V C SHAH & CO
CHARTERED ACCOUNTANTS

205-206, Regent Chambers, 2nd Floor, Jamnalal Bajaj Road, 208, Nariman Point, Mumbai 400 021. Tel.: 022 - 43440123 email- vcshahco@vcshah.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Earth Rhythm Private Limited

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying financial statements of **Earth Rhythm Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss (including Other Comprehensive Income), and the Statement of Changes in Equity, for the year then ended, and notes to the financial statements including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025 and its loss, other comprehensive income, and changes in equity 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the *'Auditor's Responsibilities for the Audit of the Financial Statements'* section of our report. We are independent of the Company in accordance with the Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon
The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report including Annexures to Board's report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that

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may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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 sub-section (11) of section 143 of the Companies Act, 2013, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. 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 except for the matters stated in the point (vi) of paragraph (i) below on reporting under Rule 11(g).

   (c) The Balance Sheet, the Statement of Profit and Loss including the Other Comprehensive Income, and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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(e) On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, the company being a Private Limited Company is eligible for the exemption from reporting as per the notification G.S.R. 583 (E) issued by MCA dated 13th June 2017. Hence, reporting on Internal Financial Controls Over Financial Reporting as required under Chapter X, Clause (i) of the sub-section (3) of Section 143 of the Companies Act is not required.

(g) The Company is a Private Limited Company as per the Act. The requirement of payment of managerial remuneration as per section 197 read with Schedule V of the Act is not applicable.

(h) The modification relating to the maintenance of the accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under section 143 (3) (b) and paragraph (i) (vi) below on reporting under rule 11 (g).

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

i. The Company does not have any pending litigations which would impact its financial position in its financial statements.

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies) including foreign entities ("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

b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

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- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures 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 (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year. So compliance with respect to section 123 of the Act is not applicable.

vi. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility, and the same has operated throughout the year for all relevant transactions recorded in the software except that audit trail feature is not enabled at the database level and master fields as described in Note 49 to the financial statements.

Additionally, the audit trail of prior year has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective years.

Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

For V C Shah & Co
Chartered Accountants
Firm Registration No. 109818W

V C SHAH & CO * CHARTERED ACCOUNTANTS *

Anish N. Shah
Partner
Membership No. 042649
UDIN: 25042649BMGXSV2345
Place: Mumbai
Date: May 07, 2025

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Earth Rhythm Private Limited on the financial statements for the year ended March 31, 2025)

(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.

(b) The Company has a regular program of physical verification of its Property, Plant and Equipment by which all the assets are verified in a phased manner over a period of three years. In our opinion, periodicity of physical verification is reasonable having regards to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified during the year. According to the information and explanations provided to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations provided to us, there is no immovable properties (other than the properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company. Hence, reporting under clause (i)(c) of paragraph 3 of the Order is not applicable.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year. Hence, reporting under clause (i)(d) of paragraph 3 of the Order is not applicable.

(e) As represented by the Management, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. Hence, reporting under clause (i)(e) of paragraph 3 of the Order is not applicable.

(ii) (a) According to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. Discrepancies were less than 10% in aggregate for each class of inventory and have been properly dealt with in the books of accounts.

(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate during the year, from banks or financial institutions on the basis of security of current assets. Hence, reporting under clause (ii)(b) of paragraph 3 of the Order is not applicable.

(iii) According to the information and explanations provided to us, the Company has not made any investments, provided any guarantee or security or granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Hence, reporting clause (iii) (a) to (f) of paragraph 3 of the Order is not applicable.

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(iv) In our opinion and according to the information and explanations provided to us, the Company has not granted any loans or made any investments or provided any guarantees, and securities covered under section 185 and 186 of the Companies Act, 2013. Hence, reporting under clause (iv) of paragraph 3 of the Order is not applicable.

(v) According to the information given to us and based on the audit procedures performed by us, the Company has neither accepted any deposits nor accepted any amounts which are considered deemed to be deposits, as per the directives issued by Reserve Bank of India and the provisions of the section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder. Hence, reporting under clause (v) of paragraph 3 of the Order is not applicable.

(vi) We are informed that the Central Government has not prescribed maintenance of cost records under sub-section (I) of Section 148 of the Companies Act, 2013 in respect of the activities carried on by the Company. Hence, clause (vi) of paragraph 3 of the Order is not applicable.

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

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess, Goods & Services Tax and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess, Goods & Services Tax and other material statutory dues in arrears as at March 31, 2025 for a period of more than six months from the date they became payable.

(b) According to the information and explanations provided to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes.

(viii) According to the information and explanations provided to us, there were no transactions which were previously not recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961. Hence, clause (viii) of paragraph 3 of the Order is not applicable.

(ix) (a) The Company has not defaulted any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations provided by the management, the Company has utilised the money raised by way of term loans for the purpose for which they were raised.

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(d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) The Company does not have any subsidiary, joint venture or associates. Hence, reporting under clause (ix) (e) of paragraph 3 of the Order is not applicable.

(f) The Company does not have any subsidiary, joint venture or associates. Hence, reporting under clause (ix) (f) of paragraph 3 of the Order is not applicable.

(x) (a) The Company has not raised any money by way of initial public offer / further public offer /debt instruments. Hence, reporting under clause (x)(a) of paragraph 3 of the Order is not applicable.

(b) During the year, the Company has not made preferential allotment of shares but has made private placement, hence reporting under clause (x) (b) of paragraph 3 of the order is not applicable to that extent. The requirements of section 42 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised.

(xi) (a) To the best of our knowledge and according to the information and explanations provided to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year. Hence, reporting under clause 3(xi)(a) of paragraph 3 of the Order is not applicable.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) Establishment of vigil mechanism is not mandated for the Company as required under section 177 of the Act. As represented to us by the management, there are no whistle blower complaints received by the Company during the year under the vigil mechanism established by the parent company for the Group.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause (xii) (a), (b) and (c) of the paragraph 3 of the Order is not applicable

(xiii) Transactions with the related parties are in compliance with section 188 of the Act, where applicable, and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause (xiii) of paragraph 3 of the Order in so far as it relates to section 177 of the Act is not applicable to the Company.

(xiv) In our opinion and according to the information and explanations provided to us, Internal Audit is not applicable to the Company as per Section 138 of the Companies Act, 2013. Hence, clauses (xiv) (a) and (xiv) (b) of paragraph 3 of the Order are not applicable.

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(xv) In our opinion and according to the information and explanations provided to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors. Hence, provisions of Section 192 of the Act are not applicable and reporting under clause (xv) of paragraph 3 of the Order is not applicable.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of paragraph 3 of the Order is not applicable to the Company.

(b) The Company has not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of paragraph 3 of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of paragraph 3 of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of paragraph 3 of the Order is not applicable to the Company.

(xvii) In our opinion, according to the information and explanation given to us, the Company has incurred cash losses Rs. 88.62 million during the current financial year and Rs. 174.51 Million in the immediate preceding financial year.

(xviii) During the year there was no resignation of the Auditors. Hence, reporting under clause (xviii) of paragraph 3 of the Order is not applicable to the company.

(xix) On the basis of the financial ratios disclosed in note no 45 , ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

V C SHAH & CO
CHARTERED ACCOUNTANTS

(xx) Based on the verification of the details provided, the criteria specified under section 135 of the Act is not fulfilled and hence the requirement of spending on Corporate Social Responsibility is not applicable to the Company. Accordingly, reporting under clause (xx)(a) and (b) of paragraph 3 of the Order is not applicable.

For V C Shah & Co
Chartered Accountants
Firm Registration No. 109818W

Anish N. Shah
Partner
Membership No. 042649
UDIN: 25042649BMGXSV2345
Place: Mumbai
Date: May 07, 2025

Earth Rhythm Private Limited
Financial Statements as at March 31,2025

EARTH RHYTHM PRIVATE LIMITED

Balance Sheet as at March 31,2025

(All amounts in ₹ Millions ,unless otherwise stated)

	Notes	As at March 31, 2025	As at March 31, 2024
Assets			
Non-current assets			
Property, plant and equipment	4	23.46	35.90
Right of use assets	5	46.39	55.67
Intangible assets	6	2.66	4.46
Intangible assets under development	7	-	1.07
Financial assets			
Other non current financial assets	8	-	1.48
Deferred tax assets (net)	9	92.43	75.35
Total non-current assets		**164.94**	**173.93**
Current assets			
Inventories	10	100.17	70.25
Financial assets			
Trade receivables	11	30.63	29.36
Cash and cash equivalents	12	0.22	0.20
Bank balance other than cash and cash equivalents	13	65.37	113.41
Other financial assets	14	1.66	5.55
Current Tax Assets		1.16	1.93
Other current assets	15	70.27	71.60
Total current assets		**269.48**	**292.30**
Total assets		**434.42**	**466.23**
Equity and liabilities			
Equity			
Equity share capital	16	0.45	0.41
Other equity	17	275.03	316.12
Total equity		**275.48**	**316.53**
Non-current liabilities:			
Financial liabilities			
Borrowings	18	5.80	26.20
Lease Liabilities	19	43.43	51.74
Long-term Provisions	20	3.29	2.41
Total non-current liabilities		**52.52**	**80.35**
Current liabilities:			
Financial liabilities			
Borrowings	21	35.63	29.24
Lease liabilities	22	8.67	6.93
Trade payables	23		
-Total outstanding dues of Micro enterprise and small enterprise		6.29	3.44
-Total outstanding dues of creditors other than Micro enterprises and small enterprises		15.68	12.72
Other financial liabilities	24	36.98	14.24
Short-term provisions	25	0.09	0.04
Contract Liabilities	26	1.87	1.79
Other current liabilities	26A	1.22	0.95
Total current liabilities		**106.42**	**69.35**
Total liabilities		**158.94**	**149.70**
Total equity and liabilities		**434.42**	**466.23**
Material accounting policies	2-3		

Notes 4 to 51 form an integral part of these Signed Financials statements

As per our report attached
For V C Shah & Co
Chartered Accountants
Firm Registration No: 109818W

