



# emami\* limited

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*REPORTS AND ACCOUNTS  
OF  
SUBSIDIARY COMPANIES  
2020*

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<b>SL. No.</b>	<b>OVERSEAS SUBSIDIARIES</b>
<b>1</b>	<b>EMAMI BANGLADESH LIMITED, BANGLADESH</b>
<b>2</b>	<b>EMAMI INTERNATIONAL FZE, UAE</b>
<b>3</b>	<b>EMAMI INDO LANKA (PVT.) LTD., SRI LANKA</b>
<b>4</b>	<b>EMAMI RUS (LLC) ,RUSSIA</b>
<b>5</b>	<b>EMAMI OVERSEAS FZE, UAE</b>
<b>6</b>	<b>PHARMA DERM SAE Co., EGYPT</b>
<b>7</b>	<b>FRAVIN PTY LTD., AUSTRALIA</b>
<b>8</b>	<b>DIAMOND BIO-TECH LABORATORIES PTY LTD., AUSTRALIA</b>
<b>9</b>	<b>ABACHE PTY LTD, AUSTRALIA</b>
<b>10</b>	<b>CRÈME 21 (FORMERLY KNOWN AS FENTUS 113.GMBH, GERMANY),</b>
<b>11</b>	<b>GREENLAB ORGANICS LIMITED, UK (DISSOLVED ON 7<sup>TH</sup> JANUARY, 2020)</b>



**Independent Auditors' Report  
to the shareholders of  
EMAMI BANGLADESH LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Emami Bangladesh Limited, which comprise the statements of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), The Companies Act 1994 and other applicable laws and regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 charge with governance 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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






**Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994 we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- c) the company's statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

**Dated: 20 May 2020**  
**Dhaka**

  
**Ahmed Mashuque & Co.**  
**Chartered Accountants**

**Emami Bangladesh Limited**  
**Statement of financial position**  
**As at 31 March 2020**

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>31-Mar-20</u>	<u>31-Mar-19</u>
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	4.00	223,507,331	243,348,789
Right of use assets	5.00	54,536,110	-
<b>Total non current assets</b>		<b>278,043,441</b>	<b>243,348,789</b>
<b>Current assets</b>			
Inventories	6.00	132,263,621	64,163,767
Accounts receivable		665,298,635	148,112,647
Advances, deposits and prepayments	7.00	32,694,473	30,648,265
Investment in FDR		616,111,248	1,027,500,000
Accrued interest		11,419,346	17,234,375
Cash and cash equivalents	8.00	15,555,298	50,651,057
<b>Total current assets</b>		<b>1,473,342,621</b>	<b>1,338,310,111</b>
<b>Total assets</b>		<b>1,751,386,062</b>	<b>1,581,658,900</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	9.00	3,791,600	3,791,600
Retained earnings		385,183,091	549,191,515
<b>Total equity</b>		<b>388,974,691</b>	<b>552,983,115</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Lease liability	10.00	58,250,326	-
Deferred tax liabilities	11.00	7,279,012	6,610,285
<b>Total non current liabilities</b>		<b>65,529,338</b>	<b>6,610,285</b>
<b>Current liabilities</b>			
Accounts payable		30,348,408	32,473,308
Current tax liability	12.00	126,728,408	74,604,583
Provisions for expenses and other	13.00	1,139,805,217	914,987,609
<b>Total current liabilities</b>		<b>1,296,882,033</b>	<b>1,022,065,500</b>
<b>Total liabilities</b>		<b>1,362,411,371</b>	<b>1,028,675,785</b>
<b>Total equity and liabilities</b>		<b>1,751,386,062</b>	<b>1,581,658,900</b>

*These financial statements should be read in conjunction with the annexed notes.*

Director

Senior Manager-Accounts

Director

*Signed in terms of our separate report of even date annexed*

Dated: 20 May 2020  
Dhaka



Ahmed Mashuque & Co.  
Chartered Accountants

*Asst*



**Emami Bangladesh Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 March 2020**

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>2019-2020</u>	<u>2018-2019</u>
<b><u>Income</u></b>			
Sales (Net)	14.00	1,787,763,759	1,477,325,022
Other income		266,327	540,507
		<b>1,788,030,086</b>	<b>1,477,865,529</b>
<b><u>Less: Expenditure</u></b>			
Cost of material	15.00	614,414,729	533,625,448
Changes in inventories of finished goods	16.00	(9,561,672)	3,713,014
Manufacturing expenses	17.00	18,549,628	18,224,925
Operating and other expenses	18.00	492,318,901	430,724,867
Employee benefits expenses	19.00	172,514,309	118,148,966
Depreciation (Schedule -A)		49,947,534	57,717,208
		<b>1,338,183,430</b>	<b>1,162,154,428</b>
<b>Net profit from operations</b>		<b>449,846,656</b>	<b>315,711,101</b>
Add: Interest income		49,855,931	51,550,006
Less: Interest expense on lease liability		(5,979,295)	-
Less: Interest expenses		(29,799)	(19,869)
<b>Net profit before tax</b>		<b>493,693,494</b>	<b>367,241,238</b>
<b><u>Less: Income tax expenses</u></b>			
Current tax		183,083,191	128,534,433
Deferred tax		668,727	(2,673,231)
		<b>183,751,918</b>	<b>125,861,202</b>
<b>Net profit after tax</b>		<b>309,941,576</b>	<b>241,380,036</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>309,941,576</b>	<b>241,380,036</b>
(Transferred to statement of changes in equity)			

*These financial statements should be read in conjunction with the annexed notes.*

Director

Senior Manager-Accounts

Director

*Signed in terms of our separate report of even date annexed*

Dated: 20 May 2020  
Dhaka



Ahmed Mashuque & Co.  
Chartered Accountants

**Emami Bangladesh Limited**  
**Statement of changes in equity**  
**For the year ended 31 March 2020**

Particulars	Amount in Taka		
	Share capital	Retained earnings	Total
<b>Balance as at 01 April 2018</b>	3,791,600	395,218,829	399,010,429
Dividend		(79,623,600)	(79,623,600)
Prior period adjustment for income tax		26,250	26,250
Prior period adjustment for IFRS-15		(7,810,000)	(7,810,000)
Total comprehensive income	-	241,380,036	241,380,036
<b>Balance as at 31 March 2019</b>	<b>3,791,600</b>	<b>549,191,515</b>	<b>552,983,115</b>
<b>Balance as at 01 April 2019</b>	3,791,600	549,191,515	552,983,115
Dividend		(473,950,000)	(473,950,000)
Prior period adjustment for income tax		-	-
Prior period adjustment for IFRS-15		-	-
Total comprehensive income	-	309,941,576	309,941,576
<b>Balance as at 31 March 2020</b>	<b>3,791,600</b>	<b>385,183,091</b>	<b>388,974,691</b>

*These financial statements should be read in conjunction with the annexed notes.*

Director

Senior Manager-Accounts

Director

*Signed in terms of our separate report of even date annexed*

Dated: 20 May 2020

Dhaka



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**Emami Bangladesh Limited**  
**Statement of cash flows**  
**For the year ended 31 March 2020**

	Amount in Taka	
	2019-2020	2018-2019
<b>A. Cash flows from operating activities</b>		
Collection from sales	1,270,577,771	1,362,926,825
Other income	266,327	540,507
Payment to suppliers	(679,835,848)	(531,649,015)
Payment for expenses	(456,499,797)	(331,492,805)
Income tax paid	(132,296,820)	(80,993,417)
<i>Net cash generated by / (used in) operating activities</i>	<b>2,211,633</b>	<b>419,332,096</b>
<b>B. Cash flows from investing activities:</b>		
Acquisition of fixed assets	(30,387,305)	(29,677,592)
Investment in FDR	411,388,752	(371,482,195)
Interest income	55,670,960	40,252,572
Capital work-in-progress	-	(2,455,961)
<i>Net cash provided by / (used in) investing activities</i>	<b>436,672,407</b>	<b>(363,363,176)</b>
<b>C. Cash flows from financing activities:</b>		
Interest paid	(29,799)	(19,869)
Dividend paid	(473,950,000)	(79,623,600)
Receipt/(payment) of long term loan	-	-
<i>Net cash provided by / (used in) financing activities</i>	<b>(473,979,799)</b>	<b>(79,643,469)</b>
Net changes in cash and cash equivalents (A+B+C)	(35,095,759)	(23,674,549)
Add: Cash and cash equivalents at the beginning of the year	50,651,057	49,209,788
<b>Cash and cash equivalents at the end of the year</b>	<b>15,555,298</b>	<b>25,535,239</b>

*These financial statements should be read in conjunction with the annexed notes.*

Director

Senior Manager-Accounts

Director

*Signed in terms of our separate report of even date annexed*

Dated: 20 May 2020  
Dhaka



*Asif*

**Emami Bangladesh Limited**  
**Notes, comprising significant accounting policies and other explanatory information**  
**As at and for the year ended 31 March 2020**

**1.00 Company profile**

**1.01 Legal status of the company**

Emami Bangladesh Ltd. was incorporated in Bangladesh as a private limited company on 25th November 2004 under the Companies Act, 1994 vide registration no. C-54994(1679)/04.

**1.02 Nature of business**

The company is primarily engaged in importing, trading, manufacturing and distribution of ayurvedic and cosmetics products.

**2.00 Basis of preparation**

**2.01 Statement of compliance**

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1994 and other relevant local laws and regulations as applicable. IFRS comprise of

- International Financial Reporting Standards (IFRS);
- International Accounting Standards (IAS); and
- Interpretations.

The titles and format of these financial statements follow the requirements of IFRS which are to some extent different from the requirements of the Companies Act, 1994. However, such differences are not material and in the view of management IFRS title gives better presentation to the shareholders.

**2.02 Directors' responsibility statement**

The Board of Directors takes the responsibility for the preparation and fair presentation of these financial statements.

**2.03 Date of authorisation for issue of financial statements**

On 16 April 2019, the Board of Directors reviewed the financial statements and authorized for issue.

**2.04 Reporting period**

The financial year of the company has been determined to be from 01 April to 31 March each year. These financial statements cover the year from 01 April 2019 to 31 March 2020.

**2.05 Basis of accounting**

The financial statements have been prepared under the accrual basis of accounting.

**2.06 Going concern**

As per management assessment the company had adequate resources to continue in operation for foreseeable future and there is no material uncertainties related to event or conditions which may cast significant doubt upon the company's ability to continue as going concern, and hence, the financial statements have been prepared on going concern basis.

**2.07 Basis of measurement**

The financial statements have been prepared on historical cost convention.

**2.08 Use of estimates and judgments**

The preparation of the financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.





Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

#### **Judgements**

Information about judgments made in applying accounting policies that have most significant effect on the amount recognized in the financial statements is included in the following notes:

Note #	3.01	Property, plant and equipment
Note #	3.03	Inventories

#### **Assumption and estimation uncertainties**

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year is included in the following notes:

Note #	11	Deferred tax liabilities
Note #	12	Current tax liability
Note #	13	Provisions for expenses and other

### **2.09 Functional and presentational currency**

These financial statements are presented in Bangladeshi Taka (Taka/Tk/BDT), which is the functional currency and presentation currency of the Company. All financial information presented in Taka has been

### **2.10 Materiality and aggregation**

Each material class of similar items is presented separately in the financial statements. Items of dissimilar

### **3.00 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **3.01 Property, plant and equipment**

##### **a) Recognition and measurement**

An item of property, plant and equipment that qualifies for recognition as an asset is initially recognized at its cost of acquisition and subsequently stated at cost less accumulated depreciation and impairment losses, if any, in accordance with IAS-16: Property, Plant and Equipment. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

##### **b) Subsequent cost**

The cost of replacing component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognized in the statement of profit or loss and other comprehensive income as incurred.

##### **c) Depreciation**

Depreciation is calculated on reducing balance method. The principal rates generally in use are as follows :

<b>Particulars</b>	<b>Rate of depreciation</b>
Computer and accessories	20%
Furniture and fixtures	10%
Electrical equipment	20%
Plant and machineries	20%
Vehicle	20%
Factory building	20%
Block & Dice	30%



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#### d) Disposal

On disposal of property, plant and equipment, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the statement of profit or loss and other comprehensive income, which is determined with reference to the net book value of the assets and net sales proceeds.

### 3.02 Right to use assets and lease liability

The Company is required to adopt IFRS 16 Leases from 01 April 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

#### Recognition

A right-of-use asset and a lease liability is recognized by the company at the *commencement date*.

#### Measurement

##### Initial measurement of the right-of-use asset

At the commencement date, the right-of-use asset are measured at cost.

The cost of the right-of-use asset comprise:

- (a) the amount of the initial measurement of the lease liability,
- (b) any lease payments made at or before the commencement date, less any *lease incentives* received.
- (c) any *initial direct costs* incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

##### Initial measurement of the lease liability

At the commencement date, the lease liabilities are measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the *interest rate implicit in the lease/incremental borrowing rate* which is 10%.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) *fixed payments* (including in-substance fixed payments), less any lease incentives receivable.
- b) *variable lease payments* that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- c) amounts expected to be payable by the lessee under *residual value guarantees*.
- d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

##### Subsequent measurement of the right-of-use asset

After the commencement date, the right-of-use asset are measured applying a cost model.

#### Cost model

To apply a cost model, a lessee shall measure the right-of-use asset at cost:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any remeasurement of the lease liability.

The straight-line depreciation is applying as per requirements in IAS 16 *Property, Plant and Equipment* is applied in depreciating the right-of-use asset.



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If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the *useful life* of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the *useful life* of the right-of-use asset or the end of the lease term.

IAS 36 *Impairment of Assets* is applied to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

#### Subsequent measurement of the lease liability

After the commencement date, the lease liabilities are measured by:

- (a) increasing the carrying amount to reflect interest on the lease liability.
- (b) reducing the carrying amount to reflect the lease payments made; and
- (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments

Assets type	Agreement period (no of months)	Implicit interest rate/ incremental borrowing rate
Factory	72	10%
Benapole warehouse	29	10%
Factory guest house	24	10%
Gulshan warehouse	24	10%
Guest house	42	10%
Head office	31	10%
Office rent level 15	24	10%

### 3.03 Inventories

Inventories are valued in accordance with *IAS 2: Inventories* at lower of cost and net realizable value. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sales. The cost of inventories is based on the weighted average cost method.

### 3.04 Consideration on credit risk

Management believes that there is no significant consideration of credit risk in the accounts receivable.

### 3.05 Employees' benefit schemes

#### a) Insurance scheme

The company has a personal life insurance scheme for its permanent employees, premium for which is being charged to statement of profit or loss and other comprehensive income annually as per the insurance policy.

#### b) Employees' retirement gratuity

The company provides retirement benefit in the form of gratuity determined by reference to employees' earnings and years of service to each eligible employees at the time of retirement/separation.

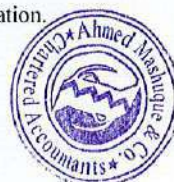
#### c) Leave encashment

Permanent employees of the company are entitled to receive leave encashment on unveiled earned leave.

### 3.06 Provisions

In accordance with the guidelines as prescribed by *IAS 37: Provisions, contingent liabilities and contingent assets* provisions are recognised when all the following criteria are met :

- When the company has a present obligation as a result of past event;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimate can be made of the amount of the obligation.



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### 3.07 Taxation

Income tax expenses comprises current and deferred tax . Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity in which case it is

#### Current tax

Current tax is recognized in line with the provisions of the Income Tax Ordinance, 1984.

#### Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss.
- temporary differences related to investment in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future, and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

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

A deferred tax asset is recognized for tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 3.08 Revenue

"The Company has applied IFRS 15 "Revenue from Contracts with Customers" for annual reporting periods beginning on or after 01 January 2018. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of performance obligations in a contract and requires revenue to be recognized when or as those performance obligations

"The new standard is based on the principle that revenue is recognized when control of goods or services transfers to a customer, so the concept of control replaces the existing concept of risks and rewards. This standard combines, enhances and replaces specific guidance on recognizing revenue with a single standard. A new five-step process must be applied before revenue from contract with customer can be recognized:

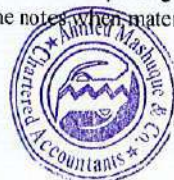
- i). Identify the contracts with customers;
- ii). Identify the separate performance obligation;
- iii). Determine the transaction price of the contract;
- iv). Allocate the transaction price to each of the separate performance obligations; and
- v). Recognize the revenue as each performance obligation is satisfied.

### 3.09 Statement of cash flows

Statement of cash flows is prepared in accordance with *IAS 7: Cash Flow Statement* under direct method.

### 3.10 Events after the reporting date

In accordance with *IAS 10: Events after the reporting period*, amount recognized in the financial statements are adjusted for event after the reporting period that provide additional evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for event after the reporting period that are indicative of conditions that arose after the reporting period. Events after the reporting period that are non-adjusting events are disclosed in the notes when material.



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### 3.11 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

### 3.12 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.

#### Financial assets

The company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the transaction.

The company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the Statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies financial assets into the following categories: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

- **Accounts receivable**

Accounts receivable is stated net of provisions, if any.

- **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and cash which are available for use by the Company without any restriction. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

- **Investment in FDR**

The Company has the positive intent and ability to hold fixed deposits to maturity, and as such financial assets are classified as held to maturity.

Investment in FDR has been made with State Bank of India, Standard Chartered Bank and The Hongkong Shanghai Banking Corporation. Interest on FDR has been accounted for on accrual basis considering the time elapsed for the current accounting period.

- **Advances, deposits and prepayments**

#### *Advances*

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deduction, adjustment.

#### *Deposits*

Deposits are measured at cost value.

#### *Prepayments*

Prepayments are initially measured at cost. After initial recognition, Prepayments are carried at cost less charges to Statement of profit or loss and other comprehensive income.

#### Financial liability

All financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

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

- **Accounts payable and other payables**

Accounts and other payables and other financial liabilities are recognized when contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.



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### 3.13 Share capital

Paid up capital represents total amount of shareholders capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time.

### 3.14 Interest income and expenses

Interest income comprises interest income on investment in FDR. Interest expenses comprise interest expense on borrowings from bank.

### 3.15 Earning per share

The Company calculates its earnings per share in accordance with IAS 33: *Earning per share*.

#### Basic earnings

This represents earnings for the year attributable to ordinary shareholders. As there were no preference shares requiring returns or dividends, minority interest or extraordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

#### Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

#### Diluted earnings per share

No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.

### 3.16 Offsetting

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the company intends to either to settle on the net basis, or to realize the assets and to settle the liabilities simultaneously.

### 3.17 Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into Bangladeshi taka at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Bangladeshi taka at the exchange rates ruling at the statement of financial position date. Non monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into Bangladeshi taka at the exchange rate ruling at the date of the transaction. Foreign exchange differences arising on translation are recognized in the respective head of income/expenses.

### 3.18 Comparative information

Comparative information have been disclosed for all numerical information in the financial statements when it is relevant for understanding the current period's financial statements.

Previous year's figure has been re-arranged whenever considered necessary to ensure comparability with the current year's presentation as per IAS 8: Accounting policies, Changes in Accounting Estimates and Errors.

### 3.19 Financial risk management policies

The management of the Company has the overall responsibility for the establishment and oversight of the company's risk management framework. Financial risk management policies require establishing standard procedures to identify and analyse the main risks to which the company is exposed and continually deploying and managing risk management systems designed to eliminate or reduce the probability that risks will arise and to limit their impact. The company is exposed to credit risk, liquidity risk and market risk.





4.00 Property plant and equipment

SL #	Particulars	Cost				Closing balance as at 31.03.2020	Rate	Depreciation				W.D.V. as at 31.03.2020	W.D.V. as at 31.03.2019
		Opening balance as at 01.04.2019	Addition during the year	Disposal during the period	Closing balance as at 31.03.2020			Opening balance as at 01.04.2019	Addition during the year	Disposal during the period	Closing balance as at 31.03.2020		
1	Computer accessories	11,054,865	4,372,532	1,078,554	14,348,843	20%	6,030,665	1,471,751	797,327	6,705,088	7,643,755	5,024,200	
2	Furniture & fixture	18,891,547	5,049,958	-	23,941,505	10%	7,949,573	1,633,527	-	9,583,100	14,558,405	10,941,974	
3	Factory building	192,790,068	2,192,214	-	194,982,282	20%	96,908,405	19,288,765	-	116,197,170	78,785,112	95,881,663	
4	Plant & machinery	176,693,930	10,624,826	-	187,318,756	20%	90,437,989	17,504,563	-	107,942,553	79,376,203	86,255,941	
5	Electrical equipment	37,218,797	2,403,783	-	39,622,580	20%	13,955,192	3,513,322	-	17,468,514	22,154,065	23,263,605	
6	Vehicles	1,993,615	-	-	1,993,615	20%	1,311,318	136,459	-	1,447,777	545,838	682,297	
7	Block & dice	47,786,863	5,743,993	-	53,530,856	30%	26,487,754	6,399,149	-	32,886,903	20,643,953	21,299,109	
	<b>Sub Total</b>	<b>486,429,684</b>	<b>30,387,305</b>	<b>1,078,554</b>	<b>515,738,436</b>		<b>243,080,895</b>	<b>49,947,537</b>	<b>797,327</b>	<b>292,231,105</b>	<b>223,507,331</b>	<b>243,348,789</b>	
8	Capital Work-In-Progress	-	-	-	-		-	-	-	-	-	-	
	<b>Total</b>	<b>486,429,684</b>	<b>30,387,305</b>	<b>1,078,554</b>	<b>515,738,436</b>		<b>243,080,895</b>	<b>49,947,537</b>	<b>797,327</b>	<b>292,231,105</b>	<b>223,507,331</b>	<b>243,348,788</b>	



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	31-Mar-20 Taka	31-Mar-19 Taka
<b>5.00 Right-of-use asset</b>		
Initial recognition of right of use assets	68,296,390	-
Addition	-	-
Accumulated depreciation on RoU	(13,760,280)	-
<b>Closing balance</b>	<b>54,536,110</b>	<b>-</b>
<i>"The company has already adopted IFRS 16 Leases wef. 1st April 2019 and the above 'Right to use assets' created against lease contracts. Detail requirements described in Note 3.02."</i>		
<b>6.00 Inventories</b>		
Raw materials	59,211,631	23,012,567
Packing materials	28,759,180	17,148,312
Stock in transit for RM and PM	15,486,287	2,000,149
Finished goods	28,806,523	19,244,851
Stock in transit for FG	-	2,757,888
	<b>132,263,621</b>	<b>64,163,767</b>
<b>7.00 Advances, deposits and prepayments</b>		
<b>Advances:</b>		
Advance payment of supplementary duty	-	1,585,716
VAT current account	22,167,636	20,254,829
Advance for expenses	-	351,699
Other receivable	-	(17,894)
<b>Deposits:</b>		
Ansar and VDP	687,244	687,244
Factory rent	2,000,000	2,000,000
Head office rent	629,100	725,600
Guest house rent	140,000	140,000
Bangladesh Telecommunications Company Limited	28,900	28,900
Bangladesh Rural Electrification Board	1,890,000	1,890,000
Other	3,500	3,500
<b>Prepayments:</b>		
Prepaid expenses	5,148,093	2,998,671
	<b>32,694,473</b>	<b>30,648,265</b>
<b>8.00 Cash and cash equivalents</b>		
Cash in hand	298,724	74,332
Cash at bank:		
Dhaka Bank Limited	1	1
Standard Chartered Bank	122,737	1,209,228
The Hongkong Shanghai Banking Corporation	(2,867,726)	7,659,377
South East Bank Limited	223,702	387,967
State Bank of India	1,777,860	1,320,152
Cheque in hand	16,000,000	40,000,000
	<b>15,256,574</b>	<b>50,576,725</b>
	<b>15,555,298</b>	<b>50,651,057</b>
<b>9.00 Share Capital</b>		
<b>Authorized Share Capital</b>	<b>100,000,000</b>	<b>100,000,000</b>
1000,000 Ordinary shares of Tk. 100.00 each		
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>3,791,600</b>	<b>3,791,600</b>
37,916 Ordinary shares of Tk. 100.00 each.		
Shareholding position of the company is as follows:		
Emami Limited, India	3,789,600	3,789,600
(37,896 ordinary shares @ Tk.100 each)		
Mr. Shri A.V Agarwal	1,000	1,000
(10 ordinary shares @ Tk.100 each)		
Mr. Shri Ashish Goenka	1,000	1,000
(10 ordinary shares @ Tk.100 each)		
	<b>3,791,600</b>	<b>3,791,600</b>
<b>10.00 Lease liability</b>		
Non current liability	45,186,714	-
Current liability	13,063,612	-
<b>Total</b>	<b>58,250,326</b>	<b>-</b>



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**11.00 Deferred tax liabilities**

Deferred tax has been recognised and measured in accordance with the provision of *IAS 12: Income taxes*.

