
Less: Shares converted into equity shares during the year	-	(2,559)
Add: Bonus shares issued during the year *	-	5,07,450
Number of equity shares outstanding at the end of the year	5,27,269	5,27,269
Total of equity shares and instruments completely in the nature of equity	9,66,23,569	9,65,57,569
Weighted average number of shares outstanding during the year for Basic EPS	9,65,79,065	13,48,35,173
Diluted EPS		
Weighted average number of shares outstanding during the year for Basic EPS	9,65,79,065	13,48,35,173
Add: Employee stock options outstanding	5,58,660	1,19,700
Add: Instrument classified as financial liabilities (Refer note (d))	1,43,14,251	-
Weighted average number of shares outstanding during the year for Diluted EPS	11,14,51,975	13,49,54,873
Earnings/(Loss) Per Share (Rs.):		
Basic	(10.46)	5.85
Diluted	(8.79)	5.84
Diluted (restricted to basic EPS)	(10.46)	-

Note:

- (a) For the purpose of computing Basic EPS, equity shares which will be issued upon conversion of Instrument entirely Equity in nature have been considered from the date of their issue.
- (b) * In the FY 2021-22, the Company has issued bonus share in the ratio of 1:199 (refer note 16(f)). In line with the requirements of Para 28 of Ind AS 33, for the purpose of EPS calculations, bonus shares issued have been considered as if the event of bonus issue had occurred at the beginning of the earliest period presented.
- (c) @ Pursuant to the resolutions passed by the Board of Directors on 15 December 2021 and the Shareholders on 15 December 2021, the face value of the equity shares was sub-divided from Rs. 10 per equity share to Re. 1 per equity share. Accordingly, the issued, subscribed and paid-up equity share capital of the Company being 9,525,000 equity shares of Rs. 10 each was sub-divided into 95,250,000 equity shares. The number of shares to be used in the Basic EPS and Diluted EPS calculation in respect of the period presented above have been accordingly adjusted to give retrospective effect to the share split.
- (d) The number of preference shares to be converted into equity shares is based on the adjustment ratio as mentioned in the SHA dated October 24, 2022.

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NOTE 33 : CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(i) **Contingent Liabilities**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Contingencies		
Indirect Tax matters (refer note(a))	341.98	341.98
Claims against the Company not acknowledged as debts		
Dividend on 0.01% Cumulative Compulsory Convertible preference shares of Rs. 6,000 each @	0.02	0.01
Dividend on 0.01% Cumulative Compulsory Convertible preference shares of Rs. 3 each @	#	-

(a) The Company has received a show cause notice from the Commissioner of Customs (Import) alleging incorrect classification of the product "Bluetooth Headphone". The Company has filed an appeal before Commissioner of Customs (Import) ACC Sahar. The Company believes that the demand will not materialise and hence the same has been disclosed as contingent liability.

(b) @ The Company has issued NIL (31 March 2022: 17,269) 0.01% Cumulative Compulsory Convertible preference shares of Rs. 6,000 each which carry a right to preferred cumulative dividend of 0.01% of the par value per annum. As at 31 March 2023, the arrears of preferred cumulative dividend not yet declared by the Company amounts to Rs 22,857 (31 March 2021: Rs. 12,496).

During the year, the Company has issued 0.01% Cumulative Compulsory Convertible preference shares of Rs. 3 each which carry a right to preferred cumulative dividend of 0.01% of the par value per annum. As at 31 March 2023, the arrears of preferred cumulative dividend not yet declared by the Company amounts to Rs 500.

(c) There are no other contingent liabilities as on 31 March 2023 (31 March 2022: Nil)

(ii) **Contingent assets**

There are no contingent assets as on 31 March 2023 (31 March 2022: Nil)

NOTE 34 : COMMITMENTS

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
A. Lease commitments		
Lease commitments are the future cash out flows from the lease contracts which are not recorded in the measurement of lease liabilities. These include potential future payments related to leases of low value assets, leases with term less than twelve months and variable leases.		
Not later than one year	1.49	15.66
Later than one year and not later than five years	-	-
Later than five years	-	-
	1.49	15.66
B. Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	44.04	-
C. Other commitments		
Commitments other than capital in nature	8,492.47	-
The company has given support letter to provide financial support to its subsidiaries - Dive Marketing Private Limited and HOB Ventures Private Limited	-	-

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Notes to the Standalone Financial Statements for the year ended 31 March 2023

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NOTE 35 : FINANCIAL INSTRUMENTS FAIR VALUE AND RISK MEASUREMENTS

A. Financial instruments by category and their fair value

The carrying amounts and fair values of financial instruments by class are as follows:

Particulars	Notes	Carrying amount	
		As at 31 March 2023	As at 31 March 2022
FINANCIAL ASSETS			
Financial assets measured at fair value			
Investments measured at			
- Fair value through profit or loss	7	8.14	26.98
Financial assets measured at amortised cost			
Investments in Subsidiaries, Associates and Joint venture	6	2,832.98	2,336.74
Trade receivables	11	2,694.15	3,227.37
Cash and cash equivalents	12	1,392.27	302.22
Bank balance other than cash and cash equivalents	13	1,930.40	1,575.84
Loans	14	27.45	34.21
Other financial assets	8	375.93	2,566.51
Total financial assets		9,261.32	10,069.87
FINANCIAL LIABILITIES			
Financial liabilities measured at fair value			
Financial liabilities in relation of CCPS issued during the year	18	5,031.23	-
Financial liabilities measured at amortised cost			
Borrowings	18	7,329.86	9,211.32
Lease liabilities	19	179.72	135.66
Trade payables	21	2,558.03	2,188.68
Other financial liabilities	22	78.62	8.11
Total financial liabilities		15,177.46	11,543.77

B. Fair Value Hierarchy

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

Level 1: Quoted prices for identical instruments in an active market;

Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data.

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarised below:

Particulars	Level 1	Level 2	Level 3	Total
As at 31 March 2023				
Assets at fair value				
Investments in mutual funds	8.14	-	-	8.14
Financial liabilities in relation of CCPS issued during the year	-	-	5,031.23	5,031.23
As at 31 March 2022				
Assets at fair value				
Investments in mutual funds	26.98	-	-	26.98

There have been no transfers between Level 1 and Level 2 during the reporting periods.