Anish N. Shah
Partner
Membership No: 042649

Place: Mumbai
Date: May 07, 2025

For and on behalf of Board of Directors of
EARTH RHYTHM PRIVATE LIMITED

V. SIVAKUMAR
DIRECTOR
DIN: 07431807

Place: Gurugram
Date: May 07, 2025

SIVAKUMAR HARINI
DIRECTOR
DIN: 07431799

Place: Gurugram
Date: May 07, 2025

EARTH RHYTHM PRIVATE LIMITED

Statement of Profit and Loss for the year ended March 31, 2025

(All amounts in ₹ Millions ,unless otherwise stated)

	Notes	For the Year ended March 31, 2025	For the Year ended March 31, 2024
INCOME			
Revenue from operations	27	261.44	307.08
Other income	28	6.02	17.50
TOTAL INCOME		**267.46**	**324.58**
EXPENSES			
Cost of Material Consumed	29	101.39	86.16
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	29A	(36.61)	(1.10)
Direct Expenses	30	38.80	33.41
Employee benefits expense	31	44.58	55.05
Finance costs	32	11.09	12.90
Depreciation and amortization expense	33	17.07	21.11
Administrative and other expenses	34	197.46	304.55
TOTAL EXPENSES		**373.78**	**512.08**
Loss before tax		**(106.32)**	**(187.50)**
Tax expense/ (benefit) :			
Current tax		-	-
Deferred tax	9	(17.13)	(30.65)
Total tax expense /(benefit)		**(17.13)**	**(30.65)**
Loss after tax		**(89.19)**	**(156.85)**
Other Comprehensive Income			
A. Items that will not be reclassified to profit or (loss)			
Remeasurements of defined benefit obligation		0.30	0.07
Income tax effect on above		(0.05)	(0.01)
Items that will not be reclassified to profit , net of tax		**0.25**	**0.06**
Total Comprehensive Loss for the year		**(88.94)**	**(156.79)**
Earnings per share of face value Rs. 10/- each			
Basic earnings per share (in ₹)	35	**(4,206.57)**	**(7,397.71)**
Diluted earning per share (in ₹)		**(1,970.13)**	**(3,807.04)**

Material accounting policies

Notes 4 to 51 form an integral part of these Signed Financials statements

As per our report attached
For V C Shah & Co
Chartered Accountants
Firm Registration No: 109818W

Anish N. Shah
Partner
Membership No: 042649

Place: Mumbai
Date: May 07, 2025

For and on behalf of Board of Directors of
EARTH RHYTHM PRIVATE LIMITED

V. SIVAKUMAR
DIRECTOR
DIN: 07431807

Place: Gurugram
Date: May 07, 2025

SIVAKUMAR HARINI
DIRECTOR
DIN: 07431799

Place: Gurugram
Date: May 07, 2025

V C SHAH & CO ★ CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED ★ Gurgaon 122016

EARTH RHYTHM PRIVATE LIMITED

Statement of Cash Flows For the year ended March 31, 2025

(All amounts in ₹ Millions ,unless otherwise stated)

	Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A.	**Cash Flow From Operating Activities**		
	(Loss) Before Tax	(106.32)	(187.50)
	Adjustments For:		
	Depreciation and Amortisation Expenses	17.07	21.11
	Finance Income	(5.25)	(14.19)
	Fair Value Gain on Current Investment at Fair Value Through Profit c	(0.65)	
	Finance Expense	11.09	12.90
	Amortized Ancillary Costs of Borrowing	0.88	
	Bad debts written off		0.64
	Operating (Loss) Before Working Capital Changes	**(83.18)**	**(167.03)**
	Movements in Working Capital :		
	(Increase)/Decrease in Inventories	(29.92)	10.49
	(Increase) in Trade Receivables	(1.27)	(12.55)
	Decrease in Other Financial Assets	5.36	1.75
	Decrease/ (Increase) in Other Assets	1.33	(27.60)
	Increase/(Decrease) in Trade Payables	5.81	(1.40)
	Increase/(Decrease) in Other Financial Liabilities	22.74	(3.41)
	Increase in Other Liabilities	0.21	0.95
	Increase in Provision	0.03	0.85
	Cash (used in) operations	**(78.89)**	**(197.95)**
	Direct Taxes Refunds/ (Paid)	0.78	
	Net Cashflow (used in) Operating Activities	**(78.11)**	**(197.95)**
B.	**Cash Flows From Investing Activities**		
	Payment for Purchase of Property, Plant and Equipment and	6.43	(0.24)
	Interest Received	5.25	14.19
	Redemption of fixed deposit / margin money	48.04	166.59
	Net Cashflow generated from Investing Activities	**59.72**	**180.54**
C.	**Cash Flows From Financing Activities**		
	Repayment of Long-Term Borrowings	(14.01)	28.24
	Proceeds from Compulsory Convertible Preference shares	49.99	-
	Repayment of Lease liability	(12.15)	1.65
	Interest and Finance Charges Paid	(5.42)	(12.90)
	Net Cashflow generated from Financing Activities	**18.41**	**17.00**
D.	**Net Increase in Cash & Cash Equivalents (A + B + C)**	**0.02**	**(0.42)**
E.	**Cash & Cash Equivalents at the beginning of the year**	**0.20**	**0.61**
F.	**Cash & Cash Equivalents at the end of the year (D+E)**	**0.22**	**0.20**
	Component of Cash and Cash Equivalents		
	Cash on hand	0.02	0.01
	Balances with Scheduled Bank		
	- On Current Accounts	0.20	0.19
	- Deposits with original maturity of less than three months		
	Cash and Cash Equivalents at the end of the year	**0.22**	**0.20**

Notes:

(1) The Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS 7 on Statement of Cash Flow notified under Section 133 of The Companies Act 2013, read together with Paragraph 7 of the Companies (Indian Accounting Standard) Rules 2015 (as amended).

As per our report attached
For V C Shah & Co
Chartered Accountants
Firm Registration No: 109818W

Anish N. Shah
Partner
Membership No: 042649

Place: Mumbai
Date: May 07, 2025

For and on behalf of Board of Directors of
EARTH RHYTHM PRIVATE LIMITED

V. SIVAKUMAR
DIRECTOR
DIN: 07431807

Place: Gurugram
Date: May 07, 2025

SIVAKUMAR HARINI
DIRECTOR
DIN: 07431799

Place: Gurugram
Date: May 07, 2025

V C SHAH & CO * CHARTERED ACCOUNTANTS *

EARTH RHYTHM PRIVATE LIMITED Gurgaon 122016

EARTH RHYTHM PRIVATE LIMITED
Statement of Changes in Equity for the year ended March 31, 2025
(All amounts in ₹ Millions ,unless otherwise stated)

a.Share Capital:

Equity shares of ₹ 10 each issued, subscribed and fully paid (refer Note 16)	Amount
At 1 April 2023	0.21
Changes in equity share capital during 2023-24	-
At 31 March 2024	0.21
Changes in equity share capital during 2024-25	-
At 31 March 2025	0.21

Instruments classified as Equity
Compulsorily Convertible Preference Shares

	Amount
At 1 April 2023	0.20
Changes in preference share capital during 2023-24	-
At 31 March 2024	0.20
Changes in preference share capital during 2024-25	0.04
At 31 March 2025	0.24

b. Other Equity:
For the year ended 31 March 2025

Particulars	Reserves & Surplus			Employee share options scheme reserve	Share application money pending allotment	Money received against share warrants	Total other equity
	Retained Earnings	Other comprehensive income (OCI)	Securities premium				
As at 1st April 2024	(368.17)	0.06	678.41	5.82	-	-	316.11
Net Loss for the year	(89.19)						(89.19)
Other comprehensive income		0.25					0.25
Total comprehensive income	(457.37)	0.31	678.41	5.82	-		227.17
Issued during the year						0.00	0.00
Securities premium on issue of shares			49.95				49.95
Share based expenses/forfeiture				(2.09)			(2.09)
As at 31 March 2025	(457.37)	0.31	728.36	3.73	-	0.00	275.03

For the year ended 31 March 2024

Particulars	Reserves & Surplus			Employee share options scheme reserve	Share application money pending allotment	Money received against share warrants	Total other equity
	Retained Earnings	Other comprehensive income (OCI)	Securities premium				
As at 1st April 2023	(211.25)	-	678.41	6.02	-	-	473.18
Net Loss for the year	(156.86)						(156.86)
Total comprehensive income	(368.11)		678.41	6.02		-	316.32
Share based expenses/forfeiture				(0.20)			(0.20)
As at 31 March 2024	(368.11)	-	678.41	5.82	-	-	316.12

Material accounting policies
Notes 4 to 51 form an integral part of these Signed Financials statements

As per our report attached
For V C Shah & Co
Chartered Accountants
Firm Registration No: 109818W

V C SHAH & CO CHARTERED ACCOUNTANTS

Anish N. Shah
Partner
Membership No: 042649

Place: Mumbai
Date: May 07, 2025

EARTH RHYTHM PRIVATE LIMITED Gurgaon 122016

V. SIVAKUMAR
DIRECTOR
DIN: 07431807

Place: Gurugram
Date: May 07, 2025

SIVAKUMAR HARINI
DIRECTOR
DIN: 07431799

Place: Gurugram
Date: May 07, 2025

Earth Rhythm Private Limited

Notes to Financial Statements as at and for the year ended 31 March 2025.

1. Corporate Information

Earth Rhythm Private Limited ('the Company') was incorporated on October 13, 2020 . The Company is a Private Limited company incorporated and domiciled in India. The registered office of the Company is located at Plot No. 834, Phase-V, Udyog Vihar, Gurugram, Haryana,122022.

The Company is engaged primarily in the business of manufacturing, buying, selling, reselling, importing, exporting, developing, promoting, marketing or supplying, trading, dealing in any manner whatsoever in all type of goods on retail as well as on wholesale basis for business to business and business to consumers, online trading in India and outside India as outlined in the Object clause of Memorandum of Association of the Company.

The financial statements for the 12 months ended March 31, 2025, were approved by the Board of Directors on May 07, 2025.

The Company' financial statements are presented in Indian Rupees (Rs.), which is the functional currency, and all values are rounded to the nearest Millions ('Mn"), except when otherwise stated.