**11.01 Deferred tax has been arrived at as follows:**

	Carrying amount as at 31 Mar 2020	Tax base as at 31 Mar 2020	Taxable/ (deductible) Temporary difference
<b>Property, plant and equipment</b>			
Computer accessories	7,643,755	4,959,539	2,684,215
Furniture & fixture	14,358,405	15,461,895	(1,103,490)
Factory building	78,785,112	68,452,605	10,332,507
Plant & machinery	79,376,203	69,056,561	10,319,642
Electrical equipment	22,154,065	15,647,404	6,506,661
Vehicles	545,838	550,693	(4,855)
Block & dice	20,643,953	24,867,239	(4,223,286)
	<u>223,507,331</u>	<u>198,995,936</u>	<u>24,511,394</u>
<b>Total taxable temporary difference</b>			<u>24,511,394</u>
Tax rate			35%
Deferred tax liability/ expense on temporary difference			<u>8,578,988</u>
<b>11.02 Deferred tax liability due to adoption of IFRS 16 Lease</b>			
Right of use assets (RoU)	54,536,110	-	54,536,110
Lease liability	58,250,326	-	(58,250,326)
			<u>(3,714,216)</u>
<b>Deferred tax assets/income on temporary difference</b>			<u>(1,299,976)</u>
<b>Total</b>			<u>7,279,012</u>
<b>Deferred tax has been arrived at as follows:</b>			
Opening balance		6,610,285	9,283,517
Provision made during the year		668,727	(2,673,231)
		<u>7,279,012</u>	<u>6,610,285</u>

**12.00 Current tax liability**

Provision for income tax (Note #12.01)	183,312,868	130,654,224
Advance income tax (Note #12.02)	(56,584,460)	(56,049,641)
	<u>126,728,408</u>	<u>74,604,583</u>
<b>12.01 Provision for income tax</b>		
Opening Balance	130,654,224	91,873,374
Add: Addition during the year	183,083,191	132,175,145
Less: Adjustment during the year	(130,424,547)	(93,394,295)
	<u>183,312,868</u>	<u>130,654,224</u>
<b>12.02 Advance income tax</b>		
Opening Balance	93,394,295	68,450,519
Add: Addition during the year	93,614,712	80,993,417
Less: Adjustment during the year	(130,424,547)	(93,394,295)
	<u>56,584,460</u>	<u>56,049,641</u>



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**13.00 Provisions for expenses and other**

Outstanding expenses (Note)13.01	191,468,006	164,736,604
Supplementary duty payable	6,000,288	-
Employee benefits expenses (Note#13.02)	49,183,788	27,754,197
Litigation provision (Note#13.03)	851,964,249	697,320,075
TDS and VDS payables	968,372	820,988
Royalty payable	40,220,515	24,355,746
	<b>1,139,805,217</b>	<b>914,987,609</b>

**13.01 Impact of the adoption of IFRS 15**

The impact of the adoption of these standards on the Company's equity as at 1 April 2020# is based on assessments undertaken to date and is summarized below.

Opening balance	24,727,000	7,810,000
Addition/ Adjustment during the year	(3,963,999)	16,917,000
	<b>20,763,001</b>	<b>24,727,000</b>

Emami Bangladesh Ltd. has assessed the impact of the initial application of IFRS 15 on its financial statements. As per Emami Bangladesh Ltd. assessment adoption of IFRS 15 would have the following adjustment (pre-tax) in Sales, marketing and distribution expenses and Outstanding expenses. Employee benefits expenses (Note - 12.02) and litigation provision (Note - 12.03) has been reclassified to provide more specific information.

	31-Mar-20 Taka	31-Mar-19 Taka
<b>13.02 Employee benefits expenses</b>		
Interest on Workers' Profit Participation and Welfare Fund	8,261,811	8,261,811
Employees' Retirement Gratuity		
Current	98,394	
Non Current	20,054,666	6,769,044
Leave encashment		6,068,008
Current	56,468	
Non Current	14,707,889	
Salary and wages	6,004,560	6,655,334
	<b>49,183,788</b>	<b>27,754,197</b>
<b>13.03 Litigation provision</b>		
Litigation provision for supplementary duty and VAT	768,605,304	639,104,958
Other provision	83,358,945	58,215,117
	<b>851,964,249</b>	<b>697,320,075</b>

Litigation provision represents provision for SD and VAT on Himani Navaratna Oil (HNRO) which is licensed as Ayurvedic Medicine by the Directorate of Drug Administration (DGDA) of Bangladesh and is eligible for VAT exemption as per SRO No.167-Law/2013/671-VAT dated 06 June 2013. However, the Customs, Excise and VAT authority has contested the eligibility. The Company had filed an Appeal in the Appellate Tribunal against the claim made by the VAT Authority. The Appellate Tribunal passed an order on 18 November 2014 in favour of the Company. However, VAT Commissionerate, Dhaka (North) filed an Appeal against the said Order of the Tribunal in the High Court (VAT Appeal No. 16 of 2015). No hearing has taken place till date. Legal counsel of the Company is given PoA to ensure that the case is heard before disposal. Even though the grounds for the Company are believed to be strong, due to the significance of the contingency the Management has decided to recognize the provision and carry on accumulation of the same till the final disposal of the issue from the highest court.

Other Litigation provision is also a contingency provision for Workers' Profits Participation (WPP), which the Company, provided in the books. Based on expert legal advice obtained from different Legal firms, the Company is of the opinion that being a 100% FDI Company, provisions regarding WPP is not applicable to the Company till the time Government enacts relevant rules in this regard. However, because of significance and as a measure of abundant caution and going by the conservative principle, provision is made in the books.



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	2019-2020	2018-2019
	Taka	Taka
<b>14.00 Sales (Net)</b>		
Manufactured goods (Ayurvedic)	789,722,023	510,067,553
Manufactured goods (Cosmetics)	796,950,253	796,950,253
Imported goods (Cosmetics)	201,091,483	170,307,216
	<b>1,787,763,759</b>	<b>1,477,325,022</b>
Sales is recognized net of SD, VAT & Other taxes collected on behalf of the Government as per the prevailing statute.		
<b>15.00 Cost of material</b>		
Opening inventories	40,160,879	48,020,647
Add: Purchase during the year	677,710,948	525,765,680
Less: Closing inventories	(103,457,098)	(40,160,879)
	<b>614,414,729</b>	<b>533,625,448</b>
<b>16.00 Changes in inventories of finished goods</b>		
Opening inventories	19,244,851	22,957,865
Less: Closing inventories	(28,806,523)	(19,244,851)
	<b>(9,561,672)</b>	<b>3,713,014</b>
<b>17.00 Manufacturing expenses</b>		
Power and utility	6,196,482	5,311,072
Factory rent	1,251,600	10,161,800
Depreciation - Right of use assets	8,417,590	-
Consumable and stores	2,683,956	2,752,053
	<b>18,549,628</b>	<b>18,224,925</b>
<b>18.00 Operating and other expenses</b>		
Office rent	584,563	4,624,956
Guest house rent	172,736	903,156
Depreciation - Right of use assets	5,342,690	-
Guest house expenses	1,664,781	1,314,241
General charges	3,578,028	2,372,032
Unrealised foreign exchange loss	12,452	-
Royalty	15,864,769	14,356,040
Recruitment expenses	444,617	57,750
Vehicle running expenses	3,784,134	3,478,333
Electricity	699,905	478,978
Audit fees	310,500	310,500
Insurance expenses	6,293,247	6,762,964
Bank charge	1,268,340	99,078
Legal and professional fees	13,168,662	14,164,452
Postage and telephone	1,576,049	1,628,586
Stationeries and office supplies	1,175,462	889,619
Repair and maintenance	-	-
Building	383,854	363,474
Machinery	1,688,032	1,869,075
Others	3,364,851	3,617,905
Books and periodicals	41,427	65,481
Traveling and conveyance expenses	16,427,758	7,955,533
Overseas travelling	2,075,799	1,444,336
Rates & taxes	7,142,094	6,236,109
Sales, marketing and distribution expenses	397,595,028	350,653,421
Laboratory testing expenses	1,715,312	1,159,780
Security service charges	5,662,585	5,304,967
Loss on theft	-	52,341
Loss on disposal	281,227	561,760
	<b>492,318,901</b>	<b>430,724,867</b>



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	2019-2020	2018-2019
	Taka	Taka
<b>19.00 Employee benefits expenses</b>		
Wages	14,228,668	12,861,486
Personnel expenses	108,795,931	71,637,420
Employees' Retirement Gratuity	17,161,819	3,125,833
Other Employee benefit	25,143,828	24,074,600
Group insurance	2,358,554	2,248,862
Staff welfare	4,825,509	4,200,765
	<b>172,514,309</b>	<b>118,148,966</b>
<b>20.00 Interest expense on lease liability</b>	<b>5,979,295</b>	-
	<b>5,979,295</b>	
<b>21.00 Basic earnings per share (EPS)</b>		
Profit after tax	309,941,576	241,380,036
Number of shares	37,916	37,916
<b>Basic EPS</b>	<b>8,174</b>	<b>6,366</b>
<b>22.00 Particulars of employee</b>		
<i>Nationality:</i>		
Bangladeshi	174	102
Non-Bangladeshi	3	2
	<b>177</b>	<b>104</b>
<i>Salary range:</i>		
Monthly Taka 3,000 or above	177	104
Monthly below Taka 3,000	-	-
	<b>177</b>	<b>104</b>

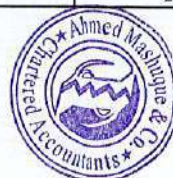
**23.00 Related party transaction**

During the year the company carried out a number of transactions with related parties in the normal course of business.

Names of those related parties, Nature of those transactions and their total value have been set out in accordance with the provisions of IAS 24: Related Party Disclosure.

Name and Relationship of the related party transaction	Nature of transaction	Transaction during the year 2019- 2020	
		Transaction value	Amount due
Emami Limited, India Parent company	Purchase of raw & packing materials	101,098,896	6,493,044
	Purchase of finished goods	76,913,891	4,594,896
	Purchase of lab equipment		-
	Purchase of plant & machinery	2,711,755	-
	Dividend	437,700,000	-
	Royalty	15,864,769	40,220,515
Mr. Shri A. V Agarwal	Dividend	125,000	-
Mr. Shri Ashish Goenka	Dividend	125,000	-

Name and Relationship of the related party transaction	Nature of transaction	Transaction during the year 2018 - 2019	
		Transaction value	Amount due
Emami Limited, India Parent company	Purchase of raw & packing materials	70,081,358	13,706,537
	Purchase of finished goods	52,227,604	-
	Purchase of lab equipment	128,268	-
	Purchase of plant & machinery	1,894,404	-
	Dividend	79,581,600	-
	Royalty	-	24,355,706
Mr. Shri A. V Agarwal	Dividend	21,000	-
Mr. Shri Ashish Goenka	Dividend	21,000	-



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## 24.00 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The company has exposure to the following risks from its use of financial instruments:

- Credit risks
- Liquidity risks
- Market risk
  
- **Credit risk**

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are grouped according to their risk profile, *i.e.* their legal status, financial condition, ageing profile etc. Accounts and other receivables are mainly related to the Company's buyers. The company's exposure to credit risk on accounts receivables is mainly influenced by the individual payment characteristics of credit purchaser. Credit risk does not arise in respect of any other receivables.

### a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Amount in taka	
		As at 31 march 2020	As at 31 March 2019
Investment in FDR		616,111,248	1,027,500,000
Bank balances(except cash in hand)	Note # 8	15,256,574	50,576,725
		<b>631,367,822</b>	<b>1,078,076,725</b>

### b) Ageing of accounts receivables

The ageing of the gross account receivable at the reporting date was:

Less than 30 days	188,545,915	665,298,635	148,112,647
31 - 90 Days	476,752,720	<b>665,298,635</b>	<b>148,112,647</b>
	<b>665,298,635</b>		

### • Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company's approach to managing liquidity (cash and bank balances) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses.

Typically, the Company ensures that it has sufficient cash and bank balances to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of the financial obligation and accordingly arranging for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the Company may get support from the shareholders in the form of shareholder's loan/capital contribution.



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The following are the contractual maturities of financial liabilities :

As at 31 March 2020					
Current liabilities	Carrying amount	Contractual cash flows	3 months or less	3-6 months	6-12 months
Accounts payable	30,348,408	(30,348,408)	(30,348,408)	-	-
Dividend payable	-	-	-	-	-
Current tax liability	126,728,408	(126,728,408)	-	(126,728,408)	-
Provisions for expenses and other	1,139,805,217	(1,139,805,217)	(247,620,453)	(40,220,515)	(851,964,249)
	<b>1,296,882,033</b>	<b>(1,296,882,033)</b>	<b>(277,968,861)</b>	<b>(166,948,923)</b>	<b>(851,964,249)</b>

As at 31 March 2019					
Current liabilities	Carrying amount	Contractual cash flows	3 months or less	3-6 months	6-12 months
Accounts payable	32,473,308	(32,473,308)	(32,473,308)	-	-
Dividend payable	-	-	-	-	-
Current tax liability	74,604,583	(74,604,583)	-	(74,604,583)	-
Provisions for	914,987,609	(914,987,609)	(193,311,788)	(24,355,746)	(697,320,075)
	<b>1,022,065,500</b>	<b>(1,022,065,500)</b>	<b>(225,785,096)</b>	<b>(98,960,329)</b>	<b>(697,320,075)</b>

• **Market risk**

Market risk is the risk that any change in market conditions, such as foreign exchange rates, interest rates and commodity prices that will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable level.

**Currency risk**

*Translation risk*

Translation risk is the risk that the company will make exchange losses when the accounting results are translated into the home currency.

*Interest rate risk*

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimise the risks surrounding interest payments and receipts.

**25.00 Capital expenditure commitment**

There is no capital expenditure commitment.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Senior Manager-Accounts

\_\_\_\_\_  
Director



*Act*



**EMAMI INTERNATIONAL FZE**

**P. O. Box 42685, Hamriyah Free Zone-Sharjah,  
United Arab Emirates**

**Financial Statements and Auditor's Report**

**For the Year Ended March 31, 2020**

**Independent Auditor's Report to the Shareholder of**

**EMAMI INTERNATIONAL FZE**

**P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates**

**Report on the audit of the financial statements**

We have audited the financial statements of **Emami International FZE** ("the Company"), which comprise the statement of financial position as at March 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis of opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matters**

- i. Without qualifying our report, we draw attention to note 5.3(iii) to these financial statements, the consolidated financial statements prepared by the ultimate parent Company Emami Ltd. is as per Ind AS and not as per IFRS.
- ii. We draw attention to note 15.5 to these financial statements, the fair value of investment properties have been determined by the management to be AED 4,127,968 as on March 31, 2020 (previous year AED 4,127,968). However, the valuation of investment properties by an external independent valuer is not available.

**Responsibilities of management and those charged with governance for the financial statements**

The Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Articles of Association of the Company, Implementing Rules and Regulations issued by the Hamriyah Free Zone Authority pursuant to Sharjah Emiri Decree No. 6 of 1995 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*(Independent auditor's report continued on next page...)*





### ***Independent auditor's report on Emami International FZE (continued...)***

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 charged with governance are 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

***(Independent auditor's report continued on next page...)***



***Independent auditor's report on Emami International FZE (continued...)***

**Report on other legal and regulatory requirement**

Further, as required by the Implementing Rules and Regulations issued by the Hamriyah Free Zone Authority pursuant to Sharjah Emiri Decree No. 6 of 1995; we report that:

- i. we have obtained all the information we considered necessary for the purposes of our audit;
- ii. the financial statements of the Company have been prepared and comply, in all material respects, with the applicable provisions of Hamriyah Free Zone Authority pursuant to Sharjah Emiri Decree No. 6 of 1995.
- iii. the Company has maintained proper books of accounts, and records of the Company are in agreement with it;
- iv. the Company has not purchased any shares or stocks during the financial year;
- v. the financial information included in the director's report is consistent with the Company's books of accounts;
- vi. note 28 to the financial statements of the Company reflects material related party transactions and the terms under which they were conducted;
- vii. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended March 31, 2020 any of the applicable provisions of the Implementing Rules and Regulations issued by the Hamriyah Free Zone Authority pursuant to Sharjah Emiri Decree No. 6 of 1995 or its Articles of Association which would materially affect its activities or its financial position as at March 31, 2020.

**N. R. Doshi & Partners**  
**Public Accountants**

**Dubai, United Arab Emirates**

**Date : June 16, 2020**





**EMAMI INTERNATIONAL FZE**

P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

**Statement of Profit or Loss and Other Comprehensive Income**

For the Year Ended March 31, 2020	Notes	31.03.2020	31.03.2019
All figures are expressed in U.A.E. Dirhams			
<b><u>Continuing operations</u></b>			
Revenue from contract with customers	6	92,032,125	89,796,122
Cost of revenue	7	<u>(45,506,726)</u>	<u>(38,358,302)</u>
<b>Gross profit</b>		46,525,399	51,437,820
Other income	8	343,229	236,135
Distribution cost	9	(33,137,324)	(28,581,789)
Other administrative expenses	10	(20,286,476)	(26,450,947)
Impairment of investment in subsidiaries		(9,970,139)	0
Impairment losses on financial assets	11	<u>(4,665,958)</u>	<u>0</u>
<b>Operating Loss</b>		(21,191,269)	(3,358,781)
Finance cost	12	(2,142,342)	(1,099,810)
Finance income		455,160	352,035
<b>Loss from continuing operations</b>		<u>(22,878,451)</u>	<u>(4,106,556)</u>
<b><u>Discontinued operations</u></b>			
Loss for the year from discontinued operations		0	0
<b>Loss for the year</b>		<u>(22,878,451)</u>	<u>(4,106,556)</u>
<b>Attributable to :</b>			
Shareholder of the Company		(22,878,451)	(4,106,556)
Non-controlling interest		0	0
<b>Loss for the year</b>		<u>(22,878,451)</u>	<u>(4,106,556)</u>
<b><u>Other comprehensive income</u></b>			
- Items that will not be reclassified subsequent to profit or loss			
Fair value reserve		(87,179)	0
Remeasurements of post-employment benefit obligations		161,374	0
- Items that may be reclassified subsequent to profit or loss		0	0
<b>Total Comprehensive income for the year</b>		<u>(22,804,256)</u>	<u>(4,106,556)</u>
<b>Attributable to:</b>			
Shareholder of the Company		(22,804,256)	(4,106,556)
Non-controlling interest		0	0
		<u>(22,804,256)</u>	<u>(4,106,556)</u>

These financial statements on pages 5 to 38 were authorised for issue on June 16, 2020 by the director and signed by:

*Amitabh Goenka*

**Mr. Amitabh Goenka**  
Director

The accompanying notes 1 to 33 form an integral part of these financial statements.



## EMAMI INTERNATIONAL FZE

P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

### Statement of Financial Position

As at March 31, 2020	Notes	31.03.2020	31.03.2019
All figures are expressed in U.A.E. Dirhams			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	13	285,019	313,487
Intangible assets	14	187,579	208,849
Investment properties	15	4,776,744	4,867,581
Investments in subsidiaries	16	209,970	10,180,109
Financial assets at fair value through other comprehensive income	17	1,984,676	2,071,855
Financial assets at amortised cost	18	12,244,234	14,574,010
<b>Total non-current assets</b>		<b>19,688,222</b>	<b>32,215,891</b>
<b>Current Assets</b>			
Inventories	19	1,374,009	732,485
Trade receivables	20	42,677,306	48,490,981
Cash and bank balances	21	598,178	829,009
Financial assets at amortised cost	18	590,969	297,185
Other assets	22	18,581,327	6,954,258
<b>Total current assets</b>		<b>63,821,789</b>	<b>57,303,918</b>
<b>Total assets</b>		<b>83,510,011</b>	<b>89,519,809</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1.1	150,000	150,000
Retained earnings	23	(25,313,097)	(2,434,646)
Fai value reserve		74,195	0
<b>Total equity</b>		<b>(25,088,902)</b>	<b>(2,284,646)</b>
<b>Non-Current Liabilities</b>			
Employee end of service benefits		1,596,695	1,607,194
<b>Total non-current liabilities</b>		<b>1,596,695</b>	<b>1,607,194</b>

(Continued on next page...)





**EMAMI INTERNATIONAL FZE**  
P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

**Statement of Financial Position (Continued...)**

As at March 31, 2020	Notes	31.03.2020	31.03.2019
All figures are expressed in U.A.E. Dirhams			
<b>Current Liabilities</b>			
Borrowings	24	42,767,555	29,437,620
Trade and other payables	25	64,183,890	60,708,868
Other liabilities	26	50,773	50,773
<b>Total current liabilities</b>		<u>107,002,218</u>	<u>90,197,261</u>
<b>Total liabilities</b>		<u>108,598,913</u>	<u>91,804,455</u>
<b>Total equity and liabilities</b>		<u>83,510,011</u>	<u>89,519,809</u>

These financial statements on pages 5 to 38 were authorised for issue on June 16, 2020 by the director and signed by:

*Amitabh Goenka*

**Mr. Amitabh Goenka**  
**Director**

The accompanying notes 1 to 33 form an integral part of these financial statements.



**EMAMI INTERNATIONAL FZE**

P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

**Statement of Changes in Equity****For the Year Ended March 31, 2020**

All figures are expressed in U.A.E. Dirhams

	Share Capital	Retained Earnings	Fair Value Reserve	Total
<b>Balance as at April 1, 2018</b>	150,000	15,842,663	0	15,992,663
Adjustments on account of adoption of IFRS 15	0	(14,170,753)	0	(14,170,753)
<b>Restated Balance as at April 1, 2018</b>	150,000	1,671,910	0	1,821,910
Loss for the year	0	(4,106,556)	0	(4,106,556)
Other comprehensive income	0	0	0	0
<b>Total comprehensive income for the year</b>	0	(4,106,556)	0	(4,106,556)
<b>Transaction with shareholder recorded directly</b>	0	0	0	0
<b>Balance as at March 31, 2019</b>	150,000	(2,434,646)	0	(2,284,646)
Loss for the year	0	(22,878,451)	0	(22,878,451)
Other comprehensive income	0	0	74,195	74,195
<b>Total comprehensive income for the year</b>	0	(22,878,451)	74,195	(22,804,256)
<b>Transaction with shareholder recorded directly</b>	0	0	0	0
<b>Balance as at March 31, 2020</b>	150,000	(25,313,097)	74,195	(25,088,902)

The accompanying notes 1 to 33 form an integral part of these financial statements.