Calculation of Fair Values

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31 March 2022.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

During the year, the Company has issued 0.01% Cumulative Compulsory Convertible preference shares of Rs. 3 each (Series C CCPS) classified as financial liability. The Company has derived the fair value of CCPS with the help of independent valuer. The valuer has used discounted cash flow method to derive the value of the instruments. The Company used level III fair valuation model for fair valuation of CCPS.

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NOTE 35 : FINANCIAL INSTRUMENTS FAIR VALUE AND RISK MEASUREMENTS (CONTINUED)

B. Fair Value Hierarchy (Continued)

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the condensed statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Compulsory Convertible Preference Shares	For the purpose of determining fair value, the Company has used the Discounted cash flow technique. • Discounted cash flows technique (DCF): The valuation model considers the present value of expected cash flows, discounted using a risk-adjusted discount rate. The expected cashflows is determined by considering the forecast annual revenue and EBITDA.	• Discounted cash flow (DCF) : - Forecast annual revenue growth rate - Forecast Terminal revenue growth rate - Risk-adjusted discount rate	The estimated fair value would increase (decrease) if: - the forecast annual revenue growth rate were higher (lower); - the terminal growth rate were higher (lower); - the risk adjusted discount rate were lower (higher).

Significant unobservable inputs used for Level III fair valuation are as follow:

- Risk-adjusted discount rate	16.88%
- Forecast Terminal revenue growth rate	3.00%
- Forecast annual revenue growth rate	17% to 30%

Transfers between Levels in the fair value hierarchy

There have been no transfers between levels in the fair value hierarchy

Level 3 fair values

Particulars	Series C CCPS
Balance at the beginning of the period	-
Issued during the year	5,000.00
Unrealised Gain /(losses) recognised in profit or loss	31.23
Balance at the end of the period	<u>5,031.23</u>

Level 3 fair value sensitivity analysis

Sensitivity analysis: Impact on profit and loss (after tax)	Increase/Decrease	Change by 1%	Impact on	(Gain)/Loss
			Profit and Loss (in millions)	
- Risk-adjusted discount rate	Increase	1.00%	(93.07)	(Gain)
	Decrease	1.00%	93.07	Loss
- Forecast Terminal revenue growth rate	Increase	1.00%	9.67	Loss
	Decrease	1.00%	(9.67)	(Gain)

Other financial assets and liabilities

Fair value of financial assets and liabilities measured at amortised cost (cash and cash equivalents, other bank balance, trade receivables, other financial assets, trade payables, borrowings, lease liabilities and other financial liabilities) is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

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NOTE 35 : FINANCIAL INSTRUMENTS FAIR VALUE AND RISK MEASUREMENTS (CONTINUED)

C. Financial risk management

The Company's business activities are exposed to a variety of financial risks, namely liquidity risk, market risk and credit risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

(i) Management of Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are proposed to be settled by delivering cash or other financial asset. The Company's financial planning has ensured, as far as possible, that there is sufficient liquidity to meet the liabilities whenever due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

Financing arrangement

The Company had access to the following undrawn borrowing facilities at the end of the reporting year:

Particulars	As at	As at
	31 March 2023	31 March 2022
Cash credit facilities (includes bank overdraft and working capital facilities)	3,579.37	719.76
Other financing arrangements (includes bill discounting, letter of credit, etc.)	340.78	569.83
	3,920.15	1,289.59

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest receipts / payments and exclude the impact of netting agreements.

Particulars	Note	Discounted	Undiscounted Amount		Total
		Carrying amount	Within 1 year	More than 1 year	
As at 31 March 2023					
Financial liabilities (non derivative liabilities)					
Borrowings - Short term	18	7,329.86	7,329.86	-	7,329.86
Borrowings - Long term	18	5,031.23	-	5,031.23	5,031.23
Lease liabilities	19	179.72	76.81	141.58	218.39
Trade payables	21	2,558.03	2,558.03	-	2,558.03
Other financial liabilities	22	78.62	78.62	-	78.62
As at 31 March 2022					
Financial liabilities (non derivative liabilities)					
Borrowings	18	9,211.32	9,211.32	-	9,211.32
Lease liabilities	19	135.66	41.36	103.40	144.76
Trade payables	21	2,188.68	2,188.68	-	2,188.68
Other financial liabilities	22	8.11	8.11	-	8.11

Note:

For terms and conditions on series C CCPS refer note foot note (viii) to note 18

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NOTE 35 : FINANCIAL INSTRUMENTS FAIR VALUE AND RISK MEASUREMENTS (CONTINUED)

C. Financial risk management (continued)

(ii) Management of Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.

The Company size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk
- price risk
- interest rate risk

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The functional currency of the Company is Indian Rupees and its revenue is generated from operations in India. The Company does not enter into any derivative instruments for trading or speculative purposes. The Company's borrowings are all in Indian rupees.

The carrying amounts of the Company's foreign currency denominated monetary items are as follows:

Particulars	As at	
	31 March 2023	31 March 2022
Payable		
USD		
Amount in foreign currency	3.16	7.70
Amount in INR	260.14	583.77
CNY		
Amount in foreign currency	0.04	-
Amount in INR	0.47	-
Receivable		
USD		
Amount in foreign currency	0.04	-
Amount in INR	3.11	-

The Company is mainly exposed to changes in USD. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

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NOTE 35 : FINANCIAL INSTRUMENTS FAIR VALUE AND RISK MEASUREMENTS (CONTINUED)

C. Financial risk management (continued)

Particulars		As at	As at
		31 March 2023	31 March 2022
5% strengthening of INR compared to USD	Profit or (Loss)	13.01	29.19
5% strengthening of USD compared to INR	Profit or (Loss)	(13.01)	(29.19)
5% strengthening of INR compared to USD	Equity (net of tax)	9.73	21.84
5% strengthening of USD compared to INR	Equity (net of tax)	(9.73)	(21.84)

Price risk

The Company is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments. The Company has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in debt mutual funds.