2. Material accounting policies

2A. Basis of preparation

i) Statement of compliance:

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS), as prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

ii) Historical cost convention:

The financial statements have been prepared on a historical cost convention on an accrual basis, except for certain assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

2B. Summary of material accounting policies:

a) Current versus 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 settled within twelve months after the reporting period or
- Cash or cash equivalents 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 current when:

- It is expected to be settled in normal operating cycle or due to be settled within twelve months after the reporting period
- It is held primarily for the purpose of trading

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EARTH RHYTHM PRIVATE LIMITED Gurgaon 122016

Earth Rhythm Private Limited

Notes to Financial Statements as at and for the year ended 31 March 2025.

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

b) Property Plant & Equipment

Property, Plant & Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of Property, Plant & Equipment is included in asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit and loss for the period during which they are incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Cost incurred on Property, plant and equipment not ready for their intended use is disclosed as Capital Work-in-Progress and is stated at cost, net of accumulated impairment loss, if any. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of Property, Plant & Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on Property, Plant & Equipment:

Depreciation is provided using the Straight-Line Method based on useful lives of the assets prescribed in Schedule II to the Companies Act, 2013.

Leasehold improvements are amortized on a straight-line basis over the period of primary lease or the expected useful life whichever is lower.

Estimated useful lives of the assets are as follows:

Property Plant & Equipment	Useful lives (in years)
Lab Equipment	10
Furniture & Fixtures	10
Plant and Machinery	8
Vehicles	8
Office Equipment's	5
Computers	3

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EARTH RHYTHM PRIVATE LIMITED * Gurgaon 122016

Earth Rhythm Private Limited

Notes to Financial Statements as at and for the year ended 31 March 2025.

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively for any change in estimate, if appropriate. Changes in expected useful lives are treated as change in accounting estimates.

Assets individually costing less than Rs. 5000 are fully written off/Charged to Profit & Loss Account in the year of acquisition.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Following, initial recognition, intangible assets with finite lives are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the period/year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Amortization of intangible assets:
Intangible assets are amortized on straight line basis as per the following useful lives:

Intangible asset	Useful lives (in years)
Trade Mark	5
Business application development (Internally generated)	3
Website	3
Software	3

d) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date. If there is any indication of impairment based on internal / external factors, an impairment loss is recognised, i.e. wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

V C SHAH & CO CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED Gurgaon

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared for the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

e) Inventory

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on first in, first out basis.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

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

An inventory provision is recognised for cases where the net realizable value is estimated to be lower than the inventory carrying value. The net realizable value is estimated taking into account various factors, including obsolescence of material due to design change, process change etc., unserviceable items i.e. items which cannot be used due to deterioration in quality or due to shelf life or damaged in storage and ageing of material i.e. slow moving/non-moving prevailing sales prices of inventory.

f) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>**Company as a lessee:**</u>

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets (ROU asset)

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EARTH RHYTHM PRIVATE LIMITED Gurgaon 122016

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 recognised, 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, as follows:

- Right of use for warehouse/office 1.5 to 10 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (e) Impairment of non-financial assets.

ii. Lease liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including 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 recognised 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 because 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.

iii. Short term leases and leases of low value assets:

The Company applies the short-term lease recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases where the underlying asset is considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

g) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

I. Initial recognition and measurement:

All Financial assets and liabilities are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED Gurgaon 122016

Financial Assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in section (i(I)) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

II. Subsequent measurement:

i. Financial assets

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value though profit or loss

Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Company's financial assets at amortised cost includes trade and other receivables and loans to employees.

Financial assets at fair value through other comprehensive income (FVTOCI) (debt instruments)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

C SHAH & CO
CHARTERED ACCOUNTANTS

Gurgaon
122016

Financial Assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit and loss.

ii. Financial liabilities

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 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 P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

III. Derecognition

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED Gurgaon

Financial Assets
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

• The rights to receive cash flows from the asset have expired, or
• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

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

IV. Impairment of financial assets:
In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115
b) Investments
c) Other financial assets such as deposits, advances etc.

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables

V. Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

V C SHAH & CO CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED Gurgaon 122018

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss on the reclassification date.

VI. Offsetting of financial instruments

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

h) Revenue recognition:

I. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED Gurgaon

Earth Rhythm Private Limited

Notes to Financial Statements as at and for the year ended 31 March 2025.

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 Company identifies the performance obligations in its contracts with customers and recognizes revenue as and when the performance obligations are satisfied. The specific recognition criteria described below must also be met before revenue is recognised.

i. Sale of products:

Revenue is recognised upon transfer of control of promised products to customer in an amount that reflects the consideration which the Company expects to receive in exchange for products. Revenue from the sale of products is recognised when products are delivered to customer. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers.

Contacts where the Company's obligation is to arrange for the provision of goods and services by another party, the Company recognizes revenue in the amount of the commission to which it expects to be entitled in exchange for arranging for the provision of goods and services.
Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

ii. Contract balances:

- **Contract assets**
  A contract asset is the right to consideration in exchange for products or services transferred to the customer. If the Company performs by transferring products or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

- **Trade receivables**
  A receivable represents the Company's right to 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 in section - Financial instruments – initial recognition and subsequent measurement.

- **Contract liabilities**
  A contract liability 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 made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

II. Interest income:

Interest income is accrued on time basis, by reference to the principle outstanding and using the effective interest rate method. Interest income is included under the head "Other income" in the statement of profit and loss.

i) Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event, and 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. The expense relating to a provision is presented in the statement of profit and loss.

V C SHAH & CO * CHARTERED ACCOUNTANTS *

EARTH RHYTHM PRIVATE LIMITED * Gurgaon 122016

Earth Rhythm Private Limited

Notes to Financial Statements as at and for the year ended 31 March 2025.

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 recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

j) Foreign currency transactions

Functional and presentation currency
The consolidated financial statements are presented in Indian Rupees (INR), which is the functional currency of each entity of the Company and the currency of the primary economic environment in which the Company operates.

Foreign currency transactions and balances

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

(ii) Conversion
Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange differences
Exchange differences arising on settlement or translation of other monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period/year, or reported in previous financial statements, are recognised as income or as expenses in the statement of profit and loss in the period/year in which they arise.

k) Share Based payment

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

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 Options outstanding reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. 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. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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 profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

l) *Post-employment* and other employee benefits

V C SHAH & CO
CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED
Gurgaon

Short term employee benefits

All short term employee benefits such as salaries, incentives, medical benefits which are expected to be settled wholly within 12 months after the end of the period in which the employee renders the related services which entitles him to avail such benefits are recognized on an undiscounted basis and charged to the statement of profit and loss.

Post-employment benefits

i. Defined Contribution Plans:
Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the period/year when the contribution to the funds is due. There are no other obligations other than the contribution payable to the fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

ii. Defined Benefit Plans

Gratuity
The Company have an obligation towards gratuity, a defined benefit plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The gratuity benefits are unfunded.

Gratuity liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period/year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Re-measurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through 'Other comprehensive income' in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer the settlement for at least 12 months after the reporting date, regardless of when the actual settlement.

m) Borrowing cost:
Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred. Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowing to the extent they are regarded as adjustment to the interest cost.

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EARTH RHYTHM PRIVATE LIMITED * Gurgaon 122016

n) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability - or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The management assessed that cash and cash equivalents, trade receivables, advances, trade payables, bank overdraft and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management selects appropriate valuation techniques using discounted cash flow model when the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. External valuers are involved for valuation of significant assets and liabilities. The management selects external valuer on various criteria such as market knowledge, reputation, independence and whether professional standards are maintained by valuer. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

o) Income taxes

Tax expense comprises current and deferred tax.

Current income tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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EARTH RHYTHM PRIVATE LIMITED Gurgaon 122016

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Current tax and deferred tax are measured using the tax rates and tax laws enacted or substantively enacted, at the reporting date. Current income tax and deferred tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in OCI or in equity). The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, and other short term highly liquid investments which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

r) Earnings per share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, except where the result would be anti-dilutive.

s) Segment reporting policies

V. C. SHAH & CO. * CHARTERED ACCOUNTANTS *

EARTH RHYTHM PRIVATE LIMITED * Gurgaon 122016

The Company drives synergy across fulfilment models, sales channels and product categories and accordingly the management reviews and allocates resources based on Omni business and Omni channel strategy, which in the terms of Ind AS 108 on 'Operating Segments' constitutes a single reporting segment.

t) Share capital

Equity shares are classified as equity. Incremental costs directly attributable to the issue of equity shares are recognised as a deduction from equity.

3. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The following are the critical judgements and estimates that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

I. Judgements:

- **Determining the lease term of contracts with renewal and termination options – the Company as lessee**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

II. Estimates and assumptions:

a. Estimation of useful life of property, plant and equipment and intangible asset

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial period/year end. The lives are based on historical experience with similar assets.

b. Fair Value measurement of financial instruments

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

V C SHAH & CO CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED Gurgaon 22016

Earth Rhythm Private Limited

Notes to Financial Statements as at and for the year ended 31 March 2025.

c. Estimation of defined benefit obligation and compensated absences

The cost of the defined benefit gratuity plan, compensated absences and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. Future salary increases are based on expected future inflation rates. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at interval in response to demographic changes.

d. Income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

e. Deferred Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. In assessing the probability the Company considers whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilized before they expire. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company has recognised deferred tax assets on the unused tax losses and other deductible temporary differences since the management is of the view that it is probable the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets.

f. Provision

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

g. Impairment of financial assets:

The impairment provisions for financial assets depending on their classification are based on assumptions about risk of default, expected cash loss rates, discounting rates applied to these forecasted future cash flows, recent transactions and independent valuer's report. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

h. Provision for expected credit losses of trade receivables and contract assets:

The Company uses a simplified approach to determine impairment loss allowance on the portfolio of trade receivables. This is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical

V C SHAH & CO. CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED Gurgaon 122016

observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future.

i. Leases – Estimating the incremental borrowing rates:

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's credit rating).