## EMAMI INTERNATIONAL FZE

P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

### Statement of Cash Flows

For the Year Ended March 31, 2020	Notes	31.03.2020	31.03.2019
All figures are expressed in U.A.E. Dirhams			
<b>I. Cash flow from operating activities</b>			
Net loss for the year		(22,878,451)	(4,106,556)
<b>Adjustments for:</b>			
Depreciation and amortisation		193,030	180,999
Loss / (Profit) on sale of property, plant and equipment		1,211	(17,802)
Rental income from investment property		(138,331)	(125,346)
Impairment of investment in subsidiaries		9,970,139	0
Impairment losses on financial assets		4,354,976	0
Interest income		(455,160)	(352,035)
Interest paid		2,142,342	1,099,810
Provision for employee end of service benefits		399,327	741,889
<b>Cash used in operations before working capital changes</b>		<b>(6,410,917)</b>	<b>(2,579,041)</b>
Changes in inventories		(641,524)	(314,973)
Changes in trade receivables		5,813,675	5,673,760
Changes in financial asset at amortised cost		(293,784)	8,283,080
Changes in other assets		(39,269)	(18,173)
Changes in trade and other payables		3,475,022	(981,292)
Changes in other current liabilities		0	(14,410)
Payment of employee end of service benefits		(248,452)	(351,060)
Cash generated from operating activities		1,654,751	9,697,891
Interest paid		(873,124)	(854,213)
<b>Net cash flow from operating activities</b>		<b>781,627</b>	<b>8,843,678</b>
<b>II. Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(57,379)	(181,407)
Payment for intangible assets		0	(212,695)
Interest income		455,160	352,035
Proceeds from sale of property, plant and equipment		3,712	72,520
Changes in other assets		(11,587,799)	(6,656,352)
Rental income from investment property		138,331	125,346
Changes in financial asset at amortised cost		(2,025,200)	(3,420,490)
Changes in investments in subsidiaries		0	(209,970)
Change in financial assets at fair value through other comprehensive income		0	(2,071,855)
<b>Net cash used in investing activities</b>		<b>(13,073,175)</b>	<b>(12,202,868)</b>

(Continued on next page...)



**EMAMI INTERNATIONAL FZE**

P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

**Statement of Cash Flows (Continued...)**

<b>For the Year Ended March 31, 2020</b>	<b>Notes</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
All figures are expressed in U.A.E. Dirhams			
<b>III. Cash flow from financing activities</b>			
Change in borrowings		19,436,210	146,680
Interest paid		<u>(1,269,218)</u>	<u>(245,597)</u>
<b>Net cash flow from / (used in) financing activities</b>		<u>18,166,992</u>	<u>(98,917)</u>
<b>Increase / (Decrease) in cash and cash equivalents</b>	<b>( I + II + III )</b>	<b>5,875,444</b>	<b>(3,458,107)</b>
Cash and cash equivalents as at beginning of the year	(Note 5.13, 27)	(28,461,931)	(25,003,824)
<b>Cash and cash equivalents as at end of the year</b>	(Note 5.13, 27)	<u><b>(22,586,487)</b></u>	<u><b>(28,461,931)</b></u>
<b>Non-cash financing and investing activities</b>		<u><b>Nil</b></u>	<u><b>Nil</b></u>

The accompanying notes 1 to 33 form an integral part of these financial statements.





## EMAMI INTERNATIONAL FZE

P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

### Notes to the Financial Statements

For the Year Ended March 31, 2020

All figures are expressed in U.A.E. Dirhams

#### 1 Legal Status, Business Activities and Management

##### 1.1 Legal Status

EMAMI INTERNATIONAL FZE ("the Company") is incorporated as a Free Zone Establishment with limited liability pursuant to Emiri Decree No. (6) of 1995 of H.H. Sheikh Dr. Sultan Bin Mohammed Al Qassimi Ruler of Sharjah.

The Hamriyah Free Zone License Department has issued Commercial License No. 1429 dated November 12, 2005.

The registered office address of the Company is Office No. 20G-07, P.O. Box 42685, Hamriyah Free Zone-Sharjah, U.A.E.

The following is the detail of the share capital of the Company:

Name of the Shareholder	Number of Share	Value
M/s Emami Limited, India	1	150,000

The Share Capital of the Company is AED 150,000 divided into 1 share of AED.150,000 each.

##### 1.2 Business Activities

The Company is engaged in import, export and trading in perfumes and cosmetics, beauty and baby care products, etc (subject to ministry of health approval).

##### 1.3 Management

The Company is managed by Mr. Amitabh Goenka, director of the Company.

#### 2 Basis of Preparation

##### 2.1 Compliance with International Financial Reporting Standard

The financial statements of the Company has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

##### 2.2 Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, certain classes of property, plant and equipment and investment property which are measured at fair value.



## **EMAMI INTERNATIONAL FZE**

**P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates**

### **Notes to the Financial Statements**

#### **2.3 Functional and Presentation Currency**

The financial statements are presented in U.A.E Dirhams, which is the Company's functional currency. All financial information presented in U.A.E Dirhams has been rounded to the nearest Dirhams.

#### **3 Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the financial statements in conformity with IFRSs required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

The key judgments and estimates and assumptions that have significant impact on the financial statements of the Company are as discussed below:

##### **3.1 Satisfaction of Performance Obligations**

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point of time in order to determine the appropriate method of recognising revenue. The Company has assessed that the revenue is recognised at a point in time based on agreements entered with customers and the provisions of relevant laws and regulations.

##### **3.2 Determination of Transaction Price**

The Company is required to determine the transaction price in respect of each of its contract with customers. In making such judgment the Company assesses the impact of any variable consideration in the contract, due to discounts, the existence of any significant financial component in the contract and any non-cash consideration in the contract.

In determining the impact of variable consideration the Company uses the "most-likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in the range of possible consideration amounts.

##### **3.3 Transfer of Control in Contracts with Customers**

In the cases where the Company determines that performance obligation are satisfied at a point in time, revenue is recognised when the control over the asset that is the subject of the contract is transferred to the customer.

In the case of contracts to sell goods, the control passes when risks and rewards of goods is passed on to customer.





## **EMAMI INTERNATIONAL FZE**

**P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates**

### **Notes to the Financial Statements**

#### **3.4 Investment Properties**

The Company has elected to adopt the cost model for investment properties. Accordingly, investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. The Company determines whether a property qualifies as investment property in accordance with IAS 40 Investment Property. In making its judgment, the Company considers whether the property generates cash flows largely independently of the other assets held by the Company.

#### **3.5 Determining the Lease Term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Most extension options in offices leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

#### **3.6 Useful lives of Property, Plant and Equipment**

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

#### **3.7 Impairment of Financial Assets**

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

#### **3.8 Impairment of Non-Financial Assets**

The Company assesses whether there are any indicators for impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amount may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

#### **3.9 Fair Value Measurement of Financial Instrument**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.



## EMAMI INTERNATIONAL FZE

P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

### Notes to the Financial Statements

#### 4.1 New Standards, Interpretations and Amendments to Existing Standards

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing from January 1, 2019. Although these new standards and amendments applied for the first time, they did not have a material impact on the financial statements of the Company. The new standard or amendment is described below:

IAS / IFRS	Brief Description
IFRS 16	Leases
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long Term interests in Associates and Joint Ventures
Annual Improvements to IFRS Standards 2015-2017	Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
Amendments to IAS 19	Employee Benefits Plan Amendment, Curtailment or Settlement

#### 4.2 Standards and Interpretations Issued but not yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for March 31, 2020 reporting period and have not been early adopted by the Company.

IAS / IFRS	Effective Date (Annual reporting period commencing from)	Brief Description
IFRS 17	January 1, 2021	Insurance Contracts
IFRS 10 and IAS 28	To be determined	Sale or contribution of Assets between on Investors and its Associate or Joint Venture
Amendments to IFRS 3	January 1, 2020	Definition of a Business
Amendments to IAS 1 & IAS 8	January 1, 2020	Definition of Material
Conceptual Framework	January 1, 2020	Amendments to Reference to the Conceptual Framework in IFRS Standards

4.3 The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### 5 Summary of Significant Accounting Policies

The accounting policies used by the Company in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.





## **EMAMI INTERNATIONAL FZE**

**P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates**

### **Notes to the Financial Statements**

#### **5.1 Foreign Currency**

##### **5.1.1 Transactions and Balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

#### **5.2 Revenue Recognition**

##### **5.2.1 Revenue from Contracts with Customers**

The Company recognises revenue from contracts with customers based on five step model as set out in IFRS 15:

- i - Identify the contracts with a customer**
- ii - Identify the performance obligations in the contract**
- iii - Determine the transaction price**
- iv - Allocate the transaction price to the performance obligation in the contract**
- v - Recognise revenue when (or as) the entity satisfies a performance obligation**

The Company recognises revenue at the point in time which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to contractual liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.



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### **Notes to the Financial Statements**

Revenue is recognised in the income statement to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

#### **5.3 Investment in Subsidiaries**

- i. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.
- ii. Investment in subsidiary Company is not consolidated in these financial statements is recognised at cost. The cost method is a method of accounting for an investment whereby the investment is recognised at cost. The investor recognises income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognised as a reduction of cost of the investment.
- iii. These financial statements are standalone financial statements of Emami International FZE only and do not include results and assets and liabilities of its subsidiary Companies. The management of the Company has decided to exclude consolidation of the subsidiary companies in these financial statements because, the ultimate parent Company Emami Limited presents the consolidated financial statements that comply with Ind AS.

#### **5.4 Investments and Other Financial Assets**

##### **5.4.1 Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI) or through profit or loss), and
- those to be measured at amortized cost

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI, For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

##### **5.4.2 Recognition**

All financial assets are recognised and derecognised on trade date and when the purchase and sale of financial asset is made under a contract whose terms require delivery of financial asset within the timeframe established by the market concern.





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#### **5.4.3 Initial Measurement**

At initial recognition, the Company measures a financial assets at its fair value plus, in the case of a financial assets not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVPL are expensed in profit of loss.

#### **5.4.4 Subsequent Measurement**

For the purpose of subsequent measurement, financial assets are classified in two categories:

##### **a. Debt Instrument**

Subsequent measurement of debt instrument depends on the Company's business model for managing the assets and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

##### **i. Amortized Cost**

Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

##### **ii. Fair Value Through Other Comprehensive Income (FVOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains / (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

##### **iii. Fair Value Through Profit or Loss (FVPL)**

Financial asset are measured at FVPL unless it is measured at amortised cost or FVOCI. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.



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#### **b. Equity Instruments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investment in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investment continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

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

#### **5.4.5 Derecognition**

A financial asset (or, when applicable, a part of financial asset of part of group of financial assets) is derecognised when:

- i. The right to receive cash flows from the asset have expired,
- ii. The Company retains the right to receive cash flow from the asset, but has assumed an obligation to pay them in full without material delay to the third party under a 'pass-through' arrangement,
- iii. The Company has transferred its right to receive cash flow from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

#### **5.4.6 Impairment of Financial Assets**

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

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### **5.5 Financial Liabilities**

##### **5.5.1 Initial Recognition and Measurement**

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 and payables, net of directly attributable transaction costs.





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The Company's financial liabilities include employee end of service benefits, borrowings and trade and other payables and borrowings.

#### **5.5.2 Subsequent Measurement**

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

##### **a. Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

##### **b. Loans and borrowings**

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

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

##### **c. Other financial liabilities**

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 through the expected life of the financial liability, or, where appropriate, a shorter period.



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#### **5.5.3 Derecognition**

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

#### **5.6 Leases**

##### **5.6.1 Company as a Lessee**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments, variable lease payment and payments of penalties for terminating the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising of the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date, any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of offices and warehouses are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

#### **Significant Change in the Current Reporting Period**

The Company has adopted *IFRS 16 Leases* retrospectively from 1 April 2019, but has not restated comparatives for the year ended March 31, 2019, as permitted under the specific transition provisions in the standard.





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### **Notes to the Financial Statements**

Until March 31, 2019, leases of property, plant and equipment where the Company, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

#### **5.6.2 Company as a Lessor**

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

#### **5.7 Property, Plant and Equipment**

##### **5.7.1 Recognition and Measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

##### **5.7.2 Subsequent Costs**

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the items if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.



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#### 5.7.3 Depreciation

Depreciation on property, plant and equipment has been computed on straight-line method at the annual rates estimated to write off the cost of the assets over their expected useful lives as under:

Furniture and Fixtures	6.33%	15.79 years
Office Equipment	4.75%, 16.21% and 6.33%	21.05, 6.17 and 15.79 years
Vehicles	9.50%	10.53 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### 5.8 Investment Properties

An Investment property is property held either to earn rental income or for capital appreciation (including property under construction for such purposes). Investment property is measured initially at cost, including transaction costs. Transfer of investment property from property, plant and equipment is measured initially at carrying amount. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation.

Investment properties are depreciated using straight line method @ 1.63% p.a. on the original cost.

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

An Investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

#### 5.9 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

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 income statement.





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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.

Amortisation is charged on a straight-line basis over the estimated useful lives for period of 10 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

#### **5.10 Inventories**

Inventories are stated at the lower of cost or net realized value, cost being determined using the weighted moving average method, except for materials in-transit, which are stated at actual cost determined using the specific identification method. If the net realizable value of inventories is lower than the acquisition cost, the acquisition cost is adjusted to net realizable value and the difference between the original acquisition cost and revalued amount is charged to current operations. If, however, the circumstances that caused the valuation loss ceased to exist, causing the market value to rise above the carrying amount, the valuation loss is reversed limited to the original carrying amount before valuation.

#### **5.11 Trade Receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 365 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

#### **5.12 Impairment of Non-Financial Assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.



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### **Notes to the Financial Statements**

#### **5.13 Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprises of cash in hand, bank current and call accounts and bank fixed deposits free from lien with a maturity date of three months or less from the date of deposit.

#### **5.14 Finance Income**

Finance income comprises interest income on funds invested which is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is recognised as it accrues in profit or loss on the date that the Company's right to receive payment is established.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

#### **5.15 Finance Cost**

Finance cost includes interest expense calculated using the effective interest rate method as described in IFRS 9, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Costs which may also be classified as finance cost include other costs associated with the entity's management of cash, cash equivalents and debt.

#### **5.16 Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 365 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### **5.17 End-of-service Benefits**

The Company provides end-of-service benefits to its employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

#### **5.18 Provisions**

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





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

<b>6 Revenue from Contract with Customers</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
Revenue from sale of goods	92,032,125	89,796,122
	<u>92,032,125</u>	<u>89,796,122</u>

#### **Notes:**

- i. The above revenue is recognised at a point in time.
- ii. Revenue comes from sale of perfumes and cosmetics, beauty and baby care products, etc (subject to ministry of health approval) sold to the customers located in KSA, UAE, Russia, Oman, Kenya, Malaysia, Pakistan, etc.

<b>7 Cost of Revenue</b>		
Opening inventory as on April 1, 2019	732,485	417,512
Purchase and direct expenses	46,148,250	38,673,275
Closing inventory as at March 31, 2020	(1,374,009)	(732,485)
	<u>45,506,726</u>	<u>38,358,302</u>

<b>8 Other Income</b>		
Rental income from investment property	138,331	125,346
Profit on sale of property, plant and equipment	0	17,802
Other items	204,898	92,987
	<u>343,229</u>	<u>236,135</u>

<b>9 Distribution Cost</b>		
Advertisement expenses	31,526,491	25,039,607
Distributor sales representative expenses	900,549	2,706,024
Other distribution expenses	710,284	836,158
	<u>33,137,324</u>	<u>28,581,789</u>



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	<b>31.03.2020</b>	<b>31.03.2019</b>
<b>10 Other Administrative Expenses</b>		
Rent expenses	416,102	496,180
Payroll and related expenses	14,397,395	16,606,611
Depreciation and amortisation	193,030	180,999
Forex loss	14,728	2,363,474
Foreign travelling	1,201,961	1,289,612
Retainership charges	470,944	1,258,062
Bank charges	368,544	1,005,617
Law and professional charges	685,277	991,697
Rates and taxes	558,667	879,914
Commission expenses	293,360	293,367
Royalty expenses	536,502	0
General expenses	243,667	200,666
Telephone charges	125,987	197,586
Professional charges	206,230	133,477
Research and development	97,228	104,914
Conveyance expenses	90,558	97,746
Car expenses	58,934	83,909
Insurance expenses	75,692	83,448
Miscellaneous expenses	251,670	183,668
	<u>20,286,476</u>	<u>26,450,947</u>
<b>11 Impairment Losses on Financial Assets</b>		
Impairment losses for trade receivables	310,982	0
Impairment losses on financial assets at amortised cost	4,354,976	0
	<u>4,665,958</u>	<u>0</u>
<b>12 Finance Cost</b>		
Interest paid to director	27,059	245,597
Interest paid to related party	1,242,159	0
Interest paid to others	873,124	854,213
	<u>2,142,342</u>	<u>1,099,810</u>





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### Notes to the Financial Statements

#### 13 Property, Plant and Equipment

	Furniture and Fixtures	Office Equipment	Vehicles	Total
Rate of depreciation	6.33%	4.75%, 16.21% and 6.33%	9.50%	
<b>Cost</b>				
As at April 1, 2018	46,986	356,015	345,228	748,229
Additions	0	27,240	154,167	181,407
Disposal	(10,564)	(62,526)	(155,279)	(228,369)
As at March 31, 2019	36,422	320,729	344,116	701,267
Additions	0	57,379	0	57,379
Disposal	(686)	(136,500)	0	(137,186)
As at March 31, 2020	35,736	241,608	344,116	621,460
<b>Depreciation</b>				
As at April 1, 2018	27,575	277,461	170,078	475,114
For the year	3,532	39,290	43,495	86,317
On disposal	(9,455)	(57,376)	(106,820)	(173,651)
As at March 31, 2019	21,652	259,375	106,753	387,780
For the year	3,500	34,401	43,023	80,924
On disposal	(448)	(131,815)	0	(132,263)
As at March 31, 2020	24,704	161,961	149,776	336,441
<b>Net Value</b>				
As at March 31, 2020	<b>11,032</b>	<b>79,647</b>	<b>194,340</b>	<b>285,019</b>
As at March 31, 2019	14,770	61,354	237,363	313,487

#### 14 Intangible Assets

##### Cost

	31.03.2020	31.03.2019
As at April 1, 2019	212,695	0
Additions	0	212,695
As at March 31, 2020	212,695	212,695

##### Accumulated amortisation

	31.03.2020	31.03.2019
As at April 1, 2019	3,846	0
Additions	21,270	3,846
As at March 31, 2020	25,116	3,846

##### Net Value

	31.03.2020	31.03.2019
As at March 31, 2020	187,579	208,849

**Note:** This represents amount paid for acquisition of cosmetic brand.



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### Notes to the Financial Statements

15 Investment Properties	31.03.2020	31.03.2019
Cost as on April 1, 2019	5,443,467	5,443,467
Less : accumulated depreciation	(666,723)	(575,886)
Balance as at March 31, 2020	<u>4,776,744</u>	<u>4,867,581</u>

The movement in accumulated depreciation are as follows:

As at April 1, 2019	575,886	485,050
For the year	90,837	90,836
As at March 31, 2020	<u>666,723</u>	<u>575,886</u>

#### 15.1 Details of Company's Investment Properties

Property Number : 1906 in Regal Tower

Property Number : 1905 in Regal Tower

15.2 The above property are recognised at cost.

15.3 All the above property are held under freehold interest.

15.4 The above residential property at Regal Tower, Dubai has been rented out during the period and a rent of AED 138,331 (Previous period AED 125,346) has been accounted during the period.

15.5 The fair value of the above investment properties have been determined by the management to be AED 4,127,968 as on March 31, 2020 (previous year AED 4,127,968). However, the valuation of investment properties by an external independent valuer is not available.

15.6 An amount of AED 33,584 (previous year AED 35,113) has been incurred towards maintenance of the property during the year.

#### 16 Investment in Subsidiaries

Investments in Subsidiaries	<u>209,970</u>	<u>10,180,109</u>
Emami Overseas FZE (note 16.1)	0	0
Fravin Pty Ltd (note 16.2)	0	9,970,139
Limited Liability Company "Emami RUS"	91,666	91,666
Crème 21 GmBh	118,304	118,304
	<u>209,970</u>	<u>10,180,109</u>

#### 16.1 Emami Overseas FZE

Cost	25,000	25,000
Less: Impairment	(25,000)	(25,000)
Net Value	<u>0</u>	<u>0</u>





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### Notes to the Financial Statements

16.2 Fravin Pty Ltd	31.03.2020	31.03.2019
Cost	9,970,139	9,970,139
Less: Impairment	(9,970,139)	0
Net Value	<u>0</u>	<u>9,970,139</u>

### 16.3 Details of Subsidiary :

Name of the Subsidiary Company	Incorporated in and Principle Place of Business	Effective Ownership	Principal Activities
Emami Overseas FZE	United Arab Emirates	100.00%	Import, export and trading in perfumes and cosmetics, beauty and baby care products, gifts and novelties, health food etc (subject to ministry of health approval).
Fravin Pty Ltd.	Australia	85.00%	Manufacturing of products for health and Beauty Industries
Limited Liability Company "Emami RUS"	Russia	99.99%	Wholesale, distribution of food products, cosmetic and perfumery goods with exception of soap.
Crème 21 GmbH	Germany	100.00%	Trading of cosmetics and body care products.

#### **Step Down Subsidiary of Fravin Pty Ltd.**

Diamond Bio-Tech Laboratories Pty Ltd.	Australia	100.00%	Cosmetics Manufacturing and Retailing
GreenLab Organics Limited	United Kingdom	100.00%	Trading in Cosmetics Products

#### **Step Down Subsidiary of Diamond Bio-Tech Laboratories Pty Ltd.**

Abache Pty Ltd.	Australia	100.00%	Hair Dressing, beauty services and cosmetics manufacturing
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16.4 These financial statements are standalone financial statements of Emami International FZE, UAE only and does not include results, assets and liabilities of its subsidiary Company. The consolidated financial statements can be obtained from Emami Limited at Emami Tower IMD - 5th Floor, 687, Anandapur, E.M.Bypass, Kolkata-700107, West Bengal, India which is the ultimate parent Company which prepares consolidated financial statements as per Ind AS.

16.5 Investments in subsidiaries in these financial statements are recognised at cost.



## EMAMI INTERNATIONAL FZE

P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

### Notes to the Financial Statements

17	<b>Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
----	--	-------------------	-------------------

17.1	<b>Unlisted Securities</b>	<b>Effective Ownership</b>		
	LOLI Beauty Inc.	7.54%	1,984,676	2,071,855
			<u>1,984,676</u>	<u>2,071,855</u>

17.2 Details of Company's Investment in financial assets and information about the fair value hierarchy as at March 31, 2020.