The carrying amounts of the Company's investment in mutual funds are as follows:

Particulars		As at	As at
		31 March 2023	31 March 2022
Investments in mutual funds		8.14	26.98
<u>Sensitivity analysis:</u>			
1% increase in prices	Profit or (Loss)	0.08	0.27
1% decrease in prices	Profit or (Loss)	(0.08)	(0.27)
1% increase in prices	Equity (net of tax)	0.06	0.20
1% decrease in prices	Equity (net of tax)	(0.06)	(0.20)

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Company's portfolio of borrowings comprise of variable rate loans which are monitored continuously in the light of market conditions. The Company does not any fixed rate loans.

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss except for series C CCPS classified as financial liabilities and the Company does not have any designated derivatives (interest rate swaps). Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Fixed-rate instruments

Particulars	As at	As at
	31 March 2023	31 March 2022
Financial assets (fixed deposits, security deposits and interest accrued on deposits)	3,698.60	2,010.15
Financial liabilities	5,031.23	-

Variable rate instruments

Financial assets	-	-
Financial liabilities	7,329.86	9,211.32

Particulars		As at	As at
		31 March 2023	31 March 2022
<u>Sensitivity analysis:</u>			
100 bps increase	Profit or (Loss)	(73.30)	(92.11)
100 bps decrease	Profit or (Loss)	73.30	92.11
100 bps increase	Equity (net of tax)	(54.85)	(68.93)
100 bps decrease	Equity (net of tax)	54.85	68.93

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NOTE 35 : FINANCIAL INSTRUMENTS FAIR VALUE AND RISK MEASUREMENTS (CONTINUED)

C. Financial risk management (continued)

(iii) Management of Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Company. The potential activities where credit risks may arise include from cash and cash equivalents and security deposits and principally from credit exposures to customers relating to outstanding receivables. The maximum credit exposure associated with financial assets is equal to the carrying amount. Details of the credit risk specific to the company along with relevant mitigation procedures adopted have been enumerated below:

Trade receivables

The Company's exposure to credit risk is that the Company has major business dealings with few parties to whom sales are made on credit basis. The Company's majority customer base are e-commerce marketplace players. Since the sales are as per contract, the company's exposure to credit risk is influenced by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base including the default risk associated with the industry.

The Company provides for allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The Company uses simplified approach to identify the credit risk. For customers outstanding more than 365 days, the Company provides for 100% outstanding receivables. For receivables outstanding for less than 365 days, the Company evaluates the credit risk based on case to case basis and makes provision if required.

The Company has considered an assessment of past history and has taken into account various factors including future forecast conditions for determination of allowance for expected credit loss. For credit impaired, the Company makes assessment on case to case basis and make necessary provisions in the books.

Refer to note 11 (iv) for ageing for trade receivables from the due date of payment.

The Company does not have any impaired trade receivables as on March 31, 2023.

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks and other financial assets. The Company has set counter-party limits based on multiple factors including financial position, credit rating, etc. The Company's maximum exposure to credit risk as at 31 March 2023 and 31 March 2022 is the carrying value of each class of financial assets.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 36 : CAPITAL MANAGEMENT

The Company defines capital as total equity including issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company (which is the Company's net asset value). The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio was as follows.

Particulars	As at	As at
	31 March 2023	31 March 2022
Borrowings (refer note 18) (refer note b below)	12,367.97	9,211.32
Lease liabilities (refer note 19)	179.72	135.65
Total debt liabilities	12,547.69	9,346.97
Less : Cash and bank balances (refer note 12)	(1,392.27)	(302.22)
Less : Bank balance other than cash and cash equivalents (refer note 13)	(1,930.40)	(1,575.84)
Less : Bank deposits with remaining maturity more than 1 year (refer note 8)	(215.00)	-
Less : Bank deposits with remaining maturity less than 1 year (refer note 8)	-	(2,436.19)
Less : Financial Liability in relation to CCPS (Refer note 18)	(5,031.23)	-
Adjusted net debt	3,978.79	5,032.72
Total equity	5,129.78	6,101.50
Add : Financial Liability in relation to CCPS if classified as instruments entirely in equity in nature	5,031.23	-
Total adjusted equity	10,161.01	6,101.50
Net debt equity ratio (net of cash and bank balances)	0.78	0.82
Adjusted debt to adjusted equity ratio	0.39	0.82

Note:

- No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.
- Borrowings include financial liability in relation to CCPS issued during the year which is classified as financial liability as per Ind AS.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 37 : RELATED PARTY DISCLOSURES

A. Names of the related parties of the Company

Entity having significant influence	South Lake Investment Ltd (with effect from 5 January 2021)
Subsidiary company	Dive Marketing Private Limited (with effect from 3 June 2021) HOB Ventures Private Limited (with effect from 31 December 2021) Imagine Marketing Singapore Pte. Ltd. (with effect from 29 November 2021) Kaha Pte Ltd (with effect from 11 February 2022) Kaha Technologies Private Limited (with effect from 2 February 2022)
Associate company	Sirena Labs Private Limited (with effect from 5 November 2019 upto June 3, 2022)
Joint Venture	Califonix Tech and Manufacturing Private Limited (with effect from 27 April 2022)
Key management personnel (KMP)	Mr. Aman Gupta - Director Mr. Sameer Mehta - Director (Chief Executive Officer with effect from 4 May 2023) Mr. Kanwaljit Singh - Director (with effect from 17 April 2018 upto 8 January 2022) Mr. Anish Saraf - Director (with effect from 5 January 2021) Mr. Vikram Chogle - Director (with effect from 5 January 2021, upto 19 January 2022) Mr. Aashish Kamat - Independent Director (with effect from 12 November 2021) Mr. Anand Ramamoorthy - Independent Director (with effect from 12 November 2021) Mr. Deven Waghani - Independent Director (with effect from 15 December 2021) Ms. Purvi Sheth - Independent Director (with effect from 12 November 2021) Mr. Vivek Gambhir - Chief Executive Officer (with effect from 9 February 2021, upto 4 May 2023), currently non executive director of the Company Mr. Ankur Sharma - Chief Financial Officer (with effect from 4 June 2021) Ms. Dhara Joshi - Company Secretary (with effect from 13 May 2021 upto 5 May 2022) Mr. Mukesh Ranga - Company Secretary (with effect from 5 May 2022)
Entities in which KMP have significant influence	Redwood Interactive (Partnership firm, were one of the Director is intrested)