V C SHAH & CO * CHARTERED ACCOUNTANTS *

EARTH RHYTHM PRIVATE LIMITED * Gurgaon 122016

EARTH RHYTHM PRIVATE LIMITED
Notes to the Standalone financial statements for the year ended March 31,2025
(All amounts in ₹ Millions ,unless otherwise stated)

4 Property, plant and equipment

	Computers	Furniture & Fixtures	Office equipments	Vehicles	Lab Equipments	Plant and machinery	Leasehold improvements	Total
Cost / Deemed Cost								
At April 1,2023	3.76	9.41	2.82	0.46	0.33	20.47	1.92	39.19
Additions	0.05	0.92	1.00	-	-	3.28	1.75	7.00
Disposals/transfers	-	(0.03)	-	-	-	-	-	(0.03)
At March 31,2024	3.81	10.31	3.83	0.46	0.33	23.75	3.67	46.16
Additions	0.03	0.40	0.67	-	0.02	0.50	-	1.62
Disposals/transfers	-	(5.86)	-	-	-	(4.72)	-	(10.58)
At March 31,2025	3.84	4.85	4.50	0.46	0.35	19.53	3.67	37.20
Accumulated Depreciation								
At April 1,2023	1.35	0.76	0.42	0.09	0.03	1.40	0.27	4.33
Depreciation charge for the year	1.20	0.92	0.45	0.05	0.03	2.78	0.48	5.93
Disposals	-	(0.00)	-	-	-	-	-	(0.00)
At March 31,2024	2.55	1.68	0.88	0.14	0.06	4.18	0.75	10.25
Depreciation charge for the year	0.88	0.53	0.59	0.05	0.03	2.27	0.77	5.14
Disposals	-	(0.95)	-	-	-	(0.70)	-	(1.65)
At March 31,2025	3.43	1.27	1.47	0.20	0.09	5.75	1.52	13.74
Net Book Value								
At March 31,2025	0.41	3.58	3.03	0.27	0.25	13.77	2.15	23.46
At March 31,2024	1.26	8.63	2.95	0.32	0.27	19.57	2.93	35.90

V C SHAH & CO * CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED * Gurgaon 122018

EARTH RHYTHM PRIVATE LIMITED
Notes to the Financial Statements as at March 31,2025
(All amounts in ₹ Millions ,unless otherwise stated)

5 Right of Use Assets

	Right of Use Assets	Total
Gross carrying amount		
At April 1,2023	73.45	73.45
Additions	45.67	45.67
Disposals/transfers	(31.65)	(31.65)
At March 31,2024	87.47	87.47
Additions	0.49	0.49
Disposals/transfers		
At March 31,2025	87.97	87.97
Accumulated depreciation and impairment losses		
At April 1,2023	18.82	18.82
Depreciation charge for the year	12.98	12.98
Disposals	-	-
At March 31,2024	31.80	31.80
Depreciation charge for the year	9.78	9.78
Disposals	-	-
At March 31,2025	41.58	41.58
Net Book Value		
At March 31,2025	46.39	46.39
At March 31,2024	55.67	55.67

6 Intangible assets

	Softwares & IPR	Total
Cost / Deemed Cost		-
At April 1,2023	2.01	2.01
Additions	5.99	5.99
Disposals/transfers	-	-
At March 31,2024	8.00	8.00
Additions	0.36	0.36
Disposals/transfers	-	-
At March 31,2025	8.35	8.35
Accumulated amortisation and impairment losses		
At April 1,2023	1.33	1.33
Depreciation charge for the year	2.21	2.21
Disposals	-	-
At March 31,2024	3.54	3.54
Depreciation charge for the year	2.15	2.15
Disposals	-	-
At March 31,2025	5.69	5.69
		-
Net Book Value		-
At March 31,2025	2.66	2.66
At March 31,2024	4.46	4.46

7 Intangible assets under development

	Website Development	Softwares	Total
Cost / Deemed Cost			
At April 1,2023	1.07	5.63	6.70
Additions	-	-	-
Disposals/transfers	-	(5.63)	(5.63)
At March 31,2024	1.07	-	1.07
Additions	-	-	-
Disposals/transfers	(1.07)	-	(1.07)
At March 31,2025	-	-	-

V C SHAH & CO. * CHARTERED ACCOUNTANTS *

EARTH RHYTHM PRIVATE LIMITED * Gurgaon

EARTH RHYTHM PRIVATE LIMITED
Notes to the Financial Statements as at and for the year ended March 31,2025
(All amounts in ₹ Millions ,unless otherwise stated)

8 Other non-current financial assets

	As at March 31, 2025	As at March 31, 2024
(Measured at amortised cost)		
Security deposits (Unsecured, considered good)	-	1.48
	-	**1.48**

9 Income Tax

The major components of income tax expense / (credit) are:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current income tax:		
Current income tax charge		-
Adjustments in respect of current income tax of previous year		-
Deferred tax:		-
Relating to origination and reversal of temporary differences	1.00	(1.20)
Adjustments in respect of deferred tax credit for unrecognised business loss of earlier years	16.13	31.85
Income tax expense/(income) reported in the statement of profit or loss	**17.13**	**30.65**
year:		
Tax Expenses/(Income) on remeasurements of defined benefit plans	0.05	0.01
Income tax expense charged / (credited) to OCI	**0.05**	**0.01**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31 ,2025 and March 31, 2024:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Profit before tax	(106.32)	(187.51)
Applicable tax rate	17.16%	17.16%
Tax using the Company's domestic tax rate	(18.24)	(32.18)
Tax effect of:		
Tax Expenses relating to earlier years		
Others	1.11	1.53
Total tax benefit	**(17.13)**	**(30.65)**
Tax benefit recognized in the statement of profit and loss	**(17.13)**	**(30.65)**
Effective tax rate	**16.11%**	**16.35%**

Gross movement in the current income tax assets/(liabilities) for the years ended March 31, 2025 and March 31, 2024:

Particulars	As at March 31, 2025	As at March 31, 2024
Net income tax asset at the beginning	1.93	1.70
Income tax paid(Refund) /Advance Tax, Tax Deducted And Collected At Source.	(0.78)	0.23
Current income tax expense		
Net income tax asset at the end	**1.16**	**1.93**
Income tax assets as per balance sheet	**1.16**	**1.93**

C. SHAH & CO. CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED Gurgaon

EARTH RHYTHM PRIVATE LIMITED
Notes to the Financial Statements as at and for the year ended March 31,2025
(All amounts in ₹ Millions ,unless otherwise stated)

Deferred tax:
Deferred tax assets and liabilities are attributable to the following:

Particulars	As at March 31, 2025	As at March 31, 2024
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	0.21	(0.98)
Impact of brought forward losses	16.13	31.85
Timing difference between books and depreciation as per Income tax Act ,1961	0.33	(0.32)
Impact of difference in liabilities as per books and tax	0.46	0.10
Deferred tax expense	**17.13**	**30.65**

Deferred tax assets (net):

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance as of 1 April	75.35	44.71
Tax income recognised in profit or loss statement for the year	17.13	30.65
Tax income recognised in OCI for the year	(0.05)	(0.01)
Closing balance as at 31 March	**92.43**	**75.35**

The Company elected to exercise the option permitted under section 115BAB of the Income Tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance,2019. Accordingly, the Company has recognised Provision for Income Tax and re-measured its Deferred tax assets/liabilities basis the rate prescribed in the said section. The impact of this change has been recognised in the respective financial year.

10 Inventories

(at the lower of cost and net realisable value)	As at March 31, 2025	As at March 31, 2024
Finished Goods	54.46	17.73
Raw Material (including Packing Material)	44.81	51.51
Work in progress	0.90	1.01
Total	**100.17**	**70.25**

V C SHAH & CO * CHARTERED ACCOUNTANTS *

EARTH RHYTHM PRIVATE LIMITED Gurgaon 122[illegible] *

EARTH RHYTHM PRIVATE LIMITED
Notes to the Financial Statements as at and for the year ended March 31,2025
(All amounts in ₹ Millions ,unless otherwise stated)

11 Trade receivables

	As at March 31, 2025	As at March 31, 2024
Trade receivables - Considered Good	30.63	29.36
Trade receivables - Credit impaired	1.05	0.64
Less: Allowances for expected credit loss	(1.05)	(0.64)
	30.63	29.36

Trade receivables aging schedule
as at March 31, 2025

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	-	30.63	-	-	-	-	30.63
Undisputed Trade Receivables – credit impaired	-	1.05	-	-	-	-	1.05
Total	-	31.68	-	-	-	-	31.68

Trade receivables aging schedule
as at March 31, 2024

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	-	29.36	-	-	-	-	29.36
Undisputed Trade Receivables – credit impaired	-	0.64	-	-	-	-	0.64
Total	-	30.00	-	-	-	-	30.00

12 Cash and cash equivalents

	As at March 31, 2025	As at March 31, 2024
Cash in hand	0.02	0.01
Balances with banks- in current accounts	0.20	0.19
	0.22	0.20

13 Bank balance other than cash and cash equivalents

	As at March 31, 2025	As at March 31, 2024
Deposits with original maturity for more than 3 months but less than 12 months	65.37	113.41
	65.37	113.41

14 Other financial assets (current)

	As at March 31, 2025	As at March 31, 2024
Security deposits (Unsecured, considered good)	1.63	2.89
Interest accrued on deposit but not due	0.03	2.66
	1.66	5.55

15 Other current assets

	As at March 31, 2025	As at March 31, 2024
Advance other than capital advances (Unsecured, considered good)	5.47	5.04
Prepaid expenses	0.69	1.04
Other Receivables	0.11	0.03
Balance with statutory / government authorities	64.00	65.49
Advance Tax, Tax Deducted And Collected At Source.	1.16	1.93
	71.43	73.53

V C SHAH & CO ★ CHARTERED ACCOUNTANTS ★

EARTH RHYTHM PRIVATE LIMITED ★ Gurgaon 122016

EARTH RHYTHM PRIVATE LIMITED
Notes to the Financial Statements as at and for the year ended March 31,2025
(All amounts in ₹ Millions ,unless otherwise stated)

16 Share Capital

i) Total Authorized Share Capital	No. of shares	Amount
At April 1,2023		
Increase / (decrease) during the year	1,70,000	1.70
At March 31,2024	-	-
Increase / (decrease) during the year	1,70,000	1.70
At March 31,2025	10,000	0.10
	1,80,000	**1.80**

ii) Authorised Equity Share Capital (Equity shares of Rs. 10 each)	No. of shares	Amount
At April 1,2023		
Increase / (decrease) during the year	1,50,000	1.50
At March 31,2024		-
Increase / (decrease) during the year	1,50,000	1.50
At March 31,2025		-
	1,50,000	**1.50**

iii) Authorised Preference Share Capital (Preference shares of Rs. 10 each)	No. of shares	Amount
At April 1,2023		
Increase / (decrease) during the year	20,000	0.20
At March 31,2024	-	-
Increase / (decrease) during the year	**20,000**	**0.20**
At March 31,2025	10,000	0.10
	30,000	**0.30**

Note

i) Terms/ rights attached to equity shares

(i)The company has only one class of share capital namely Equity shares having a face value of Rs.10/- per share.