Company Name	Fair Value	Fair Value Hierarchy	Valuation Technique
Investment in LOLI Beauty Inc.	1,984,676	Level 2	Fair Valuation by Independent Valuer

### 18 Financial Assets at Amortised Cost

#### Long term

Loan to Emami Overseas FZE (note 18.1)	8,951,245	8,875,075
Loan to Limited Liability Company "Emami RUS" (note 18.2)	1,156,784	254,315
Loan to Crème 21 GmBh (note 18.3)	2,136,205	0
Loan to Fravin Pty Ltd (note 18.4 and note 18.5)	0	5,444,620
	<u>12,244,234</u>	<u>14,574,010</u>

#### Short term

Deposits	207,751	199,756
Advances	347,598	97,429
VAT receivable	35,620	0
	<u>590,969</u>	<u>297,185</u>

- 18.1 The loan to Emami Overseas FZE are unsecured, interest free and its repayment terms are not stipulated.
- 18.2 The loan to Limited Liability Company "Emami RUS" are unsecured, interest bearing @8% p.a. and its repayment terms are not stipulated.
- 18.3 The loan to Crème 21 GmBh are unsecured, interest bearing @1% p.a. and its repayment terms are not stipulated.
- 18.4 The loan to Fravin Pty Ltd. are unsecured, interest bearing @8% p.a. and its repayment terms are not stipulated.
- 18.5 **Loan to Fravin Pty Ltd**

Balance as on April 1, 2019	5,444,620	5,444,620
Movement during the year	(1,089,644)	0
Impairment	(4,354,976)	0
Balance as at March 31, 2020	<u>0</u>	<u>5,444,620</u>





## EMAMI INTERNATIONAL FZE

P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

### Notes to the Financial Statements

	31.03.2020	31.03.2019
<b>19 Inventories</b>		
Goods in trade	1,041,611	732,485
Goods in transit	332,398	0
	<u>1,374,009</u>	<u>732,485</u>
<b>19.1</b>	Inventories recognised as an expense during the year ended March 31, 2020 amounted to AED 43,482,623 (Previous year AED 36,816,340). These were included in the cost of revenue.	
<b>20 Trade Receivables</b>		
Trade receivables	42,988,288	48,490,981
Less allowance (also refer note below, note 5.11 and note 31.1)	(310,982)	0
	<u>42,677,306</u>	<u>48,490,981</u>
<b>Note:</b>	The closing loss allowances for trade receivables as at March 31, 2020 reconcile to the opening loss allowances as follows:	
Balance as at beginning of the year	0	0
Increased on loss allowance recognised in profit or loss during the year	310,982	0
Balance as at end of the year	<u>310,982</u>	<u>0</u>
Ageing of trade receivables is as follows :		
Not due balance	23,998,547	36,141,377
0 - 30 days	3,000,784	3,108,077
31 - 90 days	4,985,352	7,312,421
91 - 180 days	3,257,969	98,366
Above 180 days	7,745,636	1,830,740
	<u>42,988,288</u>	<u>48,490,981</u>
<b>21 Cash and Bank Balances</b>		
Cash in hand	6,300	28,064
Balance with bank in current account	591,878	800,945
	<u>598,178</u>	<u>829,009</u>
<b>22 Other Assets</b>		
Prepayments	217,769	178,499
Advance to suppliers	18,363,558	6,775,759
	<u>18,581,327</u>	<u>6,954,258</u>
<b>23 Retained Earnings</b>		
Balance as at beginning of the year	(2,434,645)	15,842,664
Adjustment on account of IFRS 15	0	(14,170,753)
Net loss for the year	(22,804,256)	(4,106,556)
Balance as at end of the year	<u>(25,238,901)</u>	<u>(2,434,645)</u>



## EMAMI INTERNATIONAL FZE

P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

### Notes to the Financial Statements

	31.03.2020	31.03.2019
<b>24 Borrowings</b>		
Bank overdraft (note 24.1)	23,184,665	29,290,940
Loan from director (note 24.2)	1,839,231	146,680
Loan from related party (note 24.3)	17,743,659	0
	<u>42,767,555</u>	<u>29,437,620</u>
<b>24.1</b>	Above bank overdraft is secured by a valid Standby Letter of Credit issued by Citibank, India in favour of Citibank, Dubai.	
<b>24.2</b>	The loan from director is unsecured, interest bearing @2.75% p.a. and repayment terms are not stipulated.	
<b>24.3</b>	The loan from related party represents loan from Emami Limited which is unsecured, interest bearing @8% p.a. and repayment terms are three years.	
<b>25 Trade and Other Payables</b>		
Trade creditors	32,566,723	24,502,416
Employee benefits	3,128,205	3,965,312
Accruals	20,316,365	19,618,678
Contract liability	8,172,597	12,586,224
VAT payable	0	36,238
	<u>64,183,890</u>	<u>60,708,868</u>
<b>26 Other Current Liabilities</b>		
Advance from customers	<u>50,773</u>	<u>50,773</u>
<b>27 Cash and Cash Equivalents</b>		
Cash in hand	6,300	28,064
Balance with bank in current account	591,878	800,945
Bank overdraft	(23,184,665)	(29,290,940)
	<u>(22,586,487)</u>	<u>(28,461,931)</u>
<b>28 Related Party and Transactions with Related Parties</b>		

For the purpose of these financial statements, parties are considered to be related to the Company, if the party has the ability, directly or indirectly, to control the party or exercise the significant influence over the party in making financial or operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence. Related parties may be individuals or other entities.





## EMAMI INTERNATIONAL FZE

P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

### Notes to the Financial Statements

#### 28.1 Related Party Transactions

During the year, the following are the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

	31.03.2020	31.03.2019
Sales	11,636,649	0
Purchases	31,875,913	36,175,007
Commission expenses	293,360	293,360
Royalty expenses	536,502	0
Telephone expenses	16,202	0
Bank charges	78,913	383,581
Interest cost	1,269,218	245,597
Interest income	455,160	352,035

#### Directors and key managerial personnel

Salary	420,000	420,000
Rent	60,000	60,000

#### 28.2 Related Party Balances

Significant related party balances are as follows:

Trade receivables	9,069,749	0
Trade creditors	23,550,356	17,238,377
Investment in subsidiaries	209,970	10,180,109
Loan to Emami Overseas FZE	8,951,245	8,875,075
Loan to OOO Emami Russia	1,156,784	254,315
Loan to Creme 21 GmBh	2,136,205	0
Loan to Fravin Pty Ltd	0	5,444,620
Loan from director	1,839,231	146,680
Loan from related party	17,743,659	0

#### 29 Financial Instruments

Financial instruments means financial assets and financial liabilities. The Company holds following financial instruments:

##### Financial assets

Financial assets as at amortized cost		
- Cash in hand	6,300	28,064
- Balance with bank in current account	591,878	800,945
- Trade receivables	42,677,306	48,490,981
- Other financial assets at amortized cost	12,835,203	14,871,195
Investment in subsidiaries	209,970	10,180,109
Financial Assets at Fair Value Through Other Comprehensive Income	1,984,676	2,071,855
	58,305,333	76,443,149



## EMAMI INTERNATIONAL FZE

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### Notes to the Financial Statements

Financial liabilities	31.03.2020	31.03.2019
<b>Financial liabilities recognized as at amortized cost</b>		
- Employee end of service benefits	1,596,695	1,607,194
- Borrowings	42,767,555	29,437,620
- Trade and other payables	64,183,890	60,708,868
	<u>108,548,140</u>	<u>91,753,682</u>

#### 30.1 Fair Values of Financial Instruments

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique :

**Level 1 :** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1.

**Level 2 :** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3 :** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no transfers between different categories for recurring fair value measurements during the year.

#### 30.2 Valuation Techniques Used to Determine Fair Values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- for other financial instruments – discounted cash flow analysis.

#### 31 Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments.

Credit Risk  
Liquidity Risk  
Market Risk





## EMAMI INTERNATIONAL FZE

P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

### Notes to the Financial Statements

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

#### 31.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL) and deposits with banks and financial institutions, as well as credit exposures customers.

##### a. Trade Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management also considers the demographics of the customer base including the default risk of the industry and country in which customer operates. Credit policy and benchmark creditworthiness established by the management is reviewed at frequent intervals.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets.

The Company establishes an allowance for impairment at each reporting date that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Company of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 month before March 31, 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 360 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

As at March 31, 2020, top five customer represents 72.96% of the total value of trade debtors outstanding (As at March 31, 2019: 64.21%).



## EMAMI INTERNATIONAL FZE

P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

### Notes to the Financial Statements

Country-wise breakup of customers in %:

Country	As at 31.03.2020	As at 31.03.2019
KSA	23.46	15.92
UAE	11.04	9.87
RUSSIA	33.84	34.17
KUWAIT	3.46	0.00
OMAN	3.51	0.00
KENYA	7.57	4.12
MALAYSIA	1.07	4.65
UKRAINE	2.21	2.37
OTHERS	13.84	28.90
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

#### **b. Other Financial Assets and Cash and Cash Equivalents**

With respect to credit risk arising from the other financial assets of the Company, which comprise bank balances and cash, other receivables and deposits, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets. These are considered to have low credit risk. No loss allowance is necessary considering 12 month expected loss.

Credit risk from balances with banks and financial institutions is low since the bank current accounts and bank margins are placed with high credit quality financial institutions and considering the profile of them, the management does not expect any counterparty to fail in meeting its obligations.

#### **31.2 Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company has a commitment from its shareholder of a continuous support in terms of cash flow management.





## EMAMI INTERNATIONAL FZE

P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

### Notes to the Financial Statements

The table below summarises the maturity profile of the Company's financial liabilities based on contractual maturity dates:

<b>Year Ended: March 31, 2020</b>	<b>Contractual Cash Flows</b>	<b>12 Months or Less</b>	<b>Above 12 Months</b>
<b>Non-derivative financial liabilities</b>			
- Employee end of service benefits	1,596,695	0	1,596,695
- Borrowings	42,767,555	42,767,555	0
- Trade and other payables	64,183,890	64,183,890	0
<b>Derivative financial liabilities</b>	0	0	0
<b>Total financial liabilities</b>	<b>108,548,140</b>	<b>106,951,445</b>	<b>1,596,695</b>
<b>Year Ended: March 31, 2019</b>	<b>Contractual Cash Flows</b>	<b>12 Months or Less</b>	<b>Above 12 Months</b>
<b>Non-derivative financial liabilities</b>			
- Employee end of service benefits	1,607,194	0	1,607,194
- Borrowings	29,437,620	29,437,620	0
- Trade and other payables	60,708,868	60,708,868	0
<b>Derivative financial liabilities</b>	0	0	0
<b>Total financial liabilities</b>	<b>91,753,682</b>	<b>90,146,488</b>	<b>1,607,194</b>

At present, the Company expects to pay all liabilities at their contractual maturity. In order to meet such cash commitments, the Company expects the operating activity to generate sufficient cash inflows. In addition, the Company holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

### 31.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

#### a. Exposure to Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.



## EMAMI INTERNATIONAL FZE

P. O. Box 42685, Hamriyah Free Zone-Sharjah, United Arab Emirates

### Notes to the Financial Statements

Interest on bank borrowings is payable at Libor + 1.50% p.a. and interest has been paid @ 2.75% p.a. on loan from director and interest has been paid @ 8% on loan from Emami Limited. Interest has been received @8% p.a. from Limited liability Company "Emami RUS" and Fravin Pty Ltd and @1% from Crème 21 GmBh.

#### **b. Exposure to Exchange Rate Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in U.A.E. Dirhams, was as follows:

Foreign Currency Asset	Currency	Amount (IN AED)
Investment in Limited Liability Company "Emami RUS"	Russian Ruble	91,666
Investment in Creme 21 Gmbh	Euro	118,304

#### **31.4 Capital Management**

Capital includes equity attributable to the shareholder of the Company. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Company's capital management strategy is to ensure that it maintains a healthy capital gearing ratio in order to support its business and maximise shareholder value.

#### **32 Significant Events Occurring After the Date of Statement of Financial Position**

There were no significant events occurring after the financial position date which require disclosure in the financial statements.

#### **33 Comparative Figures**

Previous year's figures are regrouped and reclassified wherever necessary so as to conform to the current year's presentation.





**EMAMI INDO LANKA (PVT) LTD**  
**FINANCIAL STATEMENTS TOGETHER**  
**WITH AUDITOR'S REPORT**  
**FOR THE YEAR ENDED**  
**31 MARCH 2020**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EMAMI INDO LANKA (PVT) LTD**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Emami Indo Lanka (Pvt) Ltd which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SME's)

#### **Basis for Opinion**

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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 Code of Ethics issued by CA Sri Lanka (CA Sri Lanka Code), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2.4 in the financial statements, which indicates that the Company incurred an accumulated loss of Rs.27,439,274 as of 31 March 2020 and, as of that date, the Company's net assets are a negative of Rs.26,300,774. As stated in Note 2.4, these events or conditions, along with other matters as set forth in Note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Other Information**

Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. At the date of this auditor's report, other information was not made available to us.

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. As we were not provided with other information, we have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SME's) and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 charged with governance are 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 Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

## **Report on other legal and regulatory requirements**

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as it appears from our examination, proper accounting records have been kept by the Company.

  
**SJMS ASSOCIATES**  
Chartered Accountants  
Colombo  
08 June 2020



**EMAMI INDO LANKA (PVT) LTD**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	Year ended 31 March 2020 Rs.	Year ended 31 March 2019 Rs.
Revenue	4	290,976,160	199,891,544
Cost of sales	5	<u>(151,284,311)</u>	<u>(111,574,021)</u>
<b>Gross profit</b>		<b><u>139,691,849</u></b>	<b><u>88,317,523</u></b>
Other income		54,456	-
Selling and distribution expenses		(82,961,534)	(55,199,015)
Administration expenses		<u>(32,251,786)</u>	<u>(21,147,431)</u>
<b>Operating profit</b>		<b><u>24,532,985</u></b>	<b><u>11,971,077</u></b>
Finance cost	6	<u>(22,251,997)</u>	<u>(22,617,819)</u>
<b>Profit / loss before taxation</b>	7	<b><u>2,280,988</u></b>	<b><u>(10,646,741)</u></b>
Income tax expense	8	<u>(7,036,298)</u>	<u>(3,728,679)</u>
<b>Loss for the year</b>		<b><u>(4,755,311)</u></b>	<b><u>(14,375,420)</u></b>
<b>Other comprehensive income/ (expenses), net of income tax</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive expense for the year</b>		<b><u>(4,755,311)</u></b>	<b><u>(14,375,420)</u></b>

The accounting policies and notes from 1 - 25 form an integral part of these financial statements.





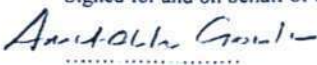
**EMAMI INDO LANKA (PVT) LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Notes	31.03.2020 Rs.	31.03.2019 Rs.
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	9	2,316,860	2,702,726
Deferred tax assets	10	124,648	-
		<u>2,441,508</u>	<u>2,702,726</u>
<b>Current assets</b>			
Inventory	11	25,006,682	15,625,516
Trade receivables	12	80,643,539	62,923,669
Other receivables	13	66,754,061	58,025,566
Cash and cash equivalents	14	36,177	44,459,402
<b>Total current assets</b>		<u>172,440,459</u>	<u>181,034,153</u>
<b>Total assets</b>		<u>174,881,967</u>	<u>183,736,879</u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Stated capital	15	1,138,500	1,138,500
Accumulated losses		(27,439,274)	(22,683,963)
<b>Total equity</b>		<u>(26,300,774)</u>	<u>(21,545,463)</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations	16	354,017	392,581
Interest bearing borrowings	17.1	28,267,287	106,168,617
Deferred tax liability	10	-	146,987
<b>Total non current liabilities</b>		<u>28,621,304</u>	<u>106,708,185</u>
<b>Current liabilities</b>			
Trade and other payables	18	65,191,319	87,046,989
Interest bearing borrowings	17.1	95,508,251	8,615,964
Current tax liabilities	19	4,173,111	2,911,204
Bank overdraft	20	7,688,756	-
<b>Total current liabilities</b>		<u>172,561,437</u>	<u>98,574,157</u>
<b>Total liabilities</b>		<u>201,182,741</u>	<u>205,282,342</u>
<b>Total equity and liabilities</b>		<u>174,881,967</u>	<u>183,736,879</u>

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

  
 Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.  
 Signed for and on behalf of the Board by the following on 08 June 2020.

  
 Director



  
 Director

The accounting policies and notes from 1 - 25 form an integral part of these financial statements.



**EMAMI INDO LANKA (PVT) LTD  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

	Stated capital Rs.	Accumulated losses Rs.	Total equity Rs.
<b>Balance as at 01 April 2018</b>	<b>1,138,500</b>	<b>(8,308,543)</b>	<b>(7,170,043)</b>
Loss for the year	-	(14,375,420)	(14,375,420)
<b>Total comprehensive income/ (expenses) for the year</b>			
Other comprehensive expenses	-	-	-
<b>Balance as at 31 March 2019</b>	<b>1,138,500</b>	<b>(22,683,963)</b>	<b>(21,545,463)</b>
Loss for the period	-	(4,755,311)	(4,755,311)
<b>Total comprehensive income/ (expenses) for the year</b>			
Other comprehensive expenses	-	-	-
<b>Balance as at 31 March 2020</b>	<b>1,138,500</b>	<b>(27,439,274)</b>	<b>(26,300,774)</b>

The accounting policies and notes from 1 - 25 form an integral part of these financial statements.





**EMAMI INDO LANKA (PVT) LTD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Year ended 31 March 2020	Year ended 31 March 2019
	Rs.	Rs.
<b>Cash flows from operating activities</b>		
Profit/ (loss) before tax	2,280,988	(10,646,741)
<b>Adjustment for:</b>		
Depreciation	513,866	396,203
Gratuity provision	(38,564)	307,675
Interest expenses	9,437,234	8,884,456
Exchange loss on loans	8,169,688	12,063,630
Provision for inventory impairment	133,654	130,654
Operating profit before working capital changes	<u>20,496,866</u>	<u>11,135,876</u>
<b>Changes in working capital</b>		
(Increase)/ decrease in inventories	(9,514,820)	380,230
Increase in trade and other receivables	(26,448,366)	(26,948,704)
Increase/ (decrease) in trade and other payables	(21,855,669)	32,066,151
<b>Cash (used in) / from operating activities</b>	<u>(37,321,989)</u>	<u>16,633,553</u>
ESC paid	(1,554,214)	(818,245)
Income tax paid	(4,491,813)	(742,256)
<b>Net cash (used in) / from operating activities</b>	<u>(43,368,016)</u>	<u>15,073,052</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(128,000)	(788,795)
<b>Net cash used in investing activities</b>	<u>(128,000)</u>	<u>(788,795)</u>
<b>Cash flows from financing activities</b>		
Short term loan obtained	25,000,000	48,137,500
Short term loan paid	(25,000,000)	(25,000,000)
Interest paid	(8,615,964)	(2,706,278)
<b>Net cash from financing activities</b>	<u>(8,615,964)</u>	<u>20,431,222</u>
Net (decrease) / increase in cash and cash equivalents during the period	(52,111,982)	34,715,479
Cash and cash equivalents at the beginning of the period (Note 21.1)	44,459,402	9,743,922
<b>Cash and cash equivalents at the end of the period (Note 21.2)</b>	<u>(7,652,579)</u>	<u>44,459,402</u>

The accounting policies and notes from 1 - 25 form an integral part of these financial statements.



**EMAMI INDO LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**1. Corporate information**

**1.1 Domicile and legal form**

Emami Indo Lanka (Private) Limited is a limited liability company incorporated on 27 June 2017 and domiciled in Sri Lanka. The registered office of the company and principal place of business is situated at No. 200, Lukmanjee Square, Colombo - 14. The Company commenced its commercial operations on 1 September 2017.

**1.2 Principal activities and nature of operations**

The company is engaged in trading of imported and locally purchased ayurvedic, cosmetics and beauty products.

**1.3 Parent entity**

In the opinion of the Directors, the company's immediate parent undertaking and controlling party is Emami Limited, which is incorporated under Indian laws.

**1.4 Date of authorisation for issue**

The financial statements were authorised for issue by the Board of Directors on 08 June 2020.

**2. Preparation of financial statements**

**2.1 Basis of preparation**

The financial statements have been prepared on a going concern basis and in compliance with the Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs) issued by The Institute of Chartered Accountants of Sri Lanka. All values appearing in the financial statements are presented in Sri Lankan Rupees (Rs.) The basis of measurement used is the historical cost basis, except where otherwise stated in the accounting policies below. The accounting policies applied by the company are in consistent with those used in the previous year. Previous year's figures and phrases are rearranged wherever necessary to conform to the current year's presentation.

**2.2 Comparative information**

The accounting policies adopted by the Company are consistent with those used in the previous financial year.

**2.3 Functional currency**

The financial statements of the company are presented in Sri Lankan rupees, which is also the functional currency of the company.

**2.4 Going concern**

The stated capital of the company is Rs. 1,138,500, whereas the accumulated losses are Rs. 27,439,274 as at 31 March 2020. The company does not have any other reserves as at this date. The company's negative equity as at 31 March 2020 was Rs. 26,300,774, and as such, the company's financial statements indicate a serious loss of capital as defined under Section 220 of the Companies Act No. 07 of 2007 as at 31 March 2020.





**EMAMI INDO LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**



**2.4 Going concern (Contd...)**

However when preparing the financial statements, the directors have made an assessment of the ability of the company to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation, cessation of trading or materially curtailing the scale of operations. The Board has received confirmation that the parent company will continue to provide financial support to the company and that the interest bearing borrowings obtained from the parent company will be converted to equity to reduce the finance cost. Further, the company has planned to introduce essential products which are in great demand due to COVID- 19. The company has introduced a hand sanitizer subsequent to the financial year and is further planning to launch hand wash and soap. In addition sale of Cream 21 and Zandu range of Ayurvedic products would contribute to the company's top line and bottom line.

**2.5 Significant accounting judgements, estimates and assumptions**

The preparation of financial statements in conformity with SLFRSs for SMEs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in future periods affected.

Significant estimation and judgements have been applied in accounting for property and equipment and deferred tax.

**3. Summary of significant accounting policies**

**3.1 Assets and bases of their valuation**

**3.1.1 Property, plant and equipment (PP & E)**

Property, plant and equipment are stated at cost less accumulated depreciation. All items of property, plant and equipment are initially recorded at cost. The cost of PP & E is the cost of purchase or construction together with any expenses incidental to their acquisition.

Provision for depreciation is calculated by using a straight-line method on the cost of all property, plant and equipment, other than freehold land, at the following rates when the asset is available for use and cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Asset	Rate (%)
Electrical installation	6.67%
Improvement to leasehold building	10.00%
Furniture, fittings & equipment	10.00%
Air conditioner	20.00%
Computers	33 1/3%
Computer software	16.67%

**3.1.2 Inventories**

Inventories are valued at the lower of cost (computed on a weighted average cost basis) or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Cost includes the cost of fair value of consideration paid including duties and taxes (other than those refundable), inward freight, and other expenditure directly attributable to the purchase. Trade discounts and rebates are deducted in determining the cost of purchase.

**EMAMI INDO LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**3.1.3 Financial assets - recognition and measurement**

**3.1.3.1 Initial recognition**

Trade and other receivables are initially recognised at the transaction price (including transaction costs). All sales are made on the basis of normal credit terms, and the receivables do not bear interest. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in statement of profit or loss.

**3.1.4 Cash and cash equivalents**

Cash and cash equivalents are defined as cash in hand and deposits in banks. For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of any outstanding bank overdrafts.

**3.2 Liabilities and provisions**

**3.2.1 Financial liabilities**

Financial liabilities are initially recognised at the transaction price (including transaction costs). Trade and other payables are obligations on the basis of normal credit terms and do not bear interest.

**3.2.2 Borrowings**

Interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. They are subsequently measured at amortised cost. Finance charges, including the transaction costs and any discount or premium on issue, are recognised in the statement of profit or loss using the effective interest rate method.

**3.2.3 Employee benefits**

**(a) Defined benefit plan - Gratuity**

The company is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983, according to which a liability to pay gratuity arises only on completion of 5 years of continuous service. In order to meet this liability, a provision is carried forward in the statement of financial position, based on a half month's salary method, for all employees for each completed year of service, commencing from the first year of service. The resulting difference between brought forward provision at the beginning of a period and the carried forward provision at the end of the period is dealt within the statement of profit or loss.

The gratuity liability is neither externally funded nor actuarially valued.

**(b) Defined contribution plan – Employees' Provident Fund**

The company and employees contribute 12% and 8% respectively on the salary of each employee to the approved Provident Fund.

**(c) Defined contribution plan – Employees' Trust Fund**

The company contributes 3% of the salary of each employee to the Employees' Trust Fund.

**3.2.4 Provisions**

Provisions are recognized when the company has a present obligation as a result of a past event and it is probable that the company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.





**EMAMI INDO LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**3.2.5 Taxation**

**Income tax**

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

**a) Current taxes**

Current income tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

**b) Deferred taxation**

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

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax credit, 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 credits can be utilised.

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 utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered.

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

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

**3.2.6 Stated capital**

Ordinary shares are classified as equity.