B. Disclosure of transactions between the Company and related parties

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Sales of goods		
Kaha Pte. Ltd.	3.11	-
Purchase of goods		
Sirena Labs Private Limited	-	3.24
Redwood Interactive	-	0.01
Kaha Pte. Ltd.	628.94	34.98
Purchase of Services (License fees and other services)		
Kaha Pte. Ltd.	241.16	3.45
Royalty expense		
Dive Marketing Private Limited	3.38	1.73
Rent income		
Dive Marketing Private Limited	0.23	0.18
HOB Ventures Private Limited	0.13	-
Reimbursement of expenses received		
Kaha Pte. Ltd.	6.02	-

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Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

37 RELATED PARTY DISCLOSURES (CONTINUED)

B. Disclosure of transactions between the Company and related parties (continued)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Reimbursement of expenses paid		
Mr. Aman Gupta	1.11	4.77
Mr. Sameer Mehta	0.14	0.03
Mr. Ankur Sharma	-	0.12
Mr. Vivek Gambhir	1.16	0.22
Ms. Dhara Joshi	-	0.01
Contribution paid towards equity share capital		
Dive Marketing Private Limited	-	0.10
HOB Ventures Private Limited	-	310.10
Imagine Marketing Singapore Pte. Ltd.	445.74	1,949.29
Califonix Tech and Manufacturing Private Limited	50.50	-
Loan given		
Dive Marketing Private Limited	-	27.00
HOB Ventures Private Limited	-	4.69
Loan received back		
HOB Ventures Private Limited	-	4.69
Interest income on loan given		
Dive Marketing Private Limited	1.89	1.34
HOB Ventures Private Limited	-	0.02
Advance against supply of goods given during the year		
Kaha Pte. Ltd.	91.30	105.43
Issue of Preference Shares including share premium		
South Lake Investment Ltd	4,000.00	-
Purchase of Property Plant and Equipment		
Kaha Pte. Ltd.	14.69	-
Directors Sitting Fees		
Mr. Aashish Kamat	0.80	0.40
Ms. Purvi Sheth	0.80	0.40
Mr. Deven Waghani	0.63	0.28
Mr. Anand Ramamoorthy	1.00	0.45
Commission to Directors		
Mr. Aashish Kamat	1.50	1.50
Mr. Anand Ramamoorthy	1.50	1.50
Mr. Deven Waghani	1.50	1.50
Ms. Purvi Sheth	1.50	1.50

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

37 RELATED PARTY DISCLOSURES (CONTINUED)

B. Disclosure of transactions between the Company and related parties (continued)

Particulars	Year ended	Year ended
	31 March 2023	31 March 2022
Remuneration to Key management personnel		
Mr. Aman Gupta	25.00	16.25
Mr. Sameer Mehta	25.00	16.25
Mr. Vivek Gambhir	29.57	24.57
Mr. Ankur Sharma	13.22	7.26
Ms. Dhara Joshi	0.24	1.25
Mr. Mukesh Ranga	1.46	-
Share based payments expense		
Mr. Vivek Gambhir	-	125.68
Mr. Ankur Sharma	3.27	1.79

C. Status of outstanding balances

Particulars	As at	As at
	31 March 2023	31 March 2022
Trade receivables		
Sirena Labs Private Limited	-	2.64
Allowance for expected credit loss	-	(2.64)
Kaha Pte. Ltd.	3.13	-
Dive Marketing Private Limited	0.02	-
Trade payables		
Dive Marketing Private Limited (including provisions)	0.62	0.98
Sirena Labs Private Limited	-	1.74
Redwood Interactive	-	-
Advance to vendor		
Sirena Labs Private Limited	-	13.50
Allowance for doubtful trade advance	-	(13.50)
Kaha Pte. Ltd.	38.23	258.72
Interest receivable on trade advance		
Sirena Labs Private Limited	-	1.77
Allowance for doubtful interest receivable on trade advance	-	(1.77)
Loan receivable		
Dive Marketing Private Limited	27.00	27.00
Interest receivable on loan		
Dive Marketing Private Limited	1.28	1.21
Commission to Directors Payable		
Mr. Aashish Kamat	1.50	1.50
Mr. Anand Ramamoorthy	1.50	1.50
Mr. Deven Waghani	1.50	1.50
Ms. Purvi Sheth	1.50	1.50

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

37 RELATED PARTY DISCLOSURES (CONTINUED)

C. Status of outstanding balances (continued)

Particulars	As at	
	31 March 2023	31 March 2022
Reimbursement of expenses payable		
Mr. Vivek Gambhir	-	0.20
Mr. Aman Gupta	0.09	-

D. Terms and conditions of transactions with related parties

All Related Party Transactions entered during the year were in ordinary course of the business and on arm's length basis. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2022, the Company has recorded impairment of receivables relating to amounts owed by related parties (see note 11(ii)). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

E. Payment of Managerial Remuneration

Managerial remuneration to the executive directors is in accordance with the terms of appointment and remuneration as approved by the shareholders by special resolutions passed at the 9th Annual General Meeting (AGM) held on December 23, 2022. However, during the year ended 31st March 2023, the Company has paid remuneration to its executive directors and provided for commission to its independent directors which is in excess of the limits provided under section 197 read with Schedule V to the Act by Rs. 85.57 million. Thereby, the Company will seek for reapprovals from the Members of the Company under section 197(10) by way of special resolutions in the ensuing 10th Annual General Meeting for the excess remuneration paid/provided. As per the management, it is reasonably certain that the necessary approval will be received. Further, in case the shareholders do not approve the excess payment of remuneration to the executive directors, the executive directors have given the declaration that excess amount paid will be refunded back to the Company as the same is held in trust as at March 31, 2023.

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Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 38 : SEGMENT INFORMATION

A. Business Segments

The Company has determined following reporting segments based on the information reviewed by the Company's Chief Operating Decision Maker ('CODM'):

- (i) Audio includes wired earphone, wireless earphone, wired headphone, wireless headphone, wireless speakers and soundbar.
- (ii) Wearables include smart watches.
- (iii) Others includes cables, charges, mens grooming kit and gaming equipments.

The above business segments have been identified considering:

- (i) the nature of products
- (ii) the differing risks and returns
- (iii) the internal organisation and management structure, and
- (iv) the internal financial reporting systems

The Chief Executive Officer of the Company, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CODM.