(ii)In respect of every Equity share (whether fully paid or partly paid), voting right shall be in the same proportion as the capital paid up on such equity share bears to the total paid up equity shares of the company.

(iii)In the event of liquidation, the shareholders of equity shares are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholdings.

ii) Issued share capital

a) Issued equity capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	Equity shares	
At April 1,2023		
Changes during the year	21,202	0.21
At March 31,2024	-	-
Changes during the year	21,202	0.21
At March 31,2025	-	-
	21,202	**0.21**

b) Issued preference capital

(i)Compulsorily Convertible Preference Shares of ₹ 10 each issued, subscribed and paid up	Preference Shares	
At April 1,2023		
Changes during the year	19,997	0.20
At March 31,2024	-	-
Changes during the year	19,997	0.20
At March 31,2025	-	-
	19,997	**0.20**

(ii)Optionally Convertible Redeemable Preference Shares of ₹ 10 each issued, subscribed and paid up		
At April 1,2023		
Changes during the year	-	-
At March 31,2024	-	-
Changes during the year	-	-
At March 31,2025	4,071	0.04
	4,071	**0.04**

C. SHAH & CO. CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED Gurgaon 122016

EARTH RHYTHM PRIVATE LIMITED
Notes to the Financial Statements as at and for the year ended March 31,2025
(All amounts in ₹ Millions ,unless otherwise stated)

Terms/ rights attached to Compulsorily Convertible Preference Shares (CCPS) & Optionally compulsorily Redeemable Preference Shares (OCRPS)
(i)The Company has two class of CCPS (Seed CCPS and Series A CCPS) and one class of OCRPS having par value of Rs.10 per share.
(ii)The holders of Seed, Series A CCPS and OCRPS shall be entitled to attend meetings of all Shareholders of the Company and will be entitled to such voting rights on an As If Converted Basis, as may be permissible under Applicable Law. Accordingly, but subject to adjustments as set forth herein, the holders of Seed, Series A CCPS and OCRPS shall be entitled to the same number of votes for each Seed, Series A CCPS and OCRPS as a holder of 1 (One Equity Share, provided however that in the event of any adjustment in conversion the number of votes associated with each Seed, Series A CCPS and OCRPS will change accordingly. The Investor shall be entitled to vote on all such matters which affect its rights directly or indirectly.

(iii) The Seed and Series A CCPS are compulsorily convertible into Equity Shares and OCRPS are optionally convertible into Equity Shares.
(iv)The Seed, Series A CCPS and OCRPS shall carry a pre-determined cumulative dividend rate of 0.01% (Zero-point Zero One percent) per annum on an As If Converted Basis. In addition to the same, if the holders of Equity Shares are paid dividend in excess of 0.01% (Zero-point Zero One percent) per annum, the holders of the Seed, Series A CCPS and OCRPS shall be entitled to dividend at such higher rate. The dividend shall be payable, subject to cash flow solvency, in the event the Board declares any dividend for the relevant year and shall be paid in priority to other classes of Shares. The Seed, Series A CCPS and OCRPS holders are entitled for payment of dividend on cumulative basis.

(v) All Shareholders (excluding holders of Seed, Series A CCPS and OCRPS in respect of the Seed, Series A CCPS and OCRPS held by them) shall participate proportionately in the Proceeds only after the holders of Seed, Series A CCPS and OCRPS have realized their Preference Amount.
(vi) The holders of the SEED, Series A CCCPS and OCRPS shall have the right to convert the SEED, Series A CCCPS and OCRPS in whole or part into Equity Shares at any time before 19 (Nineteen) years from the date of issuance or such other extended period as may be prescribed under Applicable Law. The SEED, Series A CCCPS and OCRPS or any of them, if not converted earlier, shall automatically convert into Equity Shares at the then applicable conversion rate, (i) on latest permissible date prior to the issue of Securities to the public in connection with the occurrence of an IPO under Applicable Law, or (ii) on the day following the completion of 19 (nineteen) years from the date of issuance of the same or such other extended period as may be permissible under Applicable Law

(vii) OCRPS shall be redeemed on the expiry of 1 (one) day upon completion of 10 (ten) years from the date of allotment.

iii) List of Shareholders holding more than 5% Equity share capital

Name of the shareholder	As at March 31,2025		As at March 31,2024	
	No. of shares	% holding	No. of shares	% holding
Varadarajan Sivakumar	10,000	47%	10,000	47%
Sivakumar Harini	10,866	51%	10,866	51%

iv) List of Shareholders holding more than 5% Preference share capital

Name of the shareholder	As at March 31,2025		As at March 31,2024	
	No. of shares	% holding	No. of shares	% holding
Grand Anicut Angel Fund	-	0%	8,546	43%
Grand Anicut Angel Fund 3	-	0%	3,557	18%
FSN E-Commerce Ventures Limited	24,068	100%	7,894	39%

V) Neither bonus shares issued nor shares issued for consideration other than cash during the period of five years immediately preceeding the reporting date.

VI) Details of promoter shareholding

As at March 31, 2025

Promoter Name	Description	No. of shares at the beginning of the year	% of total Shares	No. of shares at the end of the year	% of total shares	% change during the year
Varadarajan Sivakumar	Equity shares of ₹10 each fully paid	10,000	47%	10,000	47%	-
Sivakumar Harini	Equity shares of ₹10 each fully paid	10,866	51%	10,866	51%	-
	Total	21,202	98%	21,202	98%	-

As at March 31, 2024

Promoter Name	Description	No. of shares at the beginning of the year	% of total Shares	No. of shares at the	% of total shares	% change during the
Varadarajan Sivakumar	Equity shares of ₹10 each fully paid	10,000	47%	10,000	47%	-
Sivakumar Harini	Equity shares of ₹10 each fully paid	10,866	51%	10,866	51%	-
	Total	21,202	98%	21,202	98%	-

VII) Shares held by holding/ultimate holding company and/or their subsidiaries/associates along with nominee shareholder

Particulars	As at March 31, 2025	As at March 31, 2024
FSN E-Commerce Ventures Limited (Holding company) 336 (March 31, 2024 336) Equity shares of ₹ 10 each	336	336
FSN E-Commerce Ventures Limited (Holding company) 24,068 (March 31, 2024 7,894) Preference shares of ₹ 10 each	24,068	7,894

C. SHAH & CO. CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED Gurgaon

EARTH RHYTHM PRIVATE LIMITED
Notes to the Financial Statements as at and for the year ended March 31,2025
(All amounts in ₹ Millions ,unless otherwise stated)

17 Other Equity

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Retained Earnings		
Opening balance	(368.17)	(211.25)
Add: Loss during the year	(89.19)	(156.92)
Closing balance (A)	**(457.37)**	**(368.17)**
(ii) Other Comprehensive income		
Opening balance	0.06	-
Add: Other Comprenhensive income for the year	0.25	0.06
Closing balance (B)	**0.31**	**0.06**
(iii) Securities premium reserve		
Opening balance	678.41	678.41
Add: Securities premium on issue of shares	49.95	-
Closing balance (C)	**728.36**	**678.41**
(iv) Employee share options scheme reserve		
Opening balance	5.82	6.02
Add: Share based expense	(2.09)	(0.20)
Closing balance (D)	**3.73**	**5.82**
(v) Money received against share warrants*		
Opening balance	-	-
Add: Share warrants issued during the year	0.00	-
Less: Share warrants converted into equity during the year	-	-
Closing balance (E)	**0.00**	**-**
Total (A+B+C+D+E)	**275.03**	**316.12**

*F.Y 24-25 the Company had issued 12,226 Share Warrants of ₹ 10/- each at a premium of ₹ 12,270/- per Warrant and received Subscription Money ₹ 0.10 per share warrant aggregating to ₹ 1223 for 12,226 share warrants, each carrying a right to subscribe to one ordinary share per warrant, at a price of ₹ 12,280 per warrant.

Numbers are below million under the rounding off convention adopted by the companyn and accordingly not

A. Terms/ rights attached to Share Warrants

(i) The exercise of each Warrant entitles the Investor to subscribe to and be allotted one Equity Share.

(ii) The Warrants may be exercised (partly or wholly) at any time at the sole discretion of the Investor.

(iii) No fractional Equity Shares shall be issued upon exercise of the Warrants, and the number of Equity Shares to be issued shall be rounded up to the nearest whole number.

(iv) The Warrant Shares shall be free of Encumbrances, fully paid up, and shall rank pari passu in all respects and identical with the existing Equity Shares, with reference to all rights and benefits, including but not limited to voting rights, dividends, stock splits, bonus and/or rights issuance and so on.

B. Nature and purpose of reserves:

(i) **Retained earnings:** Retained earnings are the profits / (losses) that the Company has earned/incurred till date, less any dividends

(ii) **Other Comprehensive Income**: This represents the cumulative gains and losses arising on remeasurement of defined employee benefit plan.

(iii) **Securities premium**: Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares is transferred to securities premium.