**3.3 Statement of profit or loss**

**3.3.1 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts, sales returns and sales related taxes.

**a) Interest**

Interest income is recognized on cash basis.



**EMAMI INDO LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**3.3.2 Expenditure recognition**

Expenses are recognized in the statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in running the business and in maintaining property, plant and equipment in a state of efficiency has been charged to the statement of profit or loss.

For the purpose of presentation of the statement of profit or loss, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the Company’s performance.





**EMAMI INDO LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	<b>Year ended 31 March 2020</b>	<b>Year ended 31 March 2019</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>4. Revenue</b>		
Sale of goods	309,993,420	207,771,099
Sales return (Note 4.1)	(19,017,260)	(7,879,555)
	290,976,160	199,891,544
<b>4.1</b>	Sales returns in 2019/20 were due to the change in the distributor from Radiant Confectioners (Pvt) Ltd to International Cosmetics (Pvt) Ltd. All sales returns were on 20 September 2019 and returned stocks were saleable stocks. These stocks were sold to International Cosmetics (Pvt) Ltd during the year 2019/20.	
<b>5. Cost of sales</b>		
Cost of goods sold	151,284,311	111,574,021
	151,284,311	111,574,021
<b>6. Finance costs</b>		
Interest expense on loans	9,437,234	8,884,456
Bank charges	2,923,374	686,123
Foreign exchange loss	9,891,389	13,047,239
	22,251,997	22,617,819
<b>7. Profit before taxation</b>		
Profit before taxation is stated after charging all expenses, including the following:		
Staff costs	15,443,978	11,423,179
EPF	1,156,394	892,072
ETF	139,049	223,018
Gratuity	(38,564)	307,675
Depreciation	513,866	396,203
Professional fees	178,513	138,035
Auditor's remuneration	593,958	496,205



**EMAMI INDO LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Year ended 31 March 2020 Rs.	Year ended 31 March 2019 Rs.
<b>8. Taxation</b>		
Current tax (Note 8.1)	7,307,933	3,715,223
Deferred tax (reversal)/ charges	(271,635)	13,456
	<u>7,036,298</u>	<u>3,728,679</u>
<b>8.1 Reconciliation between accounting profit/ (loss) and taxable profit</b>		
Accounting profit/ (loss) before tax	2,280,988	(10,646,741)
Aggregate disallowable items	26,139,958	24,667,330
Aggregate allowable items	(2,321,184)	(751,936)
Taxable profit/ assessable income	<u>26,099,762</u>	<u>13,268,653</u>
Tax @ 28% ( 2018/19- 28%)	<u>7,307,933</u>	<u>3,715,223</u>

**Applicable rate of income tax**

As instructed by the Ministry of Finance on 31 January 2020 and 5 March 2020, a number of changes have been proposed to the Inland Revenue Act No. 24 of 2017 (IRA) through Circular No. PN/IT-2020-03 (revised), to be implemented with effect from 1 January 2020, pending formal amendments being made to the Act. Accordingly, the income tax rate announced and applicable to the company with effect from 1 January 2020 is 24%.

However, as per section 29 of SLFRS for SMEs and the guidance issued by the CA Sri Lanka, a country's enactment process has to be sufficiently progressed to a stage, in order for an announced tax rate to be considered as 'substantively enacted' and applied in computing the current and deferred taxes. Therefore, for an income tax rate(s) to be considered as substantively enacted for the purpose of Section 29 of SLFRS for SMEs, the legislative process relating to such amendment needs to be completed. Until such time, the prevailing legislated rates have to be considered for the purpose of Section 29 of SLFRS for SMEs in determining as substantively enacted.

In conformity with the above guideline, the company has applied the rate of 28% in computing the income tax and deferred tax for the period ended 31 March 2020.







**EMAMI INDO LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**31.03.2020**      **31.03.2019**  
**Rs.**                      **Rs.**

<b>9.</b>	<b>Property and equipment</b>						
	Freehold property and equipment						
						2,316,860	2,702,726
						<u>2,316,860</u>	<u>2,702,726</u>

(Note 9.1)

**9.1 Freehold property and equipment**

	Electrical installations	Improvement to leasehold building	Furniture, fittings & equipment	Air conditioners	Computers	Computer software	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>							
Balance as at 01 April 2018	447,794	-	1,189,230	368,337	263,899	73,250	2,342,510
Additions during the year	-	340,000	196,805	-	223,590	28,400	788,795
<b>Balance as at 31 March 2019</b>	<u>447,794</u>	<u>340,000</u>	<u>1,386,035</u>	<u>368,337</u>	<u>487,489</u>	<u>101,650</u>	<u>3,131,305</u>
Additions during the year	-	-	-	-	128,000	-	128,000
<b>Balance as at 31 March 2020</b>	<u>447,794</u>	<u>340,000</u>	<u>1,386,035</u>	<u>368,337</u>	<u>615,489</u>	<u>101,650</u>	<u>3,259,305</u>

**Accumulated depreciation**

Balance as at 01 April 2018	123	-	326	2,086	26,214	3,628	32,377
Charge for the year	44,779	14,997	137,061	74,516	110,397	14,452	396,203
Balance as at 31 March 2019	<u>44,902</u>	<u>14,997</u>	<u>137,387</u>	<u>76,602</u>	<u>136,612</u>	<u>18,080</u>	<u>428,579</u>
Charge for the year	44,779	34,000	158,284	74,516	185,345	16,942	513,866
<b>Balance as at 31 March 2020</b>	<u>89,682</u>	<u>48,997</u>	<u>295,671</u>	<u>151,118</u>	<u>321,957</u>	<u>35,022</u>	<u>942,446</u>

**Written down value**

Balance as at 31 March 2020	<u>358,113</u>	<u>291,003</u>	<u>1,090,364</u>	<u>217,220</u>	<u>293,532</u>	<u>66,628</u>	<u>2,316,860</u>
Balance as at 31 March 2019	<u>402,892</u>	<u>325,003</u>	<u>1,248,648</u>	<u>291,736</u>	<u>350,877</u>	<u>83,570</u>	<u>2,702,726</u>

**EMAMI INDO LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**



	31.03.2020	31.03.2019
	Rs.	Rs.
<b>10. Deferred tax assets/ (liability)</b>		
Balance at the beginning of the year	(146,987)	(133,530)
(Charge)/ reversal during the year	271,635	(13,456)
Balance at the end of the year ( Note 10.1)	<u>124,648</u>	<u>(146,987)</u>
<b>10.1 Deferred tax asset/ (liability) is arising from origination/ (reversal) of the temporary differences of:</b>		
Property and equipment	(330,737)	(256,909)
Gratuity, PVLR and LTA	455,386	109,923
Deferred tax asset/ (liability) at the end of the year	<u>124,649</u>	<u>(146,987)</u>
<b>11. Inventory</b>		
Goods in transit	7,192,472	-
Finished goods	17,947,863	15,756,170
Provision for Inventory	(133,654)	(130,654)
	<u>25,006,682</u>	<u>15,625,516</u>
<b>12. Trade receivables</b>		
Radiant Confectioners (Pvt) Ltd	-	62,923,669
International Cosmetics (Pvt) Ltd	80,643,539	-
	<u>80,643,539</u>	<u>62,923,669</u>
<b>13. Other receivables</b>		
Advance payment to E-mox Manufacturing (Pvt) Ltd (Note 13.1)	37,246,860	55,250,000
Advance payment to E-mox Manufacturing (Pvt) Ltd (Note 13.2)	27,612,541	-
Advance payment to Ministry of Mass Media	500,000	-
Advance to Enya Holdings	468,000	-
Advance payment to employees	150,000	106,667
Refundable deposit	342,000	345,000
Insurance prepaid	301,513	420,369
VAT receivable	133,148	1,520,879
ESC receivable	-	382,651
	<u>66,754,061</u>	<u>58,025,566</u>

**13.1** The company granted advances of Rs.26.25Mn to E-Mox Manufacturing Lanka (Pvt) Ltd, the sole manufacturer of Emami Indo Lanka (Pvt) Ltd during the 10 months period ended 31 March 2018 and Rs. 29Mn during the financial year 2018/2019 to purchase machinery, incur installation charges, import taxes and duty and handling charges of those machinery used in the production of 'Fair & Handsome' and 'Zandu Balm'. The management has agreed to a settlement plan with the supplier, concerning these advances which is to be recovered commencing from July 2019. As of the date company has recovered Rs. 18,003,140 against the purchases.



**EMAMI INDO LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

- 13.2 The company granted Rs. 65.6Mn as raw material and packing material advances during the year and has recovered Rs. 37.9Mn against the payable to E-Mox and the balance amount will be set off against the future payable balance.

	31.03.2020	31.03.2019
	Rs.	Rs.
<b>14. Cash and cash equivalents</b>		
ICICI Bank current A/c	-	44,391,395
Cash in hand	36,177	68,007
	<u>36,177</u>	<u>44,459,402</u>
<b>15. Stated capital</b>		
Stated capital (113,850 Number of Shares)	<u>1,138,500</u>	<u>1,138,500</u>
<b>16. Retirement benefit obligations</b>		
Balance at the beginning of the year	392,581	84,906
(Reversal)/provision made during the year	(38,564)	307,675
Balance at the end of the year	<u>354,017</u>	<u>392,581</u>
<b>17. Interest bearing borrowings</b>		
<b>17.1 Emami Limited</b>		
Opening balance	114,784,581	73,405,274
Loans obtained during the year	-	23,137,500
Exchange loss	8,466,854	12,063,630
Interest payable	9,140,068	8,615,964
Less: Interest paid for FY 2018-19	(8,615,964)	(2,437,786)
Balance at the end of the year	<u>123,775,539</u>	<u>114,784,581</u>
Loan obligation repayable within one year	95,508,251	8,615,964
Loan obligation repayable after 1 year	<u>28,267,287</u>	<u>106,168,617</u>
	<u>123,775,539</u>	<u>114,784,581</u>

Interest bearing borrowings represent USD 240,000, USD 215,000 and USD 150,000 loans obtained from Emami Limited the parent company, for a period of three years on 18 September 2017, 08 December 2017 and 2 April 2018 respectively. The principal amount of the loans are to be paid in full on completion of 3 years and shall be repaid within 15 days from the expiry of the loan period of 3 years from the date of remittance of such loans. The interest on above loans should be accrued at 8% and should be paid within 3 months from the end of each financial year. These loans were obtained to meet working capital requirements.



**EMAMI INDO LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>17.2 Indocean Developers (Pvt) Ltd</b>		
Loan obtained during the year	25,000,000	25,000,000
Interest payable	-	268,492
Less: Repayment of loan during the year	(25,000,000)	(25,000,000)
Repayment of interest during the year	-	(268,492)
Balance at the end of the year	<u>-</u>	<u>-</u>
A short term interest free working capital loan of Rs. 25,000,000 was obtained from Indocean Developers (Pvt) Ltd on 27 August 2019 and the loan was repaid on 9 September 2019.		
<b>18. Trade and other payables</b>		
Trade creditors	11,519,936	40,483,364
Other payables	36,401,839	31,301,476
Accrued expenses	17,269,544	15,262,149
	<u>65,191,319</u>	<u>87,046,989</u>
<b>19. Current tax liabilities</b>		
Opening balance	2,911,204	756,482
Provision for the year	7,307,933	3,715,223
	<u>10,219,138</u>	<u>4,471,705</u>
<i>Tax credits</i>		
ESC paid	(1,554,214)	(818,245)
Self assessment payment	(1,963,250)	(184,465)
Balance income tax payment	(2,528,563)	(557,791)
Tax payable at the end of the year	<u>4,173,111</u>	<u>2,911,204</u>
<b>20. Bank overdraft</b>		
HSBC	<u>7,688,756</u>	<u>-</u>
	<u>7,688,756</u>	<u>-</u>

**Security:** Corporate guarantee amounted to Rs. 100,000,000 issued by Emami Limited, India on behalf of Emami Indo Lanka (Pvt) Ltd.





**EMAMI INDO LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**



	<b>31.03.2020</b>	<b>31.03.2019</b>		
	<b>Rs.</b>	<b>Rs.</b>		
<b>21. Notes to the cash flow statement</b>				
<b>21.1 Cash and cash equivalents at the beginning of the year</b>				
Cash and cash equivalents	44,459,402	9,743,922		
	44,459,402	9,743,922		
<b>21.2 Cash and cash equivalents at the end of the year</b>				
Cash and cash equivalents	36,177	44,459,402		
Bank overdraft	(7,688,756)	-		
	(7,652,579)	44,459,402		
<b>22. Related party disclosures</b>				
<b>22.1 Transactions with key management personnel</b>				
Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Mr. Amitabh Goenka, Mr. Yogesh Goenka and Mr. Predeep Moreas were the directors of the company during the year under review.				
Compensation paid to Key Management Personnel are as follows:				
	<b>Year ended 31</b>	<b>Year ended 31</b>		
	<b>March 2020</b>	<b>March 2019</b>		
	<b>Rs.</b>	<b>Rs.</b>		
Short term employment benefits	NIL	NIL		
<b>22.2 Transactions with related parties</b>				
<b>Name</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>Transaction value</b>	<b>Balance as at 31</b>
			<b>Rs.</b>	<b>March 2020</b>
				<b>Rs.</b>
		<b>Trading</b>		
Emami Limited	Parent	Purchase of goods	19,420,423	11,519,936
		<b>Loans &amp; borrowings</b>		
		Interest expense	9,140,068	123,775,539
		<b>Others</b>		
		Guarantee commission	591,398	591,398
		Royalty	4,913,107	4,913,107
<b>23. Capital commitments and contingencies</b>				
There were no contingent liabilities or capital commitments outstanding as at the reporting date.				

**EMAMI INDO LANKA (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**24. Events after the reporting date**

There were no material events after the reporting date that require adjustments to or disclosure in the financial statements.

**25. Impact of Covid -19**

The company has a business continuity plan in place to counter the most conceivable manmade or natural disasters. However, the COVID-19 crisis has called for a completely different and extraordinary level of preparedness and the company has tried to put in place contingency plans aimed at safeguarding the interests of all the stakeholders in our eco-system, to the best extent possible. From Emami Indo Lanka standpoint, the management has taken important steps like ensuring that employees and their families are safe across the business, the launch of hand sanitizers and also plans to introduce various essential items to the Market which are in high demand in the current COVID-19 environment.

The company has taken measures to mitigate the impact of COVID -19 through various means such as;

1. Plan to launch essential products which are in great demand due to COVID - 19. The company has already launched hand sanitizers in the market and is planning to launch a hand wash and a soap as well.
2. Plan to launch products under the German brand Creme21, which the parent company acquired last year.
3. Finalized additional distributing partners for Creme21 and essential products, which would help in ensuring larger penetration of new products, without diluting focus from the existing products.
4. Launching of Zandu range of Ayurvedic products, which are currently under registration with the Department of Ayurveda.
5. Implementing cost cutting measures.
6. Focus on improved inventory and cash management.

The company does not foresee any indication of impairment of property and equipment and other financial assets as at the reporting date due to the COVID -19 pandemic. The company could not generate revenue for the period 16 March 2020 to 29 April 2020 due to the country lockdown imposed by the Government of Sri Lanka. The Company could not clear imports amounting to Rs. 4.33 Mn as of 28 May 2020. However, these will not have much impact as there is sufficient inventory in the distribution channel. The company has carried out an analysis on the closing inventory and has concluded that an impairment provision is not required as of the reporting date as the products are having sufficient shelf - life and are in a marketable condition. Since the curfew has been lifted, the company expects the situation to normalize gradually and the stocks should start moving. Hence, the company does not see any diminution in the value of the stocks.





**EMAMI INDO LANKA (PVT) LTD**

**DETAILED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**EMAMI INDO LANKA (PVT) LTD**  
**DETAILED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Year ended 31 March 2020 Rs.	Year ended 31 March 2019 Rs.
<b>1. Selling and distribution expenses</b>		
Trade scheme	17,106,830	9,937,126
Sales incentives	3,302,917	4,933,976
Promotional expenses	9,784,119	4,180,234
Advertisement expenses	49,659,255	33,517,538
Damage and expire provision	1,323,616	1,658,668
Transport charges	1,784,796	971,472
	<u>82,961,534</u>	<u>55,199,015</u>
<b>2. Administration expenses</b>		
Salaries	15,443,978	11,423,179
Employees' Provident Fund	1,156,394	892,072
Employees' Trust Fund	289,098	223,018
Performance linked variable remuneration (PLVR)	563,753	1,107,629
Leave travel allowance (LTA)	154,224	142,800
Gratuity	(38,564)	307,675
Secretarial charges	178,513	138,035
NMRA consultancy charges	335,400	563,796
Stamp duty	126,042	15,900
ETF surcharge	-	625
Insurance	471,601	66,052
Audit fees	593,958	496,205
Tax fees	73,125	73,125
Communication charges	55,847	61,996
Printing and stationery	67,902	66,530
Repair and maintenance	9,500	2,800
Rent expenses	3,685,434	2,925,360
Travelling and fuel charges	1,265,577	1,361,433
Electricity	159,232	128,294
Depreciation	513,866	396,203
Product registration and testing charges	1,196,014	373,392
Sundry expenses	312,733	250,079
Provision for inventory	133,654	130,654
Guarantee commission	591,398	-
Royalty expenses	4,913,107	-
PAYE penalty	-	582
	<u>32,251,786</u>	<u>21,147,431</u>





**EMAMI INDO LANKA (PVT) LTD**  
**DETAILED NOTES TO THE FINANCIAL STATEMENTS (Contd..)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Year ended 31 March 2020 Rs.	Year ended 31 March 2019 Rs.
<b>3. Trade creditors</b>		
Emami Limited	11,519,936	9,336,642
E-Mox Manufacturing Lanka (Pvt) Ltd	-	31,146,722
	<u>11,519,936</u>	<u>40,483,364</u>
<b>4. Other payables</b>		
Other creditors	29,945,948	28,641,044
Travelling payable	103,800	118,900
Freight and forwarding charges	94,100	233,556
Freight inward	72,000	79,367
ESC payable	-	382,651
Stamp duty	525	425
Performance linked variable remuneration (PLVR)	1,118,135	1,341,772
Leave travel allowance (LTA)	154,224	201,876
NBT payable	-	301,884
Royalty payable	4,913,107	-
	<u>36,401,839</u>	<u>31,301,476</u>
<b>5. Accruals</b>		
Audit fees	245,625	172,125
Tax fees	73,125	73,125
EPF payable	195,753	145,268
ETF payable	29,361	21,789
PAYE payable	-	100,819
Selling and advertising expenses	15,358,376	14,473,917
Electricity charges	25,520	12,760
General charges	1,341,785	262,346
	<u>17,269,544</u>	<u>15,262,149</u>



## **Emami RUS**

**Reporting package for the period  
from April 1, 2019 to March 31, 2020**

**Prepared in accordance to Emami Limited's Group accounting  
policies, based on the Indian Accounting Standards**

Purpose of preparation:

Consolidation of Emami Limited Group, India

Prepared by:

The local management of Emami RUS

Audited by:



Maxim Aksenov

Partner

BDO Unicon AO, Moscow

May 15, 2020



BALANCE SHEET  
AS AT 31st March' 2020  
Amount in Local Currency

ASSETS	Notes	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>1. Non-Current Assets Внеоборотные Активы</b>			
(a) Property, Plant and Equipment Собственность, завод и оборудование	3,1	-	-
(b) Capital Work-in-Progress Незавершенное капитальное строительство	3,1	-	-
(c) Investment Property инвестиционная собственность	3,2	-	-
(d) Goodwill on Consolidation Гудвилл при консолидации	3,3	-	-
(e) Intangible Assets нематериальные вложения	3,3	2 000 000	-
(f) Intangible Assets under Development Нематериальные активы в стадии разработки	3,3	-	-
(g) Financial Assets финансовые средства			
(i) Investments Инвестиции	3,4	-	-
(ii) Loans Кредиты	3,5	-	-
(iii) Others Другие	3,6	-	-
(h) Deferred Tax Assets (net)	3,21	201 999	-
(i) Other Non-Current Assets Прочие Внеоборотные Активы	3,7	-	-
		2 201 999	-
<b>2. Current Assets текущие активы</b>			
(a) Inventories Запасы	3,8	20 514 573	-
(b) Financial Assets финансовые средства			
(i) Investments Инвестиции	3,4	-	-
(ii) Trade Receivables торговая дебиторская задолженность	3,9	211 106 115	-
(iii) Cash and Cash Equivalents Cash and Cash Equivalents	3,10	31 217 692	3 395 904
(iv) Bank Balance other than (iii) above Банковский баланс, отличный от (iii) выше	3,11	-	-
(v) Loans Кредиты	3,12	-	-
(vi) Other Financial Assets прочие финансовые активы	3,13	-	-
(c) Current Tax Assets (Net) Текущие Налоговые Активы	3,14	4 996 243	-
(d) Other Current Assets прочие оборотные активы	3,15	839 347	-
		268 673 970	1 500 000
		4 895 904	4 895 904
<b>Total Assets</b>		<b>270 875 969</b>	<b>4 895 904</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital Собственный Капитал Акционерный Капитал	3,16	1 500 000	1 500 000
(b) Other Equity Прочие Долевые Инструменты	3,17	503 040	(1 100 831)
		2 003 040	399 169
<b>1. Non-Current Liabilities Долгосрочные Обязательства</b>			
(a) Financial Liabilities финансовое обязательство			
(i) Borrowings Привлечение средств	3,18	-	-
(ii) Other Financial Liabilities Прочие Финансовые Обязательства	3,19	-	-
(b) Provisions Резерв	3,20	-	-
(c) Deferred Tax Liabilities (Net) Отложенные Налоговые Обязательства	3,21	-	-
(d) Other Non-Current Liabilities Прочие Долгосрочные Обязательства	3,22	-	-
<b>2. Current Liabilities текущие обязательства</b>			
(a) Financial Liabilities финансовое обязательство			
(i) Borrowings Привлечение средств	3,23	23 329 750	4 496 735
(ii) Trade Payables Торговая Кредиторская Задолженность	3,24		
Total outstanding dues of Micro, Small & Medium Enterprises (MSME) Общая сумма непогашенных взносов		-	-
Total outstanding dues of creditors Other than MSME Общая сумма непогашенных взносов кредиторов		236 114 212	-
(iii) Other Financial Liabilities Прочие Финансовые Обязательства	3,25	1 088 258	-
(b) Other Current Liabilities Прочие Текущие Обязательства	3,26	7 330 714	-
(c) Provisions Резерв	3,27	1 009 995	-
(d) Current Tax Liabilities (Net) Текущие Налоговые Обязательства			
		268 872 929	4 496 735
<b>Total Equity and Liabilities</b>		<b>270 875 969</b>	<b>4 895 904</b>