Segment Results are arrived at based on segment revenues less direct and allocable cost associated with the segment.

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Revenue		
External revenue		
Audio	23,508.31	22,760.15
Wearables	7,831.74	5,155.13
Others	1,092.80	792.36
	32,432.85	28,707.64
Inter segment		
Audio	-	-
Wearables	-	-
Others	-	-
	-	-
Total		
Audio	23,508.31	22,760.15
Wearables	7,831.74	5,155.13
Others	1,092.80	792.36
	32,432.85	28,707.64
Result		
Audio	1,401.10	2,030.06
Wearables	(1,237.07)	(299.48)
Others	(403.60)	25.62
	(239.57)	1,756.20
Segment Results		
Un-allocated expenses net of un-allocated income	(467.98)	(440.76)
Interest income	175.93	98.78
Interest cost	(673.24)	(323.80)
Fair value loss on account of changes in financial liabilities	(31.23)	-
Depreciation and amortisation	(122.73)	-
	(1,358.82)	1,090.42
(Loss)/Profit before tax		
Tax expense		
Current tax	-	306.88
Deferred tax	(348.36)	(4.66)
	(348.36)	302.22
Total tax expense		
	(1,010.46)	788.20
(Loss)/Profit for the year		

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 38 : SEGMENT INFORMATION (CONTINUED)

B. Other Information

Particulars	As at 31 March 2023	As at 31 March 2022
Segment Assets		
Audio	4,416.80	8,037.43
Wearables	2,584.60	1,782.49
Others	472.61	561.64
Total segment assets	7,474.01	10,381.57
Unallocated corporate assets	13,560.44	8,360.44
Total assets	21,034.45	18,742.01
Segment Liabilities		
Audio	1,763.15	1,650.65
Wearables	697.63	466.24
Others	97.27	79.51
Total segment liabilities	2,558.04	2,196.40
Unallocated corporate liabilities	13,346.62	10,444.11
Total liabilities	15,904.66	12,640.51

B. Other Information (continued)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Capital expenditure		
Audio	112.61	-
Wearables	44.56	-
Others	6.21	-
Unallocated	355.97	24.74
Depreciation/Amortisation		
Audio	20.72	-
Wearables	8.20	-
Others	1.14	-
Unallocated	92.67	65.81
Non-cash expenses other than depreciation		
Audio	-	-
Wearables	-	-
Others	-	-
Unallocated	664.07	257.38

C. Additional information by geographies

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Revenue by Geographical Market		
India	32,390.27	28,707.64
Outside India	42.59	-

Particulars	As at 31 March 2023	As at 31 March 2022
Carrying Amount of Segment Assets		
India	7,432.64	10,381.57
Outside India	41.37	-
Non-current assets *		
India	786.46	363.81
Outside India	-	-

* Non-current assets excludes financial instruments and deferred tax assets.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 38 :SEGMENT INFORMATION (CONTINUED)

D. Revenue from major customers

The Company earns revenue from few of its major customers which individually amounts to 10 per cent or more of the Company's revenues. Details of such customers (i.e. the total amount of revenues from each such customer) are disclosed below. Revenue from such customers are reported under all the segments of the Company.

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Customer 1 (net of returns)	11,208.93	7984.17
Customer 2 (net of returns)	10,328.34	9105.37

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Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 39 : EMPLOYEE BENEFIT PLANS

A. Defined Contribution Plan

Amount incurred and paid towards contribution to provident fund, Labour Welfare Fund and employees' state insurance corporation is recognised as an expense and included in employee benefit expense:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Contribution to provident fund and other funds	15.86	9.79

B. Defined Benefit Plan

(i) Description of Plan

Retirement Benefit Plan of the Company include Gratuity. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary (last drawn salary) for each completed year of service with maximum ceiling as per Companies policies. Gratuity plan is unfunded.

(ii) Balance Sheet

The assets, liabilities and (surplus)/deficit position of the defined benefit plans at the Balance Sheet date were:

Particulars	As at 31 March 2023	As at 31 March 2022
Fair value of plan assets	-	-
Present value of obligations	(12.01)	(6.46)
(Liability) recognised in balance sheet	(12.01)	(6.46)

Movements in Present Value of Obligation:

Particulars	As at 31 March 2023	As at 31 March 2022
Defined benefit obligation at the commencement of the year	6.46	2.05
Current service cost	5.23	2.16
Past service cost	-	-
Interest cost	0.46	0.13
Actuarial losses / (gains)	0.69	2.12
Benefits paid	(0.83)	-
Defined benefit obligation at the end of the year	12.01	6.46
Provision for gratuity (under Non-Current provisions) (Refer note 20)	11.85	6.34
Provision for gratuity (under Current provisions) (Refer note 20)	0.16	0.12
	12.01	6.46

(iii) Standalone statement of profit and loss

The charge to the Standalone statement of profit and loss comprises:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Employee Benefit Expenses:		
Current service cost	5.23	2.16
Past service cost	-	-
	5.23	2.16
Finance costs:		
Interest cost	0.46	0.13
Interest income	-	-
	0.46	0.13
Net impact on profit (before tax)	5.69	2.29
Remeasurement of the net defined benefit plans:		
Actuarial (gains)/losses arising from changes in financial assumptions	(0.34)	(0.35)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
Actuarial (gains)/losses arising from experience adjustments	1.35	2.47
Net impact on other comprehensive income (before tax)	1.01	2.12

(iv) Assumptions

With the objective of presenting the plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

Particulars	As at 31 March 2023	As at 31 March 2022
Financial Assumptions		
Discount rate (per annum)	7.50%	7.25%
Salary Escalation Rate (per annum)	7.00%	7.00%

The obligations are measured at the present value of estimated future cash flows by using a discount rate that is determined with reference to the market yields at the Balance Sheet date on Government Bonds, which is consistent with the estimated terms of the obligation.