(iv) **Employee share options scheme reserve**: The fair value of the equity-settled share based payment transactions with employees

V C SHAH & CO * CHARTERED ACCOUNTANTS *

EARTH RHYTHM PRIVATE LIMITED Gurgaon 122

EARTH RHYTHM PRIVATE LIMITED

Notes to the Financial Statements as at and for the year ended March 31,2025

(All amounts in ₹ Millions ,unless otherwise stated)

18 Borrowings - non-current

	As at March 31, 2025	As at March 31, 2024
Secured		
SIDBI*	5.80	26.20
	5.80	26.20

19 Lease liabilities (Non current)

	As at March 31, 2025	As at March 31, 2024
Payable for lease liabilities (refer note 36)	43.43	51.74
	43.43	51.74

20 Long-Term Provisions

	As at March 31, 2025	As at March 31, 2024
Provision for Gratuity - (refer note 37)	2.86	2.01
Provision for Compensated Leave	0.43	0.40
	3.29	2.41

21 Borrowings - current

	As at March 31, 2025	As at March 31, 2024
Secured		
Sundaram Finance Limited	(0.01)	0.07
SIDBI**	20.40	20.40
Bank - Overdraft Limit*	15.23	8.77
	35.62	29.24

Terms

(1)Bank Overdraft Facilities from ICICI Bank is secured againsth the Fixed Deposit of the Company.

(2) Loan from SIDBI is secured by hypothecation of book debts, current assets and movable Property, plant and equipment both present and future. It is for a period of 36 months and interest rate is 13.5% which is payable monthly.

22 Lease liabilities (Current)

	As at March 31, 2025	As at March 31, 2024
Payable for lease liabilities	8.67	6.93
	8.67	6.93

23 Trade payables

	As at March 31, 2025	As at March 31, 2024
Total outstanding dues of micro enterprises and small enterprises	6.29	3.44
Total outstanding dues of trade payables other than micro enterprises and small enterprises	15.68	12.72
	21.97	16.16

(For details of trade payable with related parties refer note 38 on related party disclosures)

V C SHAH & CO ★ CHARTERED ACCOUNTANTS ★

EARTH RHYTHM PRIVATE LIMITED ★ Gurgaon 122016

EARTH RHYTHM PRIVATE LIMITED
Notes to the Financial Statements as at and for the year ended March 31,2025
(All amounts in ₹ Millions ,unless otherwise stated)

Disclosures as required under Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 are as follows:-

Particulars	As at March 31, 2025	As at March 31, 2024
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	6.29	3.44
b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
c) 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 the MSMED Act, 2006.	Nil	Nil
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.11	Nil
e) 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 section 23 of the MSMED Act, 2006	Nil	Nil

Trade payables aging schedule
As at March 31, 2025

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	3.68	2.61	-	-	-	6.29
Total outstanding dues of creditors other than micro enterprises and small enterprises	8.13	7.02	0.54	-	-	15.68
Total	**11.81**	**9.63**	**0.54**	-	-	**21.97**

Trade payables aging schedule
As at March 31, 2024

Particulars	Current but not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	1.64	1.80	-	-	-	3.44
Total outstanding dues of creditors other than micro enterprises and small enterprises	7.80	4.92	-	-	-	12.72
Total	**9.44**	**6.72**		-	-	**16.16**

24 Other financial liabilities (current)

	As at March 31, 2025	As at March 31, 2024
Measured at amortised cost		
Employee related liabilities	3.92	4.07
Retainership Fees Payable	-	0.04
Accured for expenses		
Provision - Bonus	1.00	1.02
Expenses Payable	30.74	7.29
Interest accrued but not due	-	0.56
Credit Card Payable	1.32	1.26
Total	**36.98**	**14.24**

25 Short-term provisions

	As at March 31, 2025	As at March 31, 2024
Provisions for Employee Benefits		
Provision for Gratuity - refer note 37	0.04	0.00
Provision for Compensated absences	0.05	0.04
Total	**0.09**	**0.04**

26 Contract Liabilities

	As at March 31, 2025	As at March 31, 2024
Advance from Customers	1.87	1.79
Total	**1.87**	**1.79**

26A Other current liabilities

	As at March 31, 2025	As at March 31, 2024
Statutory dues	1.22	0.95
Total	**1.22**	**0.95**

EARTH RHYTHM PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31,2025
(All amounts in ₹ Millions ,unless otherwise stated)

27 Revenue from Operations

	For the year ended March 31, 2025	For the year ended March 31, 2024
A. Sale of Products		
Sales	261.44	307.08
	261.44	**307.08**

A Disaggregation of revenue from contracts with customers

The Company derives its major revenue from sale of products by selected platforms, which is a single line of business.

B Contract Balances

Particulars	As at March 31, 2025	As at March 31, 2024
Trade Receivables	30.63	29.36

C Performance Obligation:

The Company enters into contract with majority of its customers to sale products for a consideration on a cost plus mark-up basis and which constitute a single performance obligation that the company satisfies over time.

D Transaction price:

Sale of products

Contract price is determined as per the terms agreed with the customer, and no further adjustments are made to the same. As such, there are no reconciling items and hence the reconciliation of the contract price is not disclosed.

E Costs to obtain the contract:

The Company does not incur material costs to obtain contracts with customers and contract fulfilment costs are generally expensed as incurred.

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V C SHAH & CO * CHARTERED ACCOUNTANTS *

EARTH RHYTHM PRIVATE LIMITED * Gurgaon 122018

EARTH RHYTHM PRIVATE LIMITED

Notes to the Financial Statements for the year ended March 31,2025

(All amounts in ₹ Millions ,unless otherwise stated)

28 Other income

	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest on Fixed deposit	5.25	14.19
Interest on Security deposit	0.12	0.25
Other Income	0.65	0.22
Gain on termination of Lease	-	2.84
	6.02	**17.50**

29 Cost of Material Consumed

	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening stock	51.51	63.11
Add:		
Purchases (Raw material including Packing Material)	94.69	74.56
Less: Closing stock	44.81	51.51
	101.39	**86.16**

29A CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK IN PROGRESS

	For the year ended March 31, 2025	For the year ended March 31, 2024
(a) Opening Stock		
Finished Goods	17.73	17.35
Work-in-Progress	1.01	0.29
	18.74	**17.64**
(a) Closing Stock		
Finished Goods	54.46	17.73
Work-in-Progress	0.90	1.01
	55.35	**18.74**
Net	**(36.61)**	**(1.10)**

30 Direct Expenses

	For the year ended March 31, 2025	For the year ended March 31, 2024
Direct Wages	12.66	14.36
Power and Fuel	1.94	1.70
Rent-Factory(Including Plant & Machinery)	0.00	0.23
Freight ,Cartage & C& F Charges	13.27	7.89
Factory-Printing charges	-	-
Other Direct Expenses	8.79	6.11
Salary O/H	2.14	3.12
	38.80	**33.41**

31 Employee benefits expense

	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, wages and bonus	41.72	50.92
Contribution to provident fund	1.31	1.73
Gratuity expenses (refer note 37)	1.19	0.96
Share based expenses (refer note 44)	(2.09)	(0.20)
Leave encashment	0.07	0.08
Labour welfare Fund	0.04	0.10
Staff welfare expenses	2.34	1.46
	44.58	**55.05**

EARTH RHYTHM PRIVATE LIMITED
Notes to the Financial Statements for the year ended March 31,2025
(All amounts in ₹ Millions ,unless otherwise stated)

32 Finance costs

	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest expense on borrowings	5.89	6.82
Interest cost on lease liabilities	5.10	5.36
Other finance charges	0.10	0.72
	11.09	**12.90**

33 Depreciation and amortization expense

	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation of property, plant and equipment (refer note 4)	5.14	5.92
Depreciation of Right-of-use assets (refer note 5)	9.78	12.98
Amortisation of Intangible assets (refer note 6)	2.15	2.21
	17.07	**21.11**

34 Administrative and Other expenses

	For the year ended March 31, 2025	For the year ended March 31, 2024
Software Expenses	8.80	10.15
Bad Debt written off	2.07	-
Forex Gain/Loss	0.01	0.20
General Expenses	2.51	5.58
Postage & Courier Expenses	28.98	38.26
Legal & Professional Expenses	5.83	15.49
Retainership Fees	0.01	2.69
Rates & Taxes	0.80	3.55
Rent Expenses	0.22	6.18
Repair & Maintenance	0.41	2.69
Telephone & Internet Expense	0.39	0.50
Insurance	1.16	0.73
Travel Expenses	2.91	4.05
Local Conveyance	0.38	0.58
Printing & Stationary	0.33	0.47
Security & Housekeeping	0.53	1.01
Utility Charges	0.01	0.39
Loss on account on disposal of fixed assets	6.16	0.01
Expected credit loss/Credit Impaired	0.41	0.64
Auditor's Remuneration :		
- Statutory Audit Fee	0.33	0.33
- Tax Audit Fees	0.15	0.15
- Others	0.32	0.34
Advertisement Expense	90.20	164.26
Trade Commission	19.90	14.87
Business Promotions	22.18	26.05
Affiliation Expenses	1.36	3.84
Platform Charges	1.10	1.54
		-
	197.46	**304.55**

V C SHAH & CO. CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED Gurgaon

EARTH RHYTHM PRIVATE LIMITED

Notes to the Standalone financial statements for the year ended March 31,2025

(All amounts in ₹ Millions, except per share data and unless otherwise stated)

35 Earnings per share (EPS)

Basic and diluted EPS	**For the year ended March 31, 2025**	**For the year ended March 31, 2024**
Loss after tax as per statement of profit and loss (A)	(89.19)	(156.85)
Calculation of weighted average number of equity shares of Rs 10 each:		
Total number of shares outstanding during the year	21,202	21,202
Weighted average number of equity shares outstanding during the year (B)	21,202	21,202
Add: Dilution impact of CCPS and OCRPS	**24,068**	**19,997**
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share (C)	**45,270**	**41,199**
Basic earning per share (D= A/B)	**(4,206.57)**	**(7,397.71)**
Diluted earning per share (E = A/C)	**(1,970.13)**	**(3,807.04)**

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED ★ Gurgaon 122016

EARTH RHYTHM PRIVATE LIMITED
Notes to the Standalone financial statements for the year ended March 31,2025
(All amounts in ₹ Millions, except per share data and unless otherwise stated)