**Emami Rus**
**STATEMENT OF PROFIT AND LOSS ACCOUNT  
FOR THE Twelve Months ENDED 31st March, 2020**

Particulars		12 Month March 20	12 Month March 19
<b>Income Доход</b>			
Revenue from Operations Выручка от операционной деятельности		342 489 402	-
Other Income другой доход		833 444	118 895
<b>Total Income</b>	(A)	<b>343 322 846</b>	<b>118 895</b>
<b>Expenses Расходы</b>			
Cost of Materials Consumed Стоимость потребляемых материалов		-	-
Purchases of Stock-in-Trade Покупка акций в торговле		221 559 663	-
(Increase)/Decrease in Inventories of Finished Goods, Stock in Trade and Work-in-Progress (Увеличение) / уменьшение запасов готовой продукции, товарных запасов и незавершенного производства		(20 514 573)	-
Excise duty on sale of Goods Акциз на продажу товаров		-	-
Employee Benefits Expense Расходы На Выплату Пособий Работникам		5 789 572	863 740
Other Expenses		132 812 887	355 986
<b>Total Expenses Before Interest, Depreciation, Amortisation and Tax</b>	(B)	<b>339 647 549</b>	<b>1 219 726</b>
Earning Before Interest, Depreciation, Amortisation and Tax	(A-B)	3 675 297	(1 100 831)
Finance Costs	(C)	922 957	-
Depreciation, Amortisation & Impairment Expense:			
a) Amortisation & Impairment of Intangible Assets		1 000 000	-
b) Depreciation of Tangible Assets		-	-
	(D)	<b>1 000 000</b>	-
<b>Total Expenses</b>	(B+C+D)=E	<b>341 570 506</b>	<b>1 219 726</b>
<b>Profit Before tax and exceptional items</b>	(A-E)=F	<b>1 752 340</b>	<b>(1 100 831)</b>
Exceptional items	(G)	-	-
<b>Profit Before tax</b>	(F-G)=H	<b>1 752 340</b>	<b>(1 100 831)</b>
<b>Tax Expense:</b>	(I)		
Current Tax (MAT)		350 468	-
Provision of Earlier Years		-	-
MAT Credit Entilement		-	-
Deferred Tax charge		(201 999)	-
<b>Profit for the year</b>	(H-I)=J	<b>1 603 871</b>	<b>(1 100 831)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to Profit or Loss in subsequent periods			
Equity Instrument through Other Comprehensive Income (net of tax)		-	-
Remeasurement of the net defined benefit liability/ asset (net of tax)		-	-
Income Tax Effect		-	-
<b>Total Other Comprehensive Income, net of tax</b>		-	-
<b>Total Comprehensive Income for the year</b>		<b>1 603 871</b>	<b>(1 100 831)</b>





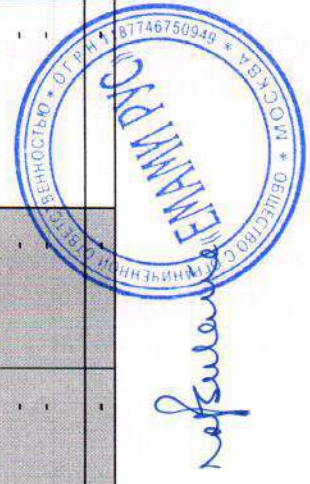
3.1 Property Plant & Equipment(Current Year)

Particulars	Gross Block			Depreciation		Net Block	
	As at 1.4.2019	Additions	Disposals/ Transfer	As at 31.03.2020	For the year	Disposals/ Transfer	As at 31.03.2020
Land <i>Leasehold</i> <i>Freehold</i>							
Building (including roads)*							
Plant & Equipment							
Furniture & Fixture							
Office Equipment							
Computer							
Motor Vehicles							
<b>Property, Plant &amp; Equipment Total</b>	-	-	-	-	-	-	-
Capital Work- In-Progress							
<b>Total</b>	-	-	-	-	-	-	-

Particulars	WDV
Land deeds not available	
of land/property not in registered Company's name	

3.2 Investment Property

Particulars	Gross Block			Depreciation		Net Block	
	As at 1.4.2019	Additions	Disposals/ Transfer	As at 31.03.2020	For the year	Disposals/ Transfer	As at 31.03.2020
Land <i>Freehold</i> <i>Building*</i>							
<b>Total</b>	-	-	-	-	-	-	-



3.3 Intangible Assets

Particulars	Gross Block			Amortisation			Net Block	
	As at 1.4.2019	Additions	Disposals/ Transfer	As at 31.03.2020	For the year	Disposals/ Transfer	As at 31.03.2020	As at 31.03.2020
Goodwill								
Computer Software								
Brands , Trade Marks & etc.								
Copy Rights								
Know How & Formulation								
Others		3 000 000,00		3 000 000,00	1 000 000,00		1 000 000,00	2 000 000,00
<b>Intangible Assets Total</b>	-	<b>3 000 000,00</b>	-	<b>3 000 000,00</b>	<b>1 000 000,00</b>	-	<b>1 000 000,00</b>	<b>2 000 000,00</b>
Intangible Assets under Development								
<b>Grand Total</b>	-	<b>3 000 000,00</b>	-	<b>3 000 000,00</b>	<b>1 000 000,00</b>	-	<b>1 000 000,00</b>	<b>2 000 000,00</b>





**CASH FLOW STATEMENT**  
for the year ended 31st March, 2020

	2019-2020	2018-2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX	1 752 339,69	(1 100 831,00)
<i>Adjustments for :</i>		
Dividend from investment in mutual funds		
(Profit) / loss on fair value of mutual funds		
Depreciation and Amortisation Expense	1 000 000,00	
Finance Costs	922 957,00	
Interest income on loans & deposits	(833 444,00)	
(Profit) / Loss on Sale/Disposal of Property, Plant & Equipments (Net)		
Dividend Income from equity investment carried at fair value through OCI		
Share of loss of an Associate		
Unrealised Foreign Exchange Gain		
Sundry balances written (back) / off (Net)		
(Profit)/ loss on Derivative Instruments		
	<b>2 841 852,69</b>	<b>(1 100 831,00)</b>
<i>Adjustments for working capital changes :</i>		
Increase /(Decrease) in Trade Payables and Other Liabilities	243 444 925,74	
(Increase)/Decrease in Inventories	(20 514 572,72)	
(Increase)/Decrease in Trade Receivables	(211 106 115,12)	
(Increase)/Decrease in Loans and Advances and Other Financial Assets	-	
(Increase)/Decrease in Other Non Financial Assets & Current Assets	660 653,00	(1 500 000,00)
Increase /(Decrease) in Provisions	1 009 995,00	
	<b>13 494 885,90</b>	<b>(1 500 000,00)</b>
<b>CASH GENERATED FROM OPERATIONS</b>		
Less : Direct Taxes Paid	(5 346 710,59)	
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>10 990 028,00</b>	<b>(2 600 831,00)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Proceeds from Sale of Property, Plant & Equipment	-	
Interest Received	833 444,00	
Dividend Received	-	
Sale of Investments	-	
Loans given	-	
Proceeds from repayment of loan given	-	
Purchase of Property, Plant & Equipment & Intangible Assets	(3 000 000,00)	
Investment in Associates	-	
Purchases of Investments	-	
Investment in Preference Shares	-	
Fixed Deposits made	-	
Proceeds from maturity of Fixed Deposit	-	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2 166 556,00)</b>	<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Borrowings	-	
Proceeds from Short Term Borrowings from Banks	18 833 015,00	4 496 735,00
Interest Paid	165 301,00	
Proceeds from Equity Share capital	-	1 500 000,00
Corporate Dividend Tax paid	-	
Cash Credit taken / (repaid) (Net)	-	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>18 998 316,00</b>	<b>5 996 735,00</b>
<b>D. Effect of Foreign Exchange Fluctuation</b>		
<b>NET INCREASE/ (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C+D)</b>	<b>27 821 788,00</b>	<b>3 395 904,00</b>
Add- CASH & CASH EQUIVALENTS-OPENING BALANCE	3 395 904,00	-
<b>CASH &amp; CASH EQUIVALENTS-CLOSING BALANCE</b>	<b>31 217 692,00</b>	<b>3 395 904,00</b>
Cash & Cash Equivalents includes:		
Balances with banks	31 217 692,00	3 395 904,00
Fixed Deposits with Banks(Original Maturity of less than 3 Months)		
Cheque-in-hand		
Cash on hand		
<b>Total Cash &amp; Cash Equivalents (Refer Note No : XXX)</b>	<b>31 217 692,00</b>	<b>3 395 904,00</b>





Emami Rus  
Notes to Financial Statements  
as at & for the period ended March 31, 2020

	As at 31.03.2020	As at 31.03.2019
<b>At amortised cost</b>		
Unsecured, Considered Good		
Security Deposits To Related parties		
Security Deposits To Others		
Loans to Related Parties ( Refer Note No 3.51)		
Loans to Employees		
<b>Total</b>	-	-

3.6 Other Non-current Financial Assets

	As at 31.03.2020	As at 31.03.2019
<b>At amortised cost</b>		
Unsecured, Considered Good		
Incentives Receivables		
Less: Provision for Doubtful Receivables		
<b>Total</b>	-	-

3.7 Other Non-current Assets

	As at 31.03.2020	As at 31.03.2019
<b>Unsecured, Considered Good unless otherwise stated</b>		
Capital Advances		
Deposit with Government authorities		
Prepaid Expenses		
Advance income tax ( Net of Provision)		
Incentives Receivables		
Less: Provision for Doubtful Receivables		
<b>Total</b>	-	-

3.8 Inventories

	As at 31.03.2020	As at 31.03.2019
<b>(At lower of cost and net realisable value)</b>		
<b>Raw and Packing Materials</b>		
Raw Material		
Packing Material		
Work-in-Progress		
Finished Goods		
Traded Goods	20 514 573	
Stores and Spares		
<b>Total</b>	- 20 514 573	-

3.9 Trade Receivables

	As at 31.03.2020	As at 31.03.2019
<b>At amortised cost</b>		
<b>Secured Обеспеченный</b>		
Considered Good Считается Хорошим -Covered under Credit Insurance	65 000 000,00	
<b>Unsecured</b>		
Considered Good	146 106 115,12	
<b>Total</b>	- 211 106 115	-

3.10 Cash and Cash Equivalents

	As at 31.03.2020	As at 31.03.2019
<b>Cash and Cash Equivalents</b>		
Balances with Banks Остатки средств в банках	31 217 692	3 395 904
Fixed Deposits with Banks (Original Maturity of less than 3 Months)		
Cash on hand		
Cheques in hand		
<b>Total</b>	- 31 217 692	3 395 904

3.11 Other Bank Balances

	As at 31.03.2020	As at 31.03.2019
<b>At amortised cost</b>		
<b>Other Bank Balances</b>		
Unpaid Dividend account		
Deposit with Original maturity of more than 3 months but less than 12 months		
<b>Total</b>	-	-

3.12 Loans

	As at 31.03.2020	As at 31.03.2019
<b>At amortised cost</b>		
<b>Unsecured, considered good</b>		
Security deposit		
Loans to Employees		





<b>Total</b>	-	-	-
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### 3.13 Other Financial Assets

	As at 31.03.2020	As at 31.03.2019
<b>At amortised cost</b>		
<b>Unsecured, considered good</b>		
Interest Receivable on Deposits		
Other Receivables		
Incentives receivable		
<b>At FVTPL</b>		
Foreign Currency Forward & Option Contracts		
<b>Total</b>	-	-

### 3.14 Current Tax Assets (Net)

	As at 31.03.2020	As at 31.03.2019
Advance Income Tax (Net of Provision)	4 996 243	
<b>Total</b>	<b>4 996 243,00</b>	-

### 3.15 Other Current Assets

	As at 31.03.2020	As at 31.03.2019
<b>Unsecured, considered good</b>		
Advances other than Capital Advances Advances other than Capital Advances		
For goods and services Для товаров и услуг	839 347	
To employees		
Balances with Excise and Sales Tax Department		
Prepaid Expenses		1 500 000
<b>Total</b>	<b>839 347</b>	<b>1 500 000</b>

OK

### 3.16 Equity Share Capital

	As at 31.03.2020	As at 31.03.2019
<b>Authorised</b>		
<b>Issued</b>		
<b>Subscribed &amp; Paid up*</b>		
	1 500 000	1 500 000
<b>Total Issued, Subscribed and Fully paid up Share Capital</b>	<b>1 500 000</b>	<b>1 500 000</b>

### 3.17 Other Equity

	As at 31.03.2020	As at 31.03.2019
<b>Retained Earnings</b>		
Opening balance	(1 269 274)	
Net Profit for the Year	1 603 871	(1 100 831)
Remeasurements of the Net Defined Benefit Plans (net of tax)		
IND AS 115 Impact		
Income Tax Effect		
Final Dividend#		
Corporate Dividend Tax#		
Closing Balance		
<b>Other Comprehensive Income</b>		
Opening Balance		
Equity Instruments through Other Comprehensive Income		
Income Tax Effect		
Closing Balance		
<b>Other Reserves</b>	168 443	
<b>Capital Reserves</b>		
<b>Securities Premium Reserve</b>		
<b>General Reserve</b>		
Opening Balance		
Transferred from General Reserve on Redemption of Debentures		
Transfer to Statement of Profit & Loss		
Closing Balance		
<b>Debenture Redemption Reserves</b>		
Opening Balance		
Transferred to General Reserve on Redemption of Debentures		
(-) Written Back in Current Year		
Closing Balance		
<b>Other Reserves</b>		
<b>Total</b>	<b>503 040</b>	<b>(1 100 831)</b>

### 3.18 Borrowings

	As at 31.03.2020	As at 31.03.2019
<b>At amortised cost По амортизированной стоимости</b>		
<b>Unsecured Необеспеченный</b>		
<b>Total</b>	-	-





**3.19 Other Financial Liabilities**

	As at 31.03.2020	As at 31.03.2019
<b>At amortised cost</b>		
<b>Unsecured</b>		
Trade Deposits		
Security Deposits		
<b>Total</b>	-	-

**3.20 Provisions**

	As at 31.03.2020	As at 31.03.2019
<b>Provision for Employee Benefits</b>		
Gratuity		
<b>Total</b>	-	-

**3.21 Deferred Tax Liabilities (Net)**

	As at 31.03.2020	As at 31.03.2019
<b>Deferred Tax Liabilities</b>		
Tax impact due to difference between tax depreciation and book depreciation		
Investment carried at fair value through Other Comprehensive Income		
<b>Deferred Tax Assets</b>		
Tax Impact of expenses allowable against taxable income in future	201 999	
MAT Credit Entitlement		
<b>Total</b>	- (201 999)	-

**3.22 Other Non-current Liabilities**

	As at 31.03.2020	As at 31.03.2019
Deferred Government grants		
<b>Total</b>	-	-

**3.23 Borrowings**

	As at 31.03.2020	As at 31.03.2019
<b>Financial liabilities carried at amortised cost</b>		
<b>Secured</b>		
<b>From Banks</b>		
Cash Credit (including working capital demand loan)		
Packing Credit		
(Both cash credit & packing credit is Secured by hypothecation of stocks, book debts on first charge basis ranking pari passu amongst lenders)		
<b>Unsecured</b>		
<b>From Banks</b>		
From Emami International FZE	23 319 750	4 496 735
From Others	10 000	
<b>Total</b>	- 23 329 750	4 496 735

**3.24 Trade Payables**

	As at 31.03.2020	As at 31.03.2019
<b>At amortised cost</b>		
Total outstanding dues of Micro, Small & Medium Enterprises (MSME)		
Total outstanding dues of creditors Other than MSME	236 114 212	
<b>Total</b>	- 236 114 212	-

**3.25 Other Financial Liabilities**

	As at 31.03.2020	As at 31.03.2019
<b>At amortised cost</b>		
Current Maturities of Long-Term Borrowings		
Interest Accrued and due on Borrowings	1 088 258	
Interest Accrued and due on Trade Deposits		
Creditors for Capital Goods		
Unpaid Dividends		
Employee Benefits		
Security deposit		
Other payables		
<b>Total</b>	1 088 258	-

**3.26 Other Current Liabilities**

	As at 31.03.2020	As at 31.03.2019
Deferred government grant		
Refund Liabilities		
Advance from Customers		
Duties & Taxes	7 330 714	
<b>Total</b>	- 7 330 714	-

**3.27 Provisions**

	As at 31.03.2020	As at 31.03.2019
<b>Provision for Employee Benefits</b>		
Provident Fund		
Leave Encashment	1 009 995	
<b>Others</b>		
Provision for Litigation		





Total

1 009 995



**Emami Rus**  
**Notes to Financial Statements**  
**as at & for the period ended March 31, 2020**

**3.28 Revenue from operations**

	12 Month March 20	12 Month March 19
Sale of Products	342 489 402	
Other Operating Revenues		
<b>Total</b>	<b>342 489 402</b>	<b>-</b>

**3.29 Other Income**

	12 Month March 20	12 Month March 19
<b>Interest Received on financial assets carried at amortised cost</b>		
Loans & Deposits	113 683	
Others	719 761	
Dividend Income from equity investment carried at cost		
Dividend Income from equity investment carried at fair value through OCI		
<b>Income received on investment carried at fair value through Profit or Loss</b>		
Dividend from investment in mutual funds		
Profit/ (loss) on Sale of mutual funds		
Profit/ (loss) on Derivative instruments		
Profit/ (loss) on Sales of Property, Plant & Equipments		
Rent and Maintenance Charges Received		
Sundry Balances Written Back		
Miscellaneous Receipts		
Net foreign exchange gain Чистая Курсовая прибыль		118 895
<b>Total</b>	<b>833 444</b>	<b>118 895</b>

**3.30 Cost of Material Consumed**

	12 Month March 20	12 Month March 19
<b>Raw materials and Packing materials</b>		
Opening Stock		
Add : Purchases during the year покупки в течение года		
Less : Closing Stock		
<b>Total</b>	<b>-</b>	<b>-</b>

**3.31 Change in inventories of finished goods, work-in-progress and Stock-in- Trade**

	12 Month March 20	12 Month March 19
(I) Opening Stock		
Work-in-progress		
Finished Goods		
Stock-in-Trade		
(II) Closing Stock		
Work-in-progress		
Finished Goods		
Stock-in-Trade	20 514 573	
<b>(I) - (II)</b>	<b>(20 514 573)</b>	<b>-</b>

**3.32 Employee Benefit Expenses**

	12 Month March 20	12 Month March 19
Salaries and Wages	5 789 572	863 740
Staff Contribution to Provident and Other Funds		
Gratuity Expenses		
Welfare Expense		





<b>Total</b>	<b>5 789 572</b>	<b>863 740</b>
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### 3.33 Finance Cost

	12 Month March 20	12 Month March 19
Interest expenses	922 957	
<b>Total</b>	<b>922 957</b>	<b>-</b>

### 3.34 Other Expenses

	12 Month March 20	12 Month March 19
Consumption of Stores and Spare parts		
Power and Fuel		
Rent	633 246	27 000
Repairs & Maintenance :		
Building		
Machinery		
Others		
Insurance	1 390 562	
Rates and Taxes	16 402	167 648
Freight & Forwarding	3 004 351	
Directors' Fees and Commission		
Advertisement & Sales Promotion	25 236 545	
Packing Charges		
Other Selling Expenses	53 763 079	
Loss on Sale/Disposal of Property, Plant & Equipments		
Sundry Balance Written Off		
Legal and Professional Fees	7 961 947	127 000
Travelling and Conveyance		
Expenditure on CSR Activities		
Miscellaneous Expenses	4 533 618	34 338
Net foreign exchange loss	36 273 137	
<b>Total</b>	<b>132 812 887</b>	<b>355 986</b>

### Depreciation, Amortisation & Impairment Expense

	12 Month March 20	12 Month March 19
a. Amorisation & Impairment of Intangible Assets	1 000 000	
b. Depreciation of Other Assets		
<b>Total</b>	<b>1 000 000</b>	<b>-</b>



Particulars	As at		
	31-Mar-20	30-Sept-19	31-Mar-19
<b>Non Current</b>			
Investment Carried at Cost			
Investment in Equity instruments( Unquoted, Fully Paid)			
In Subsidiaries			
XXXXXXXXXXXXXXXXXX	XXXX	XXXX	XXXX
XXXXXXXXXXXXXXXXXX	XXXX	XXXX	XXXX
XXXXXXXXXXXXXXXXXX	XXXX	XXXX	XXXX
In Associate			
XXXXXXXXXXXXXXXXXX	XXXX	XXXX	XXXX
Investment In Government & Trust Securities (Unquoted)			
XXXXXXXXXXXXXXXXXX	XXXX	XXXX	XXXX
(i)	-	-	-
Investment Carried at FVTPL ( Unquoted, Fully Paid)			
Equity Shares			
XXXXXXXXXXXXXXXXXX	XXXX	XXXX	XXXX
Preference Shares			
XXXXXXXXXXXXXXXXXX	XXXX	XXXX	XXXX
Less: Fair value loss			-
Investment in Mutual Fund (Unquoted)			
XXXXXXXXXXXXXXXXXX	XXXX	XXXX	XXXX
(ii)	-	-	-
Investment Carried at Fair Value through Other Comprehensive Income			
Investment in Equity instruments( Quoted, Fully paid)			
XXXXXXXXXXXXXXXXXX	XXXX	XXXX	XXXX
(iii)	-	-	-
Total (i) + (ii) + (iii)	-	-	-
Aggregate Book Value of Quoted Investments and Market Value thereof	-	-	-
Aggregate Book Value of Unquoted Investments	-	-	-

Particulars	As at		
	31-Mar-20	30-Sept-19	31-Mar-19
<b>Current</b>			
Investment carried at fair value through Profit or loss			
Investment in Mutual Fund (Unquoted)			
XXXXXXXXXXXXXXXXXX	XXXX	XXXX	XXXX
Investment in Mutual Fund (Quoted)			
XXXXXXXXXXXXXXXXXX	XXXX	XXXX	XXXX
Aggregate amount of Unquoted Investments and Market Value thereof	-	-	-
Aggregate amount of Quoted Investments and Market Value thereof	-	-	-





Details required for Stock Reserve Computation

Particulars	Amount		Total Closing Stock as on reporting Date
	Purchase from Related Party	Purchase from third Party/OWN Manufacturing	
Raw Material			-
Packing Material			-
WIP			-
Finished Goods	20 441 066,00	73 507,00	20 514 573,00
Goods in Transit			-
			<b>20 514 573</b>



Reporting Company Name	Related Party Name	Nature of Relationship	Transaction Details	Item Type		For BS Items	
				PL/BS	12 Months Mar 20	As on Mar 20	As on Mar 20
Emami Rus LLC	Emami International FZE	Parent Company	Liability for purchase of Traded Goods	BS		192 259 150	
Emami Rus LLC	Emami International FZE	Parent Company	Interest Cost	PL	922 957		
Emami Rus LLC	Emami International FZE	Parent Company	Loan Payable	BS		23 319 750	
Emami Rus LLC	Emami International FZE	Parent Company	Incurring interest payable	BS		1 088 258	
Emami Rus LLC	Emami International FZE	Parent Company	Purchases of Stock-in-Trade	PL	205 744 517		





Particulars	Amount
Exchange Gain/(Loss) as per PL	-36 273 137
Realised Portion	-972 273
Unrealised Portion	-35 300 865
	-36 273 137

*Исполнено*



**Impact Analysis of IND AS 116**

No significant impact is expected.





## Emami RUS

### Notes to the Reporting package for the period from April 1, 2019 to March 31, 2020

Prepared in accordance to Emami Limited's Group accounting policies, based on the Indian Accounting Standards

Purpose of preparation:

Consolidation of Emami Limited Group, India

Prepared by:

The local management of Emami RUS

Audited by:



Maxim Aksenov

Partner

BDO Unicon AO, Moscow

May 15, 2020

**Notes to Consolidated Financial Statements as at & for the year ended 31st March, 2020**

**Emami RUS**

The Company has made a provision of 31.03.2020 towards cases which are under litigation/dispute as shown below :

Description	As at 31.03.2020	As at 31.03.2019
Opening Balance		
Provisions made during the year		
Payment/reversals during the year		
<b>Closing Balance</b>		

**Contingent Liabilities & Commitments**

**I) Contingent Liabilities**

(a) Claims against the Company not acknowledged as debt :	As at 31.03.2020	As at 31.03.2019
i) Excise Duty demands		
ii) Sales Tax demands under appeal		
iii) Entry Tax		
iv) Others - Specify the nature		

(b) Guarantees	As at 31.03.2020	As at 31.03.2019
Bank Guarantee		

**II) Commitments:**

	As at 31.03.2020	As at 31.03.2019
<b>(a) Capital Commitments</b> : Estimated amount of commitments [net of advances of Rs. XXX Lacs (31.03.2019 - Rs. XXX lacs)] on capital account not provided for		
(b) Other Commitments :		

**Information regarding income and expenditure of Investment property**

Particulars	As at 31.03.2020	As at 31.03.2019
Income derived from investment properties		
Less : Direct operating expenses (including repairs and maintenance)generating income from investment property		
Profit arising from investment properties before depreciation and indirect expenses		
Less: Depreciation		
Profit arising from investment properties before indirect expenses	-	-

**Reconciliation of fair value::**

	2019-2020	2018-2019
Fair value of opening balance of Investment property		
Fair value adjustment on opening balance of Investment property		
Fair value of transfer in / (out)		
Fair value of closing balance of Investment property		

**Categorization of Financial Instruments:**

Particulars	As at 31.03.2020	As at 31.03.2019
	Carrying value /Fair value	
<b>(i) Financial Assets</b>		
<b>Measured at FVTPL</b>		
- Investments in Mutual Funds		
- Investments in Preference Shares		
- Investments in Equity Shares		
- Other Financial Assets (Derivative assets - Forward & Option)		
<b>b) Measured at FVOCI</b>		
- Investments in Equity Shares		
<b>c) Measured at Amortised Cost*</b>		
- Loans		





- Other Financial Assets	-	-
<b>TOTAL</b>	-	<b>0,00</b>
<b>(ii) Financial Liabilities</b>		
<b>a) Measured at Amortised Cost*</b>		
- Borrowings (Secured & Unsecured)	23 329 750,00	4 496 735,00
- Other Financial Liabilities	1 088 258,00	-
<b>TOTAL</b>	<b>24 418 008,00</b>	<b>4 496 735,00</b>

\*Carrying Value of assets / liabilities carried at amortized cost are reasonable approximation of its fair values.