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Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 39 : EMPLOYEE BENEFIT PLANS (CONTINUED)

(iv) Assumptions (continued)

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

Particulars		As at 31 March 2023	As at 31 March 2022
Demographic Assumptions			
Withdrawal Rate	Age		
	25 and below	10.00%	10.00%
	25 to 35	8.00%	8.00%
	35 to 45	6.00%	6.00%
	45 to 55	4.00%	4.00%
	55 and above	2.00%	2.00%
Mortality Rate		Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

(v) Sensitivity Analysis

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:

Particulars			As at 31 March 2023	As at 31 March 2022
Discount rate (per annum)	Increase	0.50%	(11.37)	(6.09)
	Decrease	0.50%	12.71	6.85
Salary escalation rate (per annum)	Increase	0.50%	12.40	6.70
	Decrease	0.50%	(11.56)	(6.22)
Withdrawal Rate	Increase	W.R. x 110%	(12.03)	(6.44)
	Decrease	W.R. x 90%	11.96	6.46

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous years.

(vi) Weighted average duration of the defined benefit plan:

Particulars	As at 31 March 2023	As at 31 March 2022
Gratuity plan	12.38	12.50

(vii) Expected future cash flows in respect of gratuity:

Particulars	As at 31 March 2023	As at 31 March 2022
Less than a year	0.16	0.12
Between 2-5 years	2.96	1.43
More than 5 years	6.23	3.27

C. Compensated absences

Particulars	As at 31 March 2023	As at 31 March 2022
Expense towards compensated absences included in Employee Benefit expenses	2.11	11.54

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for compensated absences	16.09	17.04

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Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 40 : SHARE BASED PAYMENTS

Equity Settled Share Based Payments

Employees Stock Option Plan 2019 ('ESOP 2019')

The ESOP 2019 had been formulated by the Board of Directors of the Company pursuant to the resolution passed in Extra Ordinary General Meeting held on 15 November 2019 and subsequently amended on 25 March 2021. The ESOP 2019 entitles eligible employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. As per the ESOP 2019, holders of vested options are entitled to purchase an equity share for every option at an exercise price as stated in the grant letter.

Management Stock Option Plan 2021 ('ESOP 2021')

The ESOP 2021 has been formulated by the Board of Directors of the Company pursuant to the resolution passed in Extra Ordinary General Meeting held on 25 March 2021. The ESOP 2021 entitles eligible employees to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. As per the ESOP 2021, holders of vested options are entitled to purchase an equity share for every option at an exercise price as stated in the grant letter.

Plan	Employee	Vesting Conditions	Contractual life of
ESOP 2019	Eligible Employees	Continued employment with Company	4 years
ESOP 2021	Eligible Employees	Continued employment with Company	4 years

Scheme	Year	Date of Grant	Numbers of options granted	Vesting Conditions		Exercise Price (Rs.) per share (refer note below)	Weighted Average Exercise Price (Rs.) per share
				Vesting Conditions	Exercise Period		
ESOP 2019	2019	16 November 2019	256	Graded vesting over 4 years from grant date	7 years from date of vesting	30.27	30.27
	2020	15 November 2020	453	Graded vesting over 4 years from grant date	7 years from date of vesting	30.27	30.27
	2021	25 March 2021	50	Graded vesting over 4 years from grant date	7 years from date of vesting	30.27	30.27
	2022	25 October 2021	14,33,500	Graded vesting over 4 years from grant date	7 years from date of vesting	141.88	141.88
	2022	25 October 2021	30,000	Vesting over 1 years from grant date	7 years from date of vesting	141.88	141.88
	2022	2 December 2021	14,250	Graded vesting over 4 years from grant date	7 years from date of vesting	141.88	141.88
	2022	1 February 2022	4,10,000	Graded vesting over 4 years from grant date	7 years from date of vesting	141.88	141.88
	2022	29 March 2022	5,37,400	Graded vesting over 4 years from grant date	7 years from date of vesting	141.88	141.88
	2023	24 June 2022	60,000	Graded vesting over 4 years from grant date	7 years from date of vesting	141.88	141.88
	2023	24 June 2022	1,20,517	Graded vesting over 4 years from grant date	7 years from date of vesting	450.00	450.00
	2023	21 December 2022	8,75,000	Graded vesting over 4 years from grant date	7 years from date of vesting	218.00	218.00
	2023	21 December 2022	1,50,000	Graded vesting over 4 years from grant date	7 years from date of vesting	300.00	300.00
	2023	21 December 2022	3,03,042	Graded vesting over 4 years from grant date	7 years from date of vesting	450.00	450.00
	2023	30 January 2023	1,32,443	Graded vesting over 4 years from grant date	7 years from date of vesting	450.00	450.00
ESOP 2021	2021 - 1	13 April 2021	2,062	Grade vesting over 4 years from grant date	7 years from date of vesting	141.88	141.88
	2021 - 2	13 April 2021	687	4 years from grant date	7 years from date of vesting	141.88	141.88

Note:

- The original exercise price for the shares granted under the ESOP 2019 on 16 November 2019, 15 November 2020 and 25 March 2021 was Rs. 60,532 per share. Pursuant to the Corporate Event being issuance of Bonus Equity Shares and Bonus Series A CCPS, the Company adjusted the exercise price for ESOPs under the ESOP 2019 Plan in accordance with their terms of issuance as set out in the ESOP 2019 and the exercise price was amended from Rs. 60,532 to Rs. 302.66. Further on 15 December 2021, the face value of the equity shares was sub-divided from Rs. 10 per equity share to Re. 1 per equity share resulting in adjustment of exercise price from Rs. 302.66 to Rs 30.27.
- The original exercise price for the shares granted under the ESOP 2021 on 13 April 2021 was Rs. 283,749 per share. Pursuant to the Corporate Event being issuance of Bonus Equity Shares and Bonus Series A CCPS, the Company adjusted the exercise price for ESOPs under the ESOP 2021 in accordance with their terms of issuance as set out in the ESOP 2021 and the amended from Rs. 283,749 to Rs. 1,418.75. Further on December 15, 2021 the face value of the equity shares was sub-divided from Rs. 10 per equity share to Re. 1 per equity share resulting in adjustment of exercise price from Rs. 1,418.75 to Rs 141.88.
- The original exercise price for the shares granted under the ESOP 2019 on 25 October 2021 and 02 December 2021 was Rs. 1,418,745 per share. Pursuant to the Corporate Event on 15 December 2021, the face value of the equity shares was sub-divided from Rs. 10 per equity share to Re. 1 per equity share, the Company adjusted the exercise price for ESOPs under the ESOP 2019 in accordance with their terms of issuance as set out in the ESOP 2019 and the amended from Rs. 1,418.75 to Rs. 141.88.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 40 : SHARE BASED PAYMENTS (CONTINUED)