36 Leases

The Company as lessee

The Company has lease contracts for premises obtained for stores, offices, warehouse,kiosk etc. Leases of premises generally have lease terms between 5 to 10 years

The Company's obligations under its leases are secured by the lessor's title to the leased assets.
There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.
Refer note 5 for carrying value of right of use assets.
Set out below are the carrying value of lease liabilities and the movement during the period:

		As at March 31,2025	As at March 31,2024
	As at 1 April	58.67	57.02
Add	Addition	0.47	44.82
Add	Accretion of interest	5.10	5.36
Less	Deletion due to closure	-	(33.61)
Less	Payments	(12.15)	(14.91)
	Closing balance as on March 31	52.09	58.67
	Current	8.67	6.93
	Non-current	43.43	51.74
		52.10	58.68

The effective interest rate for lease liabilities is 9.5% as on 31 March 2025 (9.50% as on 31 March 2024)

The following amount are recognised in profit and loss	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation expenses of right of use assets	9.78	12.98
Interest expenses on lease liabilities	5.10	5.36
Variable lease payments	0.23	6.41
	15.11	24.75

The Company had total cash outflow for leases of ₹ 12.34 Mn (March 24 : ₹ 21.32 Mn)

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EARTH RHYTHM PRIVATE LIMITED * Gurgaon 12201

EARTH RHYTHM PRIVATE LIMITED

Notes to the Standalone financial statements for the year ended March 31,2025

(All amounts in ₹ Millions, except per share data and unless otherwise stated)

37 Gratuity and post-employment benefit plan:

I) Defined Contribution Plan

The Company makes provident fund contribution which is a defined contribution plan, for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. Accordingly, the Company recognised ₹ 1.31 Mn (previous year ₹ 1.73 Mn) pertaining to employers' contribution to provident fund is recognised as an expense and included in "Employee benefits" in note 31.

II) Defined Benefit Plans

The Company operates a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service.

The Company has provided for gratuity based on actuarial valuation done as per projected unit credit method.

A. The following tables set out the Non-funded status of the gratuity plans and the amounts recognised in the Company's financial statements as at 31 March 2025 and 31 March 2024.

i. Amount to be recognised in balance sheet

Particulars	At 31 March 2025	At 31 March 2024
Present value of defined benefit obligation	2.90	2.02
Net liability recognised in balance sheet	2.90	2.02

ii. Changes in the present value of defined benefit obligation

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Opening defined benefit obligation	2.02	1.13
Undefined DBO		-
Current service cost	1.03	0.88
Interest cost	0.15	0.08
Total Actuarial (Gain)/Loss on Obligation	(0.30)	(0.07)
Remeasurement gain/loss		-
Closing defined benefit obligations	**2.90**	**2.02**

B Amount for the year ended 31 March 2025 and 31 March 2024 recognised in the Statement of Profit and Loss under employee benefit expenses and other comprehensive income

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Current service cost	1.03	0.88
Net Interest expenses	0.15	0.08
The total amount recognised in profit and loss account	**1.18**	**0.96**
Actuarial (Gains)/Losses in obligation for year ended due to changes in demographic/financial assumptio	0.09	0.04
Actuarial (Gains)/Losses in obligation for year ended due to changes in Experience adjustments	(0.39)	(0.11)
The total amount recognised in other comprehensive income (OCI)	**(0.30)**	**(0.07)**

C The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Mortality Table	IALM (2012-14)	IALM (2012-14)
Discount rate:	7.04%	7.25%
Future salary increases*	8.00%	8.00%
Withdrawal rates		
Up to 30 Years	5.00%	5.00%
From 31 to 44 years	3.00%	3.00%
Above 44 years	2.00%	2.00%
IALM - Indian Assured Lives Mortality (Ultimate)	IALM (2012-14)	IALM (2012-14)

The discount rate is based on the prevailing market yields of Government of India Bonds as at the Balance Sheet date for the estimated terms of the obligations.

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

EARTH RHYTHM PRIVATE LIMITED
Notes to the Standalone financial statements for the year ended March 31,2025
(All amounts in ₹ Millions, except per share data and unless otherwise stated)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

D Sensitivity analysis

The sensitivity analysis of significant actuarial assumption as of end of reporting period is shown below.

Particulars	At 31 March 2025	At 31 March 2024
Discount rate (-/+ 0.5%)		
Decrease by 50 basis points	0.25	0.18
Increase by 50 basis points	(0.22)	(0.16)
Future salary increase (-/+ 0.5%)		
Decrease by 50 basis points	(0.22)	(0.16)
Increase by 50 basis points	0.24	0.18

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period and assuming there are no other changes in the market conditions. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.
(A) Investment risk – The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds; if the return on plan asset is below this rate, it will create a plan deficit.

(B) Interest risk - A decrease in the discount rate will increase the plan liability.

(C) Longevity risk – The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(D) Salary risk – The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Compensated absences:

The Company has a policy on compensated absences for its employees. In the current year, the Company has changed the policy allowing employees to accumulate leaves subject to certain limits and carry forward into subsequent years for availment/encashment. Accordingly, this is the first year where the Company has made a provision for compensated absences as per the leave policy existing as on March 31, 2021. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at the Balance sheet date using the project unit credit method.

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EARTH RHYTHM PRIVATE LIMITED Gurgaon 122018 *

EARTH RHYTHM PRIVATE LIMITED

Notes to the Standalone financial statements for the year ended March 31,2025

(All amounts in ₹ Millions, except per share data and unless otherwise stated)

38 Related party transactions

A. Names of the related parties

A) - Key Management Personnel (KMP)

Sivakumar Harini	Chief Executive Officer
V.Sivakumar	Chief Operating Officer
Ashvin Chadha	Director (Till Nov 26, 2024)
Vishal Gupta	Director (from Nov 26, 2024 Onwards)
Sukhleen Aneja	Director (from Nov 26, 2024 Onwards)
Sujeet Roopchand Jain	Director (from April 7, 2023 Onwards)

B) Enterprises where Key Managerial Person and / or relative of such personnel have significant influence:

Soapwork India Private Limited
Soapwork India
Nykaa E-Retail Limited (Formerly known as Nykaa E-Retail Private Limited)

C) Transactions with Related party

The below disclosure represent transactions during the Period in which related party relationship exists.

Particulars	Year Ended March 31, 2025	Year Ended March 31, 2024
Income from Sale of Goods		
Nykaa E-Retail Private Limited	47.03	52.72
	47.03	52.72
Reimbursement of Expenses		
Nykaa E-Retail Private Limited	17.48	10.55
	17.48	10.55
Remuneration to Director		
V.Sivakumar	1.81	1.80
Sivakumar Harini	7.34	5.90
	9.15	7.70

D) Balances with related parties

Particulars	Year Ended March 31, 2025	Year Ended March 31, 2024
Receivables		
Nykaa E-Retail Private Limited	(1.16)	15.51

V C SHAH & CO CHARTERED ACCOUNTANTS

EARTH RHYTHM PRIVATE LIMITED

EARTH RHYTHM PRIVATE LIMITED

Notes to the Standalone financial statements for the year ended March 31,2025

(All amounts in ₹ Millions ,unless otherwise stated)

39 Commitments and contingent liabilities

A Commitments

The Company has the capital commitment (net of advances) of ₹ Nil for the purchase towared Plant and Machinery as at March 31, 2025 (March 31, 2024 – Nil)

B Contingent liabilities (not provided for)

	Particulars	As at March 31, 2025	As at March 31, 2024
i	Claims against the Company, not acknowledged as debts	-	-
ii.	Corporate guarantees given to banks	-	-
iii.	Bank guarantees	-	-

40 Fair value of financial assets and financial liabilities

The fair values of assets and liabilities are included at the amount at which the instrument can be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The carrying values of financial assets i.e. cash and cash equivalents, trade receivables, other financial assets and of financial liabilities i.e. trade and other payables, working capital loan borrowing and other financial liabilities are reasonable approximation of their fair values due to the short maturities of these instruments.

Particulars	Carrying value as of		Fair value as of	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Financial Assets:				
Amortised cost				
Trade receivables	30.63	29.36	30.63	29.36
Cash and cash equivalents	0.22	0.20	0.22	0.20
Bank balance other than cash and cash equivalents	65.37	113.41	65.37	113.41
Other financial assets	1.66	5.55	1.66	5.55
	97.88	**148.52**	**97.88**	**148.52**
Financial Liabilities:				
Amortised cost				
Borrowings	41.43	27.19	41.43	27.19
Lease liabilities	52.10	57.02	52.10	57.02
Trade payables	21.97	17.56	21.97	17.56
Other financial liabilities	36.98	17.62	36.98	17.62
	152.48	**119.39**	**152.48**	**119.39**

Valuation Methodology

i. During the period ending 31 March 2025 and 31 March 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

41 Segment information:

The Company is mainly dealing in Skincare and Cosmetics .These have been considered as Primary Segment.

All the sale and services have been made majorly in india except for some revenue from outside India which is very marginal as compared to overall revenue of the company, therefore, the geographical segment is considered India primarily.

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42 Capital management

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 31 March 2024.

The net gearing ratio at end of the reporting period was as follows.

		As at March 31, 2025	As at March 31, 2024
Gross debt		41.43	55.44
Less: Cash and cash equivalents		(0.22)	(0.20)
Net debt	(A)	41.21	55.24
Total Equity	(B)	275.48	316.53
Net gearing ratio	(A)/(B)	0.15	0.17

43 Financial risk management objectives and policies

The Company's principal financial liabilities comprises loan from bank, working capital loan, trade and other payables . The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

A Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises currency risk, product price risk and interest rate risk.

A.1 ***Foreign currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities denominated in foreign currency and thus the risk of changes in foreign exchange rates relates primarily to trade payables. Since the Company's overall foreign currency exposure is not significant, the Company does not hedge its foreign currency payables.

Foreign currency sensitivity

Since the business of the Company doesn't involves material foreign currency transactions, its exposure to foreign currency changes is not material.