#### Fair Value hierarchy

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities

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

**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2019:

Particulars	Fair value measurement at end of the reporting year using			As at 31.03.2020
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments in Mutual Fund units /alternate investment fund	-	-	-	-
Investments in Equity Shares	-	-	-	-
Investments in Preference Shares	-	-	-	-
Derivative financial instruments - Derivative assets - Forward & Option Contracts	-	-	-	-

Particulars	Fair value measurement at end of the reporting year using			As at 31.03.2019
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments in Mutual Fund units /alternate investment fund	-	-	-	-
Investments in Equity Shares	-	-	-	-
Investments in Preference Shares	-	-	-	-
Derivative financial instruments - foreign currency forward and option contracts	-	-	-	-

#### Description of significant unobservable inputs to valuation:

Particulars	Valuation technique	Significant unobservable inputs	Sensitivity of the input to fair value
Unquoted Preference Shares	Discounting Cash Flow Method	Discount Rate	
Derivative Financial instrument - Options Contract	Discounting Cash Flow Method	Discount Rate	
Derivative Financial instrument - Options Contract	Discounting Cash Flow Method	Discount Rate	
Others - Specify the same			

#### Income Taxes

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarised below :

Particulars	2019-20	2018-19
Profit before Income Taxes	1 752 339,69	(1 100 831,41)
Enacted Tax Rate in Respective Country	20,00%	20,00%
Computed expected tax expenses	350 467,94	(220 166,28)
Deductible temporary differences - provision for employee benefits (outstanding vacation)	(201 989,00)	



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Non-recognised tax loss carry-forward		220 166,28
Reconciliation Item -3 - Give nature & Details		
Reconciliation Item -3 - Give nature & Details		
Reconciliation Item -4 - Give nature & Details		
<b>Income Tax Expense</b>	<b>148 468,94</b>	<b>-</b>

#### Leases

The lease rentals charged during the year is as under:

Particulars	2019-2020	2018-2019
Lease Rentals recognised during the year	633 245,61	27 000,00

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

Future minimum lease payable	As at 31.03.2020	As at 31.03.2019
Not later than 1 year	-	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-

The operating lease arrangements are renewable on a periodic basis. The period of extension depends on mutual agreement. These lease agreements have price escalation clauses.

#### Financial risk management

##### Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures.

##### Market risk

##### Foreign Currency risk

The Group operates both in domestic market and internationally and consequently the Group is exposed to foreign exchange risk through its sales in overseas countries, and purchases from overseas suppliers in foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

The following table analyzes foreign currency risk from financial instruments

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Exposer Currency (USD )</b>		
Trade Receivable	0,00	0,00
<b>Exposer Currency (AED)</b>		
Trade Receivable	0,00	0,00
<b>Exposer Currency (AUD)</b>		
Trade Receivable	0,00	0,00
<b>Exposer Currency (EGP)</b>		
Trade Receivable	0,00	0,00
<b>Exposer Currency (EURO)</b>		
Trade Receivable	0,00	0,00
<b>Exposer Currency (BDT)</b>		
Trade Receivable	0,00	0,00
<b>Exposer Currency (LKR)</b>		
Trade Receivable	0,00	0,00
	0,00	0,00

##### Derivative financial instruments

The Group holds derivative financial instruments such as foreign currency forward to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution.





The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining maturity period.

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Less than 1 year</b>		
Forward Contract (Currency - XXX) - to cover equivalent receivables	-	-
<b>Total derivative financial instruments</b>	-	-

#### Commodity Price Risk

The Group is affected by the price volatility of its key raw materials. Its operating activities requires a continuous supply of key material for manufacturing of hair oil, talc, balm and other products. The Group's procurement department continuously monitor the fluctuation in price and take necessary action to minimise its price risk exposure.

#### Security Price Risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

The Group invests its surplus funds in various mutual funds, debt instruments and equity instruments. These comprise of mainly liquid schemes of mutual funds, short term debt funds & income funds (duration investments) and certain quoted equity instruments. To manage its price risk arising from investments in mutual funds and equity instruments, the Group diversifies its portfolio. Mutual fund and equity investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

The Group's exposure to securities price risk arises from investments in mutual funds and equity investments held by the Group and classified in the Balance Sheet as fair value through profit or loss / fair value through other comprehensive income

#### Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to 211 106 kRUB and zero as at 31.03.2020 and 31.03.2019, respectively. Trade receivables includes both secured and unsecured receivables and are derived from revenue earned from domestic and overseas customers. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. An impairment analysis is performed at each reporting date on an individual basis based on historical data of credit losses.

The ageing analysis of the receivables has been considered from the date the invoice falls due.

Trade Receivable	As at 31.03.2020	As at 31.03.2019
Less than 30 days	211 106 115,12	-
31 - 90 Days	-	-
91 to 180 days	-	-
More than 180 days	-	-
<b>Total</b>	<b>211 106 115,12</b>	<b>-</b>

#### Liquidity Risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations as well as investment in mutual funds. The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

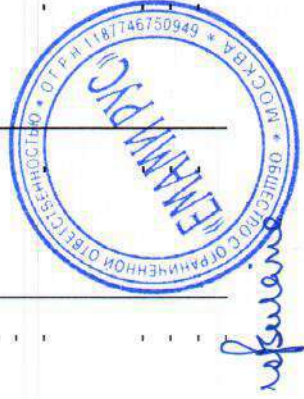
The table below provides details regarding the contractual maturities of significant financial liabilities.

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Less than 1 year</b>		
Borrowings	23 329 750,00	4 496 735,00
Interest Payable on Borrowings in future		
Trade Payables	236 114 212,05	
Other financial Liabilities	1 088 258,00	
	260 532 220,05	4 496 735,00
<b>More than 1 year</b>		
Other financial Liabilities	-	-
	-	-
<b>Total</b>	<b>260 532 220,05</b>	<b>4 496 735,00</b>



B. Disclosure of Transactions between the Company and Related Parties.

Particulars	Associate		Directors, Key Management Personnel & Relatives		Entities / Trust where Key Management Personnel and their relatives have significant influence		Total	
	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019
<b>1. Remuneration and Employee Benefits</b>								
<b>i) EXECUTIVE DIRECTORS</b>								
- Short Term Employee benefits	-	-	-	-	-	-	-	-
- Post Employment benefits	-	-	-	-	-	-	-	-
- Commission	-	-	-	-	-	-	-	-
<b>ii) OTHER DIRECTORS</b>								
- Sitting Fees	-	-	-	-	-	-	-	-
- Commission	-	-	-	-	-	-	-	-
<b>iii) GENERAL DIRECTOR</b>								
- Short Term Employee benefits	-	-	2 400 000,00	680 000,00	-	-	2 400 000,00	680 000,00
- Post Employment benefits	-	-	-	-	-	-	-	-
<b>2. Sales</b>								
- Sale of Goods	-	-	-	-	-	-	-	-
- Sale of Export Benefit Licence	-	-	-	-	-	-	-	-
<b>3. Other Income</b>								
- Sale of Property, Plant & Equipment	-	-	-	-	-	-	-	-
- Rent, Maintenance & Other Charges Received	-	-	-	-	-	-	-	-
- Royalty Received	-	-	-	-	-	-	-	-
- Dividend Received	-	-	-	-	-	-	-	-
<b>4. Purchase</b>								
- Purchase of Gift and Promotional Items	-	-	-	-	-	-	-	-
- Purchase of Raw Materials	-	-	-	-	-	-	-	-
<b>5. Other Expenses</b>								
- Rent, Maintenance & Other Charges Paid	-	-	-	-	-	-	-	-
- Donation Paid	-	-	-	-	-	-	-	-
- Commission Paid	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-





6. Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Investment including Commitments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Security Deposit Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Security Deposit Given	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Refund against Security Deposit Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11. Refund against Security Deposit Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12. Reimbursement of Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13. Contribution to Provident Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



C. The details of amount due to or due from related parties as at March 31, 2020 and March 31, 2019 as follows :

Particulars	Related Party	As at 31.03.2020	As at 31.03.2019
Investment	Associate (Net of Share of Loss) Entities where Key Management Personnel and their relatives have significant influence		
Trade Receivable	Entities where Key Management Personnel and their relatives have significant influence		
Other Receivable	Associate Entities where Key Management Personnel and their relatives have significant influence		
Trade Payable	Entities where Key Management Personnel and their relatives have significant influence		
Other Payable	Entities where Key Management Personnel and their relatives have significant influence		
Security Deposit Paid	Key Management Personnel & Relatives Entities where Key Management Personnel and their relatives have significant influence		
Security Deposit Received	Entities where Key Management Personnel and their relatives have significant influence		
Remuneration , Siting Fees & Commission Payable	Key Management Personnel & Relatives		





**Emami RUS**

The group has set up a project team which has reviewed all of the group's leasing arrangements in light of the new lease accounting rules in Ind AS 116. The standard will affect primarily the accounting for the group's operating leases. The group intends to apply simplified transition approach and will not restate comparative information in the financial statements for the year ending 31 March 2020 to show the impact of adopting Ind AS 116.

As at the reporting date, Emami RUS does not have non-cancellable operating lease commitments.



**Emami RUS**

**Trade Receivable Ageing**

Name of the Party	Currency	Amount	Over due in Days
АКСИОМА ООО / AKSIOMA	RUB	9 733 195	0
БСС ООО/ BSS	RUB	5 305 696	0
ВИТА ЛАЙН ООО / VITA LINE	RUB	4 290 056	0
КАТРЕН АО НПК / KATREN	RUB	20 435 784	0
Магнит Фарма ООО / MAGNIT PHARMA	RUB	23 980 016	0
НЕО-ФАРМ ООО / NEO-PHARM	RUB	4 240 913	0
ПРОТЕК Центр внедрения ЗАО / PROTEK	RUB	11 400 517	0
РБД / RUS BUSINESS DISTRIBUTION	RUB	2 651 385	0
ТРЕЙБОР ООО / TREYBOR	RUB	8 376 277	0
Фармкомплект / PHARMKOMPLEKT	RUB	14 070 275	0
ФК ГРАНД КАПИТАЛ ООО / GRAND CAPITAL	RUB	49 738 833	0
ФК ПУЛЬС ООО / PULS	RUB	13 803 504	0
ХЕРБАЛКЕР ООО / HERBALCARE	RUB	39 126 580	0
ЮВЛ ООО / UVL	RUB	2 574 734	0
Other debtors	RUB	1 378 349	0
<b>Total</b>		<b>211 106 115</b>	





**Enami RUS**  
**DETAILS OF GUARANTEE & COUNTER GURANTEE AS ON 31.03.2020**

GUARANTEE NO.	DATE OF ISSUE	BENEFICIARY	DATE OF MATURITY	CLAIM EXPIRY DATE	GUARANTEE VALUE



Emami RUS ESTIMATED AMOUNT OF COMMITMENTS (NET OF ADVANCES) ON CAPITAL ACCOUNT NOT PROVIDED FOR AS ON 31ST MARCH, 2020		CONTRACT VALUE	BILL BOOKED	ADVANCE GIVEN	VALUE OF BALANCE COMMITMENT
NAME OF PARTY	DESCRIPTION				





**EMAMI OVERSEAS FZE**

**P. O. Box 52338, Hamriyah Free Zone, Sharjah,  
United Arab Emirates**

**Financial Statements and Auditor's Report**

**For the Year Ended March 31, 2020**

## Independent Auditor's Report to the Shareholder of

### **EMAMI OVERSEAS FZE**

P. O. Box 52338, Hamriyah Free Zone, Sharjah, United Arab Emirates

#### **Report on the audit of the financial statements**

We have audited the financial statements of **Emami Overseas FZE** ("the Company"), which comprise the statement of financial position as at March 31, 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year ended and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis of opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matters**

Without qualifying our report, we draw attention to note 6.2(iii) to these financial statements, the consolidated financial statements prepared by the ultimate parent Company Emami India Ltd. is as per Ind AS and not as per IFRS.

#### **Responsibilities of management and those charged with governance for the financial statements**

The Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Articles of Association of the Company, Hamriyah Free Zone Authority pursuant to Emiri Decree No. (6) of 1995 and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 charged with governance are responsible for overseeing the Company's financial reporting process.

(Independent auditor's report continued on next page.)





***Independent auditor's report on Emami Overseas FZE (continued...)***

**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 ISAs 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 ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

***(Independent auditor's report continued on next page...)***



***Independent auditor's report on Emami Overseas FZE (continued...)***

**Report on other legal and regulatory requirement**

As required by the Implementing Rules and Regulations issued by the Hamriyah Free Zone Authority pursuant to Emiri Decree No. (6) of 1995; we report that:

- i. we have obtained all the information we considered necessary for the purposes of our audit;
- ii. the financial statements of the Company have been prepared and comply, in all material respects, with the Hamriyah Free Zone Authority pursuant to Emiri Decree No. (6) of 1995.
- iii. the Company has maintained proper books of accounts;
- iv. the Company has not purchased any shares or stocks during the financial year;
- v. the financial information included in the director's report is consistent with the Company's books of accounts;
- vi. note 15 to the financial statements of the Company reflects material related party transactions and the terms under which they were conducted;
- vii. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended March 31, 2020 any of the applicable provisions of the Hamriyah Free Zone Authority pursuant to Emiri Decree No. (6) of 1995 or its Articles of Association which would materially affect its activities or its financial position as at March 31, 2020.

*N. R. Doshi & Partners*  
**Public Accountants**

**Dubai, United Arab Emirates**

**Date : April 23, 2020**





**EMAMI OVERSEAS FZE**

P. O. Box 52338, Hamriyah Free Zone, Sharjah, United Arab Emirates

**Statement of Profit or Loss and Other Comprehensive Income**

For the Year Ended March 31, 2020

All figures are expressed in U.A.E. Dirhams

	Notes	31.03.2020	31.03.2019
<b><u>Continuing operations</u></b>			
Revenue from contract with customers		0	0
Cost of revenue		0	0
<b>Gross profit</b>		0	0
Other income		0	0
Other administrative expenses	7	(43,700)	(40,824)
<b>Operating Loss</b>		(43,700)	(40,824)
Finance cost		0	0
Finance income		0	0
<b>Loss from continuing operations</b>		(43,700)	(40,824)
<b><u>Discontinued operations</u></b>			
Loss for the year from discontinued operations		0	0
<b>Loss for the year</b>		(43,700)	(40,824)
<b>Attributable to :</b>			
Shareholder of the Company		(43,700)	(40,824)
Non-controlling interest		0	0
<b>Loss for the year</b>		(43,700)	(40,824)
<b><u>Other comprehensive income</u></b>			
- Items that will not be reclassified subsequent to profit or loss		0	0
- Items that will be reclassified subsequent to profit or loss		0	0
<b>Total Comprehensive income for the year</b>		(43,700)	(40,824)
<b>Attributable to:</b>			
Shareholder of the Company		(43,700)	(40,824)
Non-controlling interest		0	0
		(43,700)	(40,824)

These financial statements on pages 5 to 23 were authorised for issue on April 23, 2020 by the director and signed by:



Mr. Amitabh Goenka  
Director

The accompanying notes 1 to 21 form an integral part of these financial statements.



## EMAMI OVERSEAS FZE

P. O. Box 52338, Hamriyah Free Zone, Sharjah, United Arab Emirates

### Statement of Financial Position

As at March 31, 2020	Notes	31.03.2020	31.03.2019
All figures are expressed in U.A.E. Dirhams			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Investments in subsidiaries	8	0	0
<b>Total non-current assets</b>		<u>0</u>	<u>0</u>
<b>Current Assets</b>			
Financial assets at amortised cost	9	6,907,130	6,870,460
Other assets	10	16,833	16,833
<b>Total current assets</b>		<u>6,923,963</u>	<u>6,887,293</u>
<b>Total assets</b>		<u><b>6,923,963</b></u>	<u><b>6,887,293</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1.1	25,000	25,000
Retained earnings	11	(2,068,482)	(2,024,782)
<b>Total equity</b>		<u>(2,043,482)</u>	<u>(1,999,782)</u>
<b>Non-Current Liabilities</b>			
Borrowings	12	8,951,245	8,875,075
<b>Total non-current liabilities</b>		<u>8,951,245</u>	<u>8,875,075</u>
<b>Current Liabilities</b>			
Trade and other payables	13	16,200	12,000
<b>Total current liabilities</b>		<u>16,200</u>	<u>12,000</u>
<b>Total liabilities</b>		<u>8,967,445</u>	<u>8,887,075</u>
<b>Total equity and liabilities</b>		<u><b>6,923,963</b></u>	<u><b>6,887,293</b></u>

These financial statements on pages 5 to 23 were authorised for issue on April 23, 2020 by the director and signed by:

*Amitabh Goenka*

Mr. Amitabh Goenka  
Director

The accompanying notes 1 to 21 form an integral part of these financial statements.





**Emami Overseas FZE**

P.O. Box 52338, Hamriyah Free Zone-Sharjah, United Arab Emirates

**Statement of Changes in Equity****For the Year Ended March 31, 2020**

All figures are expressed in UAE Dirhams

	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>Balance as at April 1, 2018</b>	<u>25,000</u>	<u>(1,983,958)</u>	<u>(1,958,958)</u>
Profit or loss	0	(40,824)	(40,824)
Other comprehensive income	0	0	0
<b>Total comprehensive income for the year</b>	<u>0</u>	<u>(40,824)</u>	<u>(40,824)</u>
<b>Transaction with shareholder recorded directly in equity</b>			
Funds introduced	0	0	0
<b>Balance as at March 31, 2019</b>	<u>25,000</u>	<u>(2,024,782)</u>	<u>(1,999,782)</u>
Profit or loss	0	(43,700)	(43,700)
Other comprehensive income	0	0	0
<b>Total comprehensive income for the year</b>	<u>0</u>	<u>(43,700)</u>	<u>(43,700)</u>
<b>Transaction with shareholder recorded directly in equity</b>			
Funds introduced	0	0	0
<b>Balance as at March 31, 2020</b>	<u>25,000</u>	<u>(2,068,482)</u>	<u>(2,043,482)</u>

The accompanying notes 1 to 21 form an integral part of these financial statements.



## EMAMI OVERSEAS FZE

P. O. Box 52338, Hamriyah Free Zone, Sharjah, United Arab Emirates

### Statement of Cash Flows

For the Year Ended March 31, 2020 All figures are expressed in U.A.E. Dirhams	Notes	31.03.2020	31.03.2019
<b>I. Cash flow from operating activities</b>			
Net loss for the year		(43,700)	(40,824)
Changes in other assets		0	(2,273)
Changes in trade and other payables		4,200	5,390
<b>Net cash used in operating activities</b>		<b>(39,500)</b>	<b>(37,707)</b>
<b>II. Cash flow from investing activities</b>			
Changes in financial assets at amortised cost		(36,670)	(962,977)
<b>Net cash used in investing activities</b>		<b>(36,670)</b>	<b>(962,977)</b>
<b>III. Cash flow from financing activities</b>			
Changes in borrowing		76,170	1,000,683
<b>Net cash flow from financing activities</b>		<b>76,170</b>	<b>1,000,683</b>
<b>Increase in cash and cash equivalents</b>	<b>( I + II + III )</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents as at beginning of the year	(Note 6.7, 14)	0	0
<b>Cash and cash equivalents as at end of the year</b>	<b>(Note 6.7, 14)</b>	<b>0</b>	<b>0</b>
<b>Non-cash financing and investing activities</b>		<b>Nil</b>	<b>Nil</b>

The accompanying notes 1 to 21 form an integral part of these financial statements.





## EMAMI OVERSEAS FZE

P. O. Box 52338, Hamriyah Free Zone, Sharjah, United Arab Emirates

### Notes to the Financial Statements

For the Year Ended March 31, 2020

All figures are expressed in U.A.E. Dirhams

#### 1 Legal Status, Business Activities and Management

##### 1.1 Legal Status

Emami Overseas FZE ("the Company") is incorporated as a Free Zone Establishment with limited liability pursuant to Emiri Decree No. (6) of 1995 of H.H. Sheikh Dr. Sultan Bin Mohammed Al Qassimi Ruler of Sharjah.

The Hamriyah Free Zone License Department has issued Commercial License No. 7157 dated November 25, 2010 bearing registration number 8120.

The Share Capital of the Company is AED 25,000 divided into 1 share of AED.25,000 each.

The following is the detail of the share capital of the Company:

Name of the Shareholder	Incorporated in	No. of Shares
M/s Emami International FZE, Sharjah, U.A.E	U.A.E	1

The registered office of the Company is located at Office No. E-85G-06, P.O. Box 52338, Hamriyah Free Zone- Sharjah, U.A.E.

##### 1.2 Business Activities

The Company is licensed to trade in import, export and trading in perfumes and cosmetics, beauty and baby care products, gifts and novelties, health food etc (subject to ministry of health approval).

##### 1.3 Management

The Company is managed by Mr. Amitabh Goenka , director of the Company.

#### 2 Going Concern

Although the Company does not have any business activity for past four years, these standalone financial statements have been prepared on a going concern basis, which assumes that the Company will be able to generate profitability for the next 12 months. The Company has a commitment from its shareholder of a continuous support in terms of cash flow management.



## **EMAMI OVERSEAS FZE**

P. O. Box 52338, Hamriyah Free Zone, Sharjah, United Arab Emirates

### **Notes to the Financial Statements**

#### **3 Basis of Preparation**

##### **3.1 Compliance with International Financial Reporting Standard**

The financial statements of the Company has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

##### **3.2 Historical Cost Convention**

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value.

##### **3.3 Functional and Presentation Currency**

The financial statements are presented in U.A.E Dirhams, which is the Company's functional currency. All financial information presented in U.A.E Dirhams has been rounded to the nearest Dirhams.

#### **4 Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the financial statements in conformity with IFRSs required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

The key judgments and estimates and assumptions that have significant impact on the financial statements of the Company are as discussed below:

##### **4.1 Determining the Lease Term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Extension options in offices leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

##### **4.2 Impairment of Financial Assets**

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





## EMAMI OVERSEAS FZE

P. O. Box 52338, Hamriyah Free Zone, Sharjah, United Arab Emirates

### Notes to the Financial Statements

#### 4.3 Impairment of Non-Financial Assets

The Company assesses whether there are any indicators for impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amount may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

#### 4.4 Fair Value Measurement of Financial Instrument

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

#### 5.1 New Standards, Interpretations and Amendments to Existing Standards

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing from January 1, 2019. Although these new standards and amendments applied for the first time, they did not have a material impact on the financial statements of the Company. The new standard or amendment is described below:

IAS / IFRS	Brief Description
IFRS 16	Leases
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long Term interests in Associates and Joint Ventures
Annual Improvements to IFRS Standards 2015-2017	Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
Amendments to IAS 19	Employee Benefits Plan Amendment, Curtailment or Settlement
IFRIC 23	Uncertainty over Income Tax Treatments

#### 5.2 Standards and Interpretations Issued but not yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for March 31, 2020 reporting period and have not been early adopted by the Company.