Scheme	Year	For the year ended	Number of Share Options				Outstanding at the end of the year
			Outstanding at the beginning of the year	Granted during the year*	Forfeited/Expired during the year	Exercised during the year	
ESOP 2019	2019	31 March 2021	256	-	(15)	-	241
		31 March 2022	241	4,81,759	(1,10,000)	(1,96,500)	1,75,500
		31 March 2023	1,75,500	-	(52,000)	(54,500)	69,000
	2021	31 March 2021	-	453	-	-	453
		31 March 2022	453	9,05,547	(3,08,000)	(1,20,300)	4,77,700
		31 March 2023	4,77,700	-	(61,500)	-	4,16,200
	2021	31 March 2021	-	50	-	-	50
		31 March 2022	50	99,950	-	-	1,00,000
		31 March 2023	1,00,000	-	-	-	1,00,000
	2022	31 March 2022	-	24,25,150	(42,000)	-	23,83,150
		31 March 2023	23,83,150	-	(3,79,500)	(11,500)	19,92,150
		2023	31 March 2023	-	16,41,002	(15,700)	-
ESOP 2021	2021 - 1	31 March 2021	-	2,062	-	-	2,062
		31 March 2022	2,062	41,21,938	-	-	41,24,000
		31 March 2023	41,24,000	-	(20,60,000)	-	20,64,000
	2021 - 2	31 March 2021	-	687	-	-	687
		31 March 2022	687	13,73,313	-	-	13,74,000
		31 March 2023	13,74,000	-	(13,74,000)	-	-

* Granted during the previous year includes additional options granted upon issuance of bonus shares to existing shareholders and share split from Rs. 10 each to Re. 1 each (refer note 16(f))

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Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 40 : SHARE BASED PAYMENTS (CONTINUED)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Weighted average equity share price at the date of exercise of options during the year	348.24	141.88
Weighted average remaining contractual life of options (years) as at the end of the year	8.45	8.46

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Risk-free interest rate (%)	7.14% to 7.44%	5.08% to 6.84%
Expected life of options (years) [(year to vesting) + (contractual option term)/2]	4 to 5.5 years	4 to 5.5 years
Expected volatility (%)	15.42% to 22.85%	14.89% to 21.82%
Dividend yield	0.00%	0.00%

The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. The historical period is taken into account to match the expected life of the option. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date.

Effect of share based payment transactions on the Standalone statement of profit and loss:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Equity settled share based payments	36.22	155.72
Total expense recognized under "Employee benefits expense" (note 28)	36.22	155.72

NOTE 41 : INVESTMENT IN SIRENA LABS PRIVATE LIMITED

The Company had invested Rs. 50 million in Sirena Labs Private Limited ("SLPL") on 5 November 2019 pursuant to which 3,703 equity shares of Rs. 10 each of SLPL were issued to the Company which accounted for 27% share by the Company in SLPL.

During the year ended 31 March 2021, on account of non-payment of dues by SLPL, the Company initiated a legal dispute against the management of SLPL. As a result, the entire carrying value of the Company's investment in SLPL including receivables was provided for.

During the year ended 31 March 2023, the Company vide agreement dated 31 May 2022 has paid Rs. 1 million as part of full and final settlement and has written off balance amount outstanding from Sirena. Further, SLPL ceases to be an associate company w.e.f June 3, 2022.

NOTE 42 : During the year ended 31 March, 2022, the Company had filed Draft Red Herring Prospectus (DRHP) with SEBI in connection with the proposed Initial Public Offer (IPO) of equity shares of the Company by way of fresh issue and an offer for sale by the existing shareholders, the Company has withdrawn the DRHP application filed with Securities and Exchange Board of India (SEBI). The Company had incurred expenses to the tune of Rs 83.71 million which has been charged to the standalone statement of Profit and Loss in the previous year year.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 43 : RATIOS AS REQUIRED BY SCHEDULE III TO THE COMPANIES ACT, 2013

A. Computation of ratios:

Particulars	Numerator	Denominator	Year ended	Year ended	% variance
			31 March 2023	31 March 2022	31 March 2023 vs 31 March 2022
(i) Current ratio (in times)	Current assets	Current liabilities	1.54	1.27	21.36%
(ii)(a) Debt-equity ratio (in times) (CCPS treated as financial liability)	Total Debt	Shareholder's Equity	2.41	1.51	59.61%
(ii)(b) Debt-equity ratio (in times) (CCPS treated as Equity)	Total Debt	Shareholder's Equity	0.72	1.51	-52.22%
(iii) Debt service coverage ratio (in times)	Earnings available for debt service	Debt Service	0.04	2.92	-98.73%
(iv)(a) Return on equity ratio (in %) (CCPS treated as financial liability)	Net Profits/(loss) after taxes – Preference Dividend (if any)	Average Shareholder's Equity	-17.99%	14.67%	-222.63%
(iv)(b) Return on equity ratio (in %) (CCPS treated as Equity)	Net Profits/(loss) after taxes – Preference Dividend (if any)	Average Shareholder's Equity	-12.43%	14.67%	-184.69%
(v) Inventory turnover ratio(in times)	Cost of goods sold	Average Inventory	4.97	5.49	-9.49%
(vi) Trade receivables turnover ratio (in times)	Revenue from operations	Average Trade receivables	11.01	14.43	-23.73%
(vii) Trade payables turnover ratio (in times)	Purchase of stock-in-trade + Other expenses	Average Trade payables	12.73	16.38	-22.25%
(viii) Net capital turnover ratio (in times)	Revenue from operations	Working Capital	5.59	8.45	-33.87%
(ix) Net profit ratio (in %)	Profit/(loss) for the year (after tax)	Revenue from operations	-3.10%	2.74%	-213.03%
(x) Return on capital employed (in %)	Earning/(loss) before interest and taxes	Capital Employed	-3.57%	9.29%	-138.43%
(xi) Return on investment (in %)	Interest income from bank	Fixed deposits	5.24%	2.41%	117.52%

Definitions:

- Earning for available for debt service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.
- Debt service = Interest & Lease Payments + Principal Repayments
- Average inventory = (Opening inventory balance + Closing inventory balance) / 2
- Average trade receivables = (Opening trade receivables balance + Closing trade receivables balance) / 2
- Average trade payables = (Opening trade payables balance + Closing trade payables balance) / 2
- Working capital = Current assets - Current liabilities.
- Earning before interest and taxes = Profit before tax + Interest expense
- Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability
- Total Debt - Total debt is calculated including the financial liability in relation to CCPS issued during the year which is classified as financial liability as per Ind AS.