A.2 ***Product price risk***

In a potentially inflationary economy, the Company expects periodical price increases across its product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/ sales volumes. In such a scenario, the risk is managed by offering judicious product discounts to customers to sustain volumes. The Company negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the customers. This helps the Company to protect itself from significant product margin losses. This mechanism also works in case of a downturn in the retail sector, although overall volumes would get affected.

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EARTH RHYTHM PRIVATE LIMITED

Notes to the Standalone financial statements for the year ended March 31,2025

(All amounts in ₹ Millions ,unless otherwise stated)

A.3 ***Interest rate risk***

The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Company uses available working capital limits for availing short-term working capital demand loans with interest rates negotiated from time to time so that the Company has an effective mix of fixed and variable rate borrowings.The Company does not have significant exposure to the risk of changes in market interest rate.

B Credit risk

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

Trade receivables

The Company's retail business is predominantly on 'cash on delivery', the credit risk on such collections is minimal. The Company has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Company by credit worthiness checks.

The Company's experience of delinquencies and customer disputes have been minimal. Further, Trade and other receivables consist of a large number of customers, hence, the Company is not exposed to concentration risks.

Security Deposits

The Company also carries credit risk on lease deposits with landlords for properties taken on leases, for which agreements are signed and property possessions are taken for operations. The risk relating to refunds after vacating the premises is managed through successful negotiations or appropriate legal actions, where necessary.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

C Liquidity risk

Liquidity risk is a risk that the Company may not be able to meet its financial obligations on a timely basis through its cash and cash equivalents, and funds available by way of committed credit facilities from banks. Management manages the liquidity risk by monitoring rolling cash flow forecasts and maturity profiles of financial assets and liabilities. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	As at March 31, 2025		
	< 1 year	1 to 5 years	Total
Borrowings	35.73	5.80	41.53
Lease liabilities	8.68	43.43	52.10
Trade payables	21.97	-	21.97
Other financial liabilities	36.98	-	36.98
Total	**103.36**	**49.23**	**152.58**

Particulars	As at March 31, 2024		
	< 1 year	1 to 5 years	Total
Borrowings	29.34	26.20	55.54
Lease liabilities	6.94	51.74	58.69
Trade payables	16.16	-	16.16
Other financial liabilities	14.24	-	14.24
Total	**66.68**	**77.94**	**144.63**

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EARTH RHYTHM PRIVATE LIMITED * Gurgaon

EARTH RHYTHM PRIVATE LIMITED
Notes to the Standalone financial statements for the year ended March 31,2025
(All amounts in ₹ Millions ,unless otherwise stated)

44 Employee Share Based Payment

The Company has granted stock options under the employee stock option scheme- ESOS 2022 , as approved by the Board of Directors of the company, to the eligible employees of the Company. These options would vest in 4 equal annual installments from the date of grant based on the vesting conditions as per letter of grant executed between the Company and the employee of the Company. The maximum period for exercise of options is 3 years from the date of vesting. Each option when exercised would be converted into one fully paid-up equity share of Rs. 10 each of the Company. The options granted under ESOS 2022 scheme carry no rights to dividends and no voting rights till the date of exercise.

The fair value of the share options is estimated at the grant date using Black and Scholes Model, taking into account the terms and conditions upon which the share options were granted.

There were no modifications to the awards during the year ended 31 March 2025 and 31 March 2024. As at the end of the financial year, details and movements of the outstanding options are as follows:

a ***Options granted under ESOS 2022***

	31 March 2025	31 March 2024
Options outstanding at the beginning of the year	308	513
Options granted during the year (No's)	-	-
Options forfeited during the year(No's)	-	-
Options expired/lapsed during the year(No's)	(177)	(205)
Options exercised during the year(No's)	-	-
Options outstanding at the end of the year	**131**	**308**
For options outstanding at the end of the year:		
Exercise price range	₹ 25,304.42 - 50,608.84	₹ 25,304.42 - 50,608.84
Weighted average remaining contractual life (in years)	0.81	1.81

b **Fair value of options granted**

The fair value of each option is estimated on the date of grant based on the following assumptions:

	ESOS 2022 Tranche I
Dividend yield (%)	Nil
Expected life (years)	1-4
Risk free interest rate (%)	6.4% to 7.18%
Volatility (%)	17.96% to 22.63%
Market price on date of grant (Rs.)	50,608.84
Fair Value (Rs.)	11,041-33,578

All options outstanding under ESOS 2022 as on the date of transition were unvested.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The volatility is based on annualised standard deviation of the continuously compounded rates of return based on the peer companies and competitive stocks over a period of time. The Company has determined the market price on grant date based on latest equity valuation report available with the company preceding the grant date.

The weighted average share price at the date of exercise of options exercised during the year was ₹ 50,608.84

D **Expenses arising from share-based payment transactions**

The total expenses arising from share-based payment transactions recognised were as follows:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Stock based compensation expense determined under fair value method recognised in statement of profit or loss.	(2.09)	(0.20)

C SHAH & CO * CHARTERED ACCOUNTANTS *

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EARTH RHYTHM PRIVATE LIMITED
Notes to the Standalone financial statements for the year ended March 31,2025
(All amounts in ₹ Millions ,unless otherwise stated)

45 Ratios

The ratios for the years ended March 31,2025 and March 31,2024 are as follows :

Particulars	Numerator	Denominator	As at March 31, 2025	As at March 31, 2024	Variance (%)	Reason for Variance
Current ratio (in times)	Total Current assets	Total Current liabilities	2.53	4.22	(39.92)	The decrease is on account of increase in provision in current liabilities.
Debt – Equity ratio (in times)	Total debt (1)	Shareholder's equity	0.15	0.18	(14.13)	
Debt service coverage ratio (in times)	Earnings available for debt service(2)	Debt service(3)	(1.45)	(2.34)	(37.94)	Decreased on account of decrease in finance cost and reduction in net loss.
Return on Equity (ROE) (in %)	Net profits after taxes	Average shareholder's equity	(23.81)	(39.70)	15.89	
Inventory turnover ratio (in times)	Sales	Average inventory	3.07	4.07	(24.57)	Decrease is on account of increase in average inventory during the current year. Stock hold for 4-5 months
Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivable	8.72	13.30	(34.48)	Decrease is on account increase in average inventory during the current year.
Trade payables turnover ratio (in times)	Purchases of services and other expenses	Average trade payables	15.17	22.28	(31.90)	Increased is on account of decrease in Purchase of Goods and Other Expenses vis-à-vis decrease in average trade payable during the current year.
Net capital turnover ratio (in times)	Revenue from operations	Working capital	1.60	1.38	16.41	
Net profit ratio (in %)	Net profit	Revenue from operations	(34.11)	(51.08)	16.97	
Return on Capital Employed (ROCE)	Earning before interest and taxes	Capital employed(4)	(36.78)	(57.87)	21.09	
Return on Investment (ROI)	Income generated from investments	Time weighted average investments	5.87	7.21	(1.34)	

(1) Debt represents borrowings and lease liabilities
(2) Net profit after taxes + Non-cash operating expenses + Interest
(3) Lease payments for the current year
(4) Tangible net worth + Deferred tax liabilities + Lease liabilities

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EARTH RHYTHM PRIVATE LIMITED Gurgaon 122018

46 Other statutory information

a) No proceeding has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

b) The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

c) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

d) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
(ii) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

e) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

f) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of layers) Rules, 2017.

g) The Company is not declared wilful defaulter by any bank or financials institution or other lender during the year.

h) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

i) No Dividends paid during the year ended March 31, 2025

j) Information with regard to other matters specified in Schedule III to the Act, is either nil or not applicable to the Company for the year.

k) Securities for specific purpose have been issued during the year ended 31st March, 2025.

l) The Company has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

m) The Company does not have any loan or advance in the nature of loans granted to promoters, directors, KMPs and the 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.

n) In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

o) **Immovable Property**
i) The company does not hold any Immovable Property in the name of the company.
ii) The company has not done any revaluation of Immovable Property.
iii) The company does not have any Capital Work-in-Progress

p) No Scheme of Arrangements has been approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013.

q) The Accounts have been prepared on the assumption that the company is a going concern.

r) The Management is of the opinion that no case of impairment of assets exists under the provisions of Indian Accounting Standard (Ind AS) – 36 on Impairment of Assets as at March 31, 2025.

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EARTH RHYTHM PRIVATE LIMITED Gurgaon 122016

47 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. Based on a preliminary assessment, by the Company, the additional impact on Provident Fund contributions by the Company is not expected to be material, whereas, the likely additional impact on Gratuity liability / contributions by the Company could be material. The Company will complete their evaluation and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

48 Corporate SocialResponsibility

The company is not satisfying any of the criteria during the immediately preceding financial year as required to comply with CSR provisions specified under section 135(1) of the Companies Act, 2013, hence CSR is not applicable for current Financial year 2024-2025.

49 The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that the audit trail feature is not enabled at the database level and master fields as it relates to accounting software.

The Company also uses a third-party operated software for warehouse inventory management. Management has obtained the report of Service Organisation Controls (SOC) from auditors engaged by such third party for the period April 01, 2024 to March 31, 2025 which mention that the audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature being tampered with.

Additionally, the audit trail of prior year has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective years.

50 Sub-section 40 of section 2 of the Companies Act, 2013 provided that the financial statement, with respect to One Person Company (OPC), small company and dormant company, may not include the cash flow statement. Our company is covered under the defination of Small Company , hence cash flow statement is not applicable.

51 Previous year figures has been regrouped/reclassified, wherever necessary, to confirm to current years classification. There may be some minor difference due to rounding off in amounts as per the amendment notified in Schedule -III of the Companies Act, 2013.

As per our report attached
For V C Shah & Co
Chartered Accountants
Firm Registration No: 109818W

Anish N. Shah
Partner
Membership No: 042649

Place: Mumbai
Date: May 07, 2025

V C SHAH & CO * CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors of
EARTH RHYTHM PRIVATE LIMITED

V. SIVAKUMAR
DIRECTOR
DIN: 07431807

Place: Gurugram
Date: May 07, 2025

SIVAKUMAR HARINI
DIRECTOR
DIN: 07431799

Place: Gurugram
Date: May 07, 2025

EARTH RHYTHM PRIVATE LIMITED Gurgaon 122016