B. Explanation for change in the ratio by more than 25%:

Particulars	% variance
	31 March 2023 vs 31 March 2022
(i) Debt-equity ratio	Increase in debt equity ratio is on account of fresh infusion in the current year which is classified as financial liabilities.
(ii) Debt service coverage ratio	The Company has incurred losses in current year. This has resulted in decrease in earnings and eventually the ratio has declined as compared to previous year.
(iii) Return on Equity Ratio	The Company has incurred losses in current year. This has resulted in negative ratio as compared to previous year.
(iv) Net capital turnover ratio	The ratio has improved on account of improvement in trade receivables collection and inventory turnaround ratio.
(v) Net profit/(loss) ratio	The Company has incurred losses in current year. This has resulted in negative ratio as compared to previous year.
(vi) Return on capital employed	The Company has incurred losses in current year. This has resulted in negative ratio as compared to previous year.
(vii) Return on Investment	Interest Income on Fixed Deposit has increased as compared to the previous year leading to a higher return on investment in Fixed Deposit

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(All amounts are in Rs. million, unless otherwise stated)

NOTE 44 : DISCLOSURES PURSUANT TO SECTION 186 OF THE COMPANIES ACT, 2013

- (i) Refer to note 6 for details of investment in subsidiary and associate companies.
- The Company has not given any loan or guarantee or provided any security during the year as covered under Section 186 of the Companies Act, 2013. Accordingly, the disclosure requirements to that extent does not apply to the Company.
- (ii)

NOTE 45 : DISCLOSURE OF STRUCK OFF COMPANIES

The Company does not have any material transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

NOTE 46 : The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses except for Series C CCPS issued in the current year. Refer note 18(viii).

NOTE 47 : SUBSEQUENT EVENTS

There are no subsequent events after the balance sheet date till the date of signing of financial statements which may require adjustments.

NOTE 48 : No transactions to report against the following disclosure requirements as notified by MCA pursuant to amended Schedule III:

- (a) Crypto Currency or Virtual Currency
(b) Benami Property held under Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder

NOTE 49 : Other than disclosed below, 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 persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

Investments made in the equity share capital of Intermediary, during the year:

Name of the Intermediary	Relationship with the Company	Nature of Investment	Date	Amount
Imagine Marketing Singapore Pte Limited	Wholly Owned Subsidiary	5,400,000 Equity shares of Imagine Marketing Singapore Pte Ltd having face value USD 1 (at Rs. 82.54/ USD) each, fully paid up	18-Feb-23	445.74

Investments made by Imagine Marketing Singapore Pte Ltd, as intermediary, during the year:

Investee Company	Relationship with the Company	Nature of Investment	Date	Amount
Kaha Pte Ltd	Wholly Owned Subsidiary	5,655,533 Equity shares of Kaha Pte Ltd (Subsidiary Company) having face value of USD 1 each, fully paid	21-Feb-23	466.81

Investments made in the equity share capital of Intermediary, during the previous year:

Name of the Intermediary	Relationship with the Company	Nature of Investment	Date	Amount
HOB Ventures Private Limited	Wholly Owned Subsidiary	3,10,10,000 Equity shares of HOB Ventures Private Limited (Subsidiary company) having face value Rs 10 each, fully paid up	07 February 2022	0.10
			15 February 2022	310.00
Imagine Marketing Singapore Pte Limited	Wholly Owned Subsidiary	2,60,60,000 Equity shares of Imagine Marketing Singapore Pte Ltd having face value USD 1 (at Rs. 74.80/ USD) each, fully paid up	02 February 2022	0.75
			08 February 2022	1,948.54

Investments made by HOB Ventures Private Limited, as intermediary, during the previous year:

Investee Company	Relationship with the Company	Nature of Investment	Date	Amount
Kimirica Lifestyle Private Limited	Associate Company	476 Equity shares of Kimirica Lifestyle Private Limited (Associate company) having face value Rs 10 each, fully paid up	23 February 2022	29.99
		4286, 0.01% Non Cumulative Compulsory Convertible Preference Shares of Kimirica Lifestyle Private Limited (Associate company) having face value Rs 10 each, fully paid up	23 February 2022	270.02

Investments made by Imagine Singapore Pte Limited, as intermediary, during the previous year:

Investee Company	Relationship with the Company	Nature of Investment	Date	Amount
Kaha Pte Ltd	Wholly Owned Subsidiary	26,83,420 Equity shares of Kaha Pte Ltd (Subsidiary Company) having face value of USD 1 each, fully paid	11 February 2022	1,848.53

The above investment is in compliance with the relevant provisions of the Companies Act, 2013 and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

The Company has not received any fund from any party (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)

Notes to the Standalone Financial Statements for the year ended 31 March 2023
(All amounts are in Rs. million, unless otherwise stated)

NOTE 50 : Information with regards to other matters in the Companies Act are either Nil or Not applicable to the Company

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022
AMAR
SUNDER
Amar Sunder
Partner
Membership No: 078305

For and on behalf of the Board of Directors of
Imagine Marketing Limited (formerly known as Imagine Marketing Private Limited)
CIN: U52300MH2013PLC249758
SAMEER
ASHOK MEHTA
Sameer Mehta
Director and CEO
DIN: 02945481
ANKUR
SHARMA
Ankur Sharma
Chief Financial Officer
AMAN
GUPTA
Aman Gupta
Director
DIN: 02249682
MUKESH
RADHESHYAM
RANGA
Mukesh Ranga
Company Secretary
(A-30560)

Mumbai, September 22, 2023

Mumbai, September 22, 2023