IAS / IFRS	Effective Date (Annual reporting period commencing from)	Brief Description
IFRS 17	January 1, 2021	Insurance Contracts
IFRS 10 and IAS 28	To be determined	Sale or contribution of Assets between on Investors and its Associate or Joint Venture
Amendments to IFRS 3	January 1, 2020	Definition of a Business
Amendments to IAS 1 & IAS 8	January 1, 2020	Definition of Material
Conceptual Framework	January 1, 2020	Amendments to Reference to the Conceptual Framework in IFRS Standards

## **EMAMI OVERSEAS FZE**

**P. O. Box 52338, Hamriyah Free Zone, Sharjah, United Arab Emirates**

### **Notes to the Financial Statements**

- 5.3 The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### **6 Summary of Significant Accounting Policies**

The accounting policies used by the Company in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.

##### **6.1 Foreign Currency**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

##### **6.2 Investment in Subsidiaries**

- i. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.
- ii. Investment in subsidiary company is not consolidated in these financial statements is recognised at cost. The cost method is a method of accounting for an investment whereby the investment is recognised at cost. The investor recognises income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognised as a reduction of cost of the investment.
- iii. These financial statements are standalone financial statements of Emami Overseas FZE, UAE only and does not include results, assets and liabilities of its subsidiary company. The management of the Company has decided to exclude consolidation of the subsidiary company in these financial statements because, the ultimate parent Company Emami India Ltd. prepares consolidated financial statements of the group that comply with Ind AS.





## **EMAMI OVERSEAS FZE**

**P. O. Box 52338, Hamriyah Free Zone, Sharjah, United Arab Emirates**

### **Notes to the Financial Statements**

#### **6.3 Investments and Other Financial Assets**

##### **6.3.1 Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI) or through profit or loss), and
- those to be measured at amortized cost

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI, For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

##### **6.3.2 Recognition**

All financial assets are recognised and derecognised on trade date and when the purchase and sale of financial asset is made under a contract whose terms require delivery of financial asset within the timeframe established by the market concern.

##### **6.3.3 Initial Measurement**

At initial recognition, the Company measures a financial assets at its fair value plus, in the case of a financial assets not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVPL are expensed in profit of loss.

##### **6.3.4 Subsequent Measurement**

For the purpose of subsequent measurement, financial assets are classified in two categories:

###### **a. Debt Instrument**

Subsequent measurement of debt instrument depends on the Company's business model for managing the assets and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

###### **i. Amortized Cost**

Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.



## **EMAMI OVERSEAS FZE**

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### **Notes to the Financial Statements**

#### **ii. Fair Value Through Other Comprehensive Income (FVOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains / (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

#### **iii. Fair Value Through Profit or Loss (FVPL)**

Financial asset are measured at FVPL unless it is measured at amortised cost or FVOCI. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.

#### **b. Equity Instruments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investment in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investment continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

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

#### **6.3.5 Derecognition**

A financial asset (or, when applicable, a part of financial asset of part of group of financial assets) is derecognised when:

- i. The right to receive cash flows from the asset have expired,
- ii. The Company retains the right to receive cash flow from the asset, but has assumed an obligation to pay them in full without material delay to the third party under a 'pass-through' arrangement,
- iii. The Company has transferred its right to receive cash flow from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.





## **EMAMI OVERSEAS FZE**

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### **Notes to the Financial Statements**

#### **6.3.6 Impairment of Financial Assets**

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

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### **6.4 Financial Liabilities**

##### **6.4.1 Initial Recognition and Measurement**

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 and payables, net of directly attributable transaction costs.

The Company's financial liabilities include borrowings and trade and other payables.

##### **6.4.2 Subsequent Measurement**

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

###### **a. Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

###### **b. Loans and borrowings**

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

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



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### **Notes to the Financial Statements**

#### **c. Other financial liabilities**

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 through the expected life of the financial liability, or, where appropriate, a shorter period.

#### **6.4.3 Derecognition**

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

#### **6.5 Leases**

##### **6.5.1 Company as a Lessee**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments, variable lease payment and payments of penalties for terminating the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising of the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date, any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of offices and warehouses are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.





## **EMAMI OVERSEAS FZE**

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### **Notes to the Financial Statements**

#### **Significant Change in the Current Reporting Period**

The Company has adopted *IFRS 16 Leases* retrospectively from 1 April 2019, but has not restated comparatives for the year ended March 31, 2019, as permitted under the specific transition provisions in the standard.

Until March 31, 2019, leases of property, plant and equipment where the Company, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

#### **6.6 Impairment of Non-Financial Assets**

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### **6.7 Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprises of cash in hand, bank current and call accounts and bank fixed deposits free from lien with a maturity date of three months or less from the date of deposit.

#### **6.8 Provisions**

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



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### Notes to the Financial Statements

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

<b>7</b>	<b>Other Administrative Expenses</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
	Rent expenses	25,250	24,934
	Other expenses	18,450	15,890
		<u>43,700</u>	<u>40,824</u>
<b>8</b>	<b>Investments in Subsidiaries</b>		
	<u>Cost</u>		
	Opening balance as at April 1, 2019	381,597	381,597
	Addition during the year	0	0
	Closing balance as at March 31, 2020	<u>(A) 381,597</u>	<u>381,597</u>
	<u>Impairment</u>		
	As at April 1, 2019	381,597	381,597
	For the year	0	0
	As at March 31, 2020	<u>(B) 381,597</u>	<u>381,597</u>
	<b>Net Value</b>	<u>(A-B) 0</u>	<u>0</u>

#### **Notes:**

- These financial statements are standalone financial statements of Emami Overseas FZE, UAE only and does not include results, assets and liabilities of its subsidiary company. The ultimate parent Company Emami India Ltd. prepares consolidated financial statements of the group that comply with Ind AS. The same are available at Emami Tower IMD - 5th Floor, 687, Anandapur, E.M Bypass, Kolkata - 700107, West Bengal, India.
- Investment in subsidiary Company is recognised at cost.





**EMAMI OVERSEAS FZE**

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**Notes to the Financial Statements**iii. **Details of Subsidiary :**

Name of the Subsidiary Company	Incorporated in and Principle place of Business	Principal Activities	Effective Ownership
Pharmaderm Company SAE	Egypt	Manufacturing of Pharma and Cosmetic products	91%

iv. Out of the total number of shares held, 2 shares are in the name of related parties. However, the beneficial ownership remains with the Company.

**9 Financial Assets at Amortised Cost** **31.03.2020** **31.03.2019**

Short term financial assets at amortised cost

Due from related party	6,907,130	6,870,460
	<u>6,907,130</u>	<u>6,870,460</u>

**10 Other Assets**

Prepayments	16,833	16,833
	<u>16,833</u>	<u>16,833</u>

**11 Retained Earnings**

Balance as at beginning of the year	(2,024,782)	(1,983,958)
Net loss for the year	(43,700)	(40,824)
Balance as at end of the year	<u>(2,068,482)</u>	<u>(2,024,782)</u>

**12 Borrowings**

Balance as on April 1, 2019	8,875,075	7,874,392
Addition during the year	76,170	1,000,683
Balance as at March 31, 2020	<u>8,951,245</u>	<u>8,875,075</u>

**Note:** Above amount is unsecured, interest free and its repayment terms are not stipulated.

**13 Trade and Other Payables**

Accruals	16,200	12,000
	<u>16,200</u>	<u>12,000</u>

**14 Cash and Cash Equivalents**

Cash in hand	0	0
	<u>0</u>	<u>0</u>



## EMAMI OVERSEAS FZE

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### Notes to the Financial Statements

#### 15 Related Party and Transactions with Related Parties

For the purpose of these financial statements, parties are considered to be related to the Company, if the party has the ability, directly or indirectly, to control the party or exercise the significant influence over the party in making financial or operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

##### 15.1 Related Party Balances

Significant related party balances are as follows:	31.03.2020	31.03.2019
Due from related parties	6,907,130	6,870,460
Borrowings	8,951,245	8,875,075

#### 16 Financial Instruments

Financial instruments means financial assets and financial liabilities. The Company holds following financial instruments:

##### Financial assets

###### Financial assets as at amortized cost

- Financial assets at amortized cost	6,907,130	6,870,460
	<u>6,907,130</u>	<u>6,870,460</u>

##### Financial liabilities

###### Financial liabilities recognized as at amortized cost

- Borrowings	8,951,245	8,875,075
- Trade and other payables	16,200	12,000
	<u>8,967,445</u>	<u>8,887,075</u>

##### 17.1 Fair Values of Financial Instruments

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique :

**Level 1 :** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1.

**Level 2 :** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.





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### **Notes to the Financial Statements**

**Level 3** : If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no transfers between different categories for recurring fair value measurements during the year.

#### **18 Financial Risk Management**

The Company has exposure to the following risks from its use of financial instruments.

Credit Risk  
Liquidity Risk  
Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

##### **18.1 Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL) and deposits with banks and financial institutions, as well as credit exposures customers.

###### **a. Other Financial Assets and Cash and Cash Equivalents**

With respect to credit risk arising from the other financial assets of the Company, which comprise bank balances and cash, other receivables and deposits, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets. These are considered to have low credit risk. No loss allowance is necessary considering 12 month expected loss.

Credit risk from balances with banks and financial institutions is low since the bank current accounts and bank margins are placed with high credit quality financial institutions and considering the profile of them, the management does not expect any counterparty to fail in meeting its obligations.

##### **18.2 Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company has a commitment from its shareholders of a continuous support in terms of cash flow management.



## EMAMI OVERSEAS FZE

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### Notes to the Financial Statements

The table below summarises the maturity profile of the Company's financial liabilities based on contractual maturity dates:

<b>Year Ended: March 31, 2020</b>	<b>Contractual Cash Flows</b>	<b>12 Months or Less</b>	<b>Above 12 Months</b>
<b>Non-derivative financial liabilities</b>			
- Borrowings	8,951,245	0	8,951,245
- Trade and other payables	16,200	16,200	0
<b>Derivative financial liabilities</b>	0	0	0
<b>Total financial liabilities</b>	<b>8,967,445</b>	<b>16,200</b>	<b>8,951,245</b>
<b>Year Ended: March 31, 2019</b>	<b>Contractual Cash Flows</b>	<b>12 Months or Less</b>	<b>Above 12 Months</b>
<b>Non-derivative financial liabilities</b>			
- Borrowings	8,875,075	0	8,875,075
- Trade and other payables	12,000	12,000	0
<b>Derivative financial liabilities</b>	0	0	0
<b>Total financial liabilities</b>	<b>8,887,075</b>	<b>12,000</b>	<b>8,875,075</b>

At present, the Company expects to pay all liabilities at their contractual maturity. In order to meet such cash commitments, the Company expects the operating activity to generate sufficient cash inflows. In addition, the Company holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

### 18.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

#### a. Exposure to Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.





## **EMAMI OVERSEAS FZE**

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### **Notes to the Financial Statements**

Borrowings and due from related parties are unsecured, interest free and its repayments are not stipulated.

#### **b. Exposure to Exchange Rate Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's significant monetary assets and liabilities denominated in foreign currencies are in USD. As the AED is currently pegged to the USD, balances in USD are not considered to represent significant currency risk.

#### **18.4 Capital Management**

Capital includes equity attributable to the shareholder of the Company. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Company's capital management strategy is to ensure that it maintains a healthy capital gearing ratio in order to support its business and maximise shareholder value.

#### **20 Significant Events Occurring After the Date of Statement of Financial Position**

There were no significant events occurring after the financial position date which require disclosure in the financial statements.

#### **21 Comparative Figures**

Previous year's figures are regrouped and reclassified wherever necessary so as to conform to the current year's presentation.



**Pharmaderm Company (SAE)**

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Financial Statements For The Financial Year Ended March 31, 2020

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Independent Auditor's Report



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## Independent Auditor's Report

TO: THE SHAREHOLDERS OF PHARMADERM COMPANY (SAE)

### Report On The Financial Statements

We have audited the accompanying financial statements of PHARMADERM COMPANY (SAE) which comprise the balance sheet as of March 31, 2020 and the statements of income, Comprehensive Income, changes in shareholders' equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility For The Financial Statements

These financial statements are the responsibility of the company's management. The management is responsible for the preparation and fair presentation of these financial statements in accordance with Egyptian accounting standards and in light of the Egyptian laws this responsibility include designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error selecting and applying appropriate accounting policies and making accounting estimates That are reasonable in the circumstances .

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. we conducted our audit in accordance with the Egyptian auditing standards and the relevant laws and regulations. Those standards require that we comply with ethical requirements to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements. Whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of Pharmaderm Company (SAE) as of March 31, 2020 and of its financial performance and it's cash flows for the year then ended, in accordance with the Egyptian Accounting Standards and the relevant laws and regulations



### Emphasis Of Matter

Without qualifying our opinion, we draw attention to Note (15) in the notes to the financial statements, which indicate that the accumulated losses at balance sheet date exceeded the half of Shareholder's Equity. This condition indicates the existence of a material uncertainty, which casts significant doubt about the company's going concern. In accordance with articles 69 of the company's law No. 159 of 1981, the Board of Directors must invite the company's shareholders to an Extraordinary General Assembly Meeting in which the company's shareholders should decide whether they want to continue to financially support the company or not.

### Report On Other Legal & Regulatory Requirements

The company keeps proper accounting records, which include all that is required by law to be recorded therein and the accompanying financial statements are agreement therewith.

The financial information included in the board of director's report in compliance with companies law no. 159 year 1981 and its executive regulation and its agreement with the accounting record of the company to the extent that such information is recorded therein.

Cairo, Egypt  
May 11, 2020



**Sherin Nouredin**  
R.A.A 6809  
Moore Egypt



## Income Statement

	Note	2020 EGP	2019 EGP
Sales		--	3,626,288
Rebate		--	(76,170)
Retail Scheme		--	(3,840,933)
Cost Of Sales		--	(5,371,037)
<b>Gross Loss</b>			(5,661,852)
<b>(Less)</b>			
General & Administrative Expenses	(6)	(2,223,174)	(1,774,738)
Selling & Distribution Expenses	(7)	(25,000)	(1,595,409)
losses Of Previous Year		--	(249,691)
Capital Gains/(Losses)		--	(4,949)
<b>Net (Loss)/Profit Of The Year</b>		<b>(2,248,174)</b>	<b>(9,286,639)</b>

- The accompanying notes form an integral part of these financial statements and are to be read therewith.

*Amrallah Gouk*

Chairman



## Statement of Comprehensive Income

	Note	2020 EGP	2019 EGP
Net (Loss) Of The Year		(2,248,174)	(9,286,639)
Add:			
Other Comprehensive Income:			
FOREX Gains		2,865,747	687,530
<b>Total Comprehensive Income/(Losses) For The Year</b>		<b>617,573</b>	<b>(8,599,109)</b>

- The accompanying notes form an integral part of these financial statements and are to be read therewith.

*Antoine Goulet*  
Chairman

## Statement of Financial Position

	Note	31/3/2020 EGP	31/3/2019 EGP
<b>Non-Current Assets</b>			
Fixed Assets	(8)	2,593,429	2,698,805
<b>Total Non-Current Assets</b>		<b>2,593,429</b>	<b>2,698,805</b>
<b>Current Assets</b>			
Debtor & Other Debit Balances	(9)	2,078,770	4,583,706
Cash & Cash Equivalents	(10)	671,500	125,212
<b>Total Current Assets</b>		<b>2,750,270</b>	<b>4,708,918</b>
<b>Total Assets</b>		<b>5,343,699</b>	<b>7,407,723</b>
<b>Shareholder's Equity</b>			
Paid-Up Capital	(11)	2,126,000	2,126,000
Retained (Losses)		(27,310,599)	(18,711,490)
Profit/(Loss) For The Year		617,573	(8,599,109)
<b>Total Shareholders' Equity</b>		<b>(24,567,026)</b>	<b>(25,184,599)</b>
<b>Current Liabilities</b>			
Duo To Related Parties	(12)	29,794,838	32,320,890
Creditors & Other Credit Balances	(13)	115,887	271,432
<b>Total Current Liabilities</b>		<b>29,910,725</b>	<b>32,592,322</b>
<b>Total Shareholders' Equity &amp; Current Liabilities</b>		<b>5,343,699</b>	<b>7,407,723</b>

- The accompanying notes form an integral part of these financial statements and are to be read therewith.

*Amrallah Gouli*

Chairman



## Statement Of Changes In Shareholders' Equity

31/3/2020	Paid-Up Capital	Retained (Losses)	Total
	EGP	EGP	EGP
Balance At 1/4/2019	2,126,000	(27,310,599)	(25,184,599)
Total Comprehensive Profit/(Loss) For The Year		617,573	617,573
<b>Balance At 31/3/2020</b>	<b>2,126,000</b>	<b>(26,693,026)</b>	<b>(24,567,026)</b>

31/3/2019	Paid-Up Capital	Retained (Losses)	Total
	EGP	EGP	EGP
Balance At 1/4/2018	2,126,000	(18,711,490)	(16,585,490)
Total Comprehensive Profit/(Loss) For The Year		(8,599,109)	(8,599,109)
<b>Balance At 31/3/2019</b>	<b>2,126,000</b>	<b>(27,310,599)</b>	<b>(25,184,599)</b>

- The accompanying notes form an integral part of these financial statements and are to be read therewith.

*Amrallah Goual*

Chairman

## Statement Of Cash Flows

	Note	31/3/2020 EGP	31/3/2019 EGP
<b>Cash Flows From Operating Activities</b>			
Net (Losses) For The Year		(2,248,174)	(9,286,639)
Other Comprehensive income		2,865,747	687,530
Depreciation		105,376	123,783
Capital Gain		--	4,949
		<b>722,949</b>	<b>(8,470,377)</b>
<b>Changes in Assets &amp; Liabilities:</b>			
Change In Inventory		--	2,201,535
Change In Debtors & Other Debit Balances		2,504,936	2,967,461
Change in Creditors & Other Credit Balances		(155,545)	(560,833)
<b>Net Cash Flows Provided By/(Used In) Operating Activities</b>		<b>3,072,340</b>	<b>(3,862,214)</b>
<b>Cash Flows From Investment Activities</b>			
Purchasing Of Fixed Assets		--	(12,982)
Proceeds From Sales Of Fixed Assets		--	6,140
<b>Net Cash Flows (Used in) Investment Activities</b>		<b>--</b>	<b>(6,842)</b>
<b>Cash Flows From Financing Activities</b>			
(Payments)/Proceeds From Shareholder's Current Accounts		(2,526,052)	3,949,504
<b>Net Cash Flows (Used In)/Provided By Financing Activities</b>		<b>(2,526,052)</b>	<b>3,949,504</b>
<b>Net Change In Cash &amp; Cash Equivalents During The Year</b>		<b>546,288</b>	<b>80,448</b>
Cash & Cash Equivalents At Beginning Of The Year		125,212	44,764
<b>Cash &amp; Cash Equivalents At the End Of The Year</b>		<b>671,500</b>	<b>125,212</b>

- The accompanying notes form an integral part of these financial statements and are to be read therewith.

*Antallah Gouli*

Chairman



## Notes To The Financial Statements

### 1. Company's Background

Pharmaderm Company (SAE) was incorporated on September 6, 1998 according to Law No.8 for the year 1997. The Company was registered in the Commercial register under No.472 Dated 23/01/2005.

The company's main activities are manufacturing pharmaceuticals products, disinfectants, cosmetics, & chemicals; the company started operations on April 20, 2008.

### 2. Significant Accounting Policies

#### 2.1 Statement Of Compliance

The accompanying financial statements have been prepared in accordance with the Egyptian Accounting Standards and the relevant Egyptian Laws & Regulations.

#### 2.2 Basis Of Preparation Of The Financial Statements

- The financial statements have been prepared in Egyptian Pounds.
- The financial statements have been prepared in accordance with historical cost and going concern.

#### 2.3 Changes In Accounting Principles

The accounting principles are in line with those adopted in the previous year.

#### 2.4 Foreign Currency Transactions

Foreign currency transactions during the year are recorded according to the prevailing exchange rate at the time of the transaction. At each subsequent balance sheet date, foreign currency monetary amounts are reported using the closing rate at the balance sheet date.

#### 2.5 Fixed Assets

##### • Recognition & Preliminary Measurement

All buildings, constructions, utilities, machinery and equipment are recorded according to their cost less accumulated depreciation as well any reduction in value.

The cost includes direct costs associated with acquiring the assets. Where assets are internally generated, this should include the cost of raw materials, direct wages, and other direct costs that are required for the asset to become operational for the purpose that it was first commissioned.

##### • Depreciation

Fixed assets are carried at historical cost and depreciated using the straight-line method according to the following rates:

<u>Asset Type</u>	<u>Depreciation Rate</u>
Buildings	5 %
Machinery & Equipment	25 %
Furniture & Office Equipment	25 %
Other Assets	25 %

#### 2.6 Impairment In the Value Of Non-Financial Assets

The book value of the company's non-financial assets, other than inventory and deferred tax assets is reviewed at the date of each financial position to determine the amount of impairment. The company carries out a regular review to determine if there has been impairment in the value of an asset or if there is an indication of such impairment; the fair value of the asset is compared with the book value. If the book value is above the fair value, then there is impairment in the value of the asset and the asset is reduced to its fair value and the loss is recorded in the income statement. The impairment loss which is previously recognized may be reversed in the case that there is a change in the fair value to the extent that the amount was reduced in the past.

## 2. Significant Accounting Policies (Continued)

### 2.7 Impairment In The Value Of Financial Assets

Annually, on each balance sheet date, an impairment test is carried out to ascertain if there is an indication that any of the assets have been impaired. Once there is an impairment in the value of an asset the loss is recorded only if there is evidence that the impairment of the value was due to an incident or more after the initial realization of the asset and that such incident or incidents had an effect that can be valued in a reliable manner for the expected future cash flow from the asset. In the case of financial assets that are recorded according to their amortized cost, the losses due to impairment are represented in the difference between the book value of such asset and the present value of the future cash flows that has been discounted by the original actual interest rate relating to this asset. The book value of the financial asset is usually reduced directly, except in the case of the receivables account. The receivables account is reduced by creating a provision as per customer account. The amounts that are not collected are to be written off from the provision and the amount of the realized loss will be reimbursed either directly or by settling the provisions account. It should be ensured that such reversal will not generate a book value for the asset which is higher than the amortized cost at the date of the writing off the amount of impairment if such impairment has not been recognized. The amount written off will be reflected in the income statement.

### 2.8 Inventory

Inventory is valued at the end of the financial year according to market price or cost, whichever is less.

### 2.9 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue is recognized if the following conditions are met:

- You can accurately measure the amount of revenue.
- It is widely expected the economic benefits associated with the transaction flow of the business.
- It can be the exact measurement of the degree of completion of the process as well as necessary for the completion costs.
- Revenue is measured at the fair value of the consideration received, or the amount due excluding discounts, rebates, and sales taxes, or duties.
- The specific recognition criteria described below must be met before revenue is recognized.

#### Sale Of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

#### Interest Income

Interest income is recognized as interest accrues using effective interest method, and it is included in the income statement under credit interest.

### 2.10 Provisions

Provisions are recognized once the company has a current legal or realistic obligation due to previous events and it would be prudent to allocate the appropriate economic cash flow to meet this obligation. The amount recognized as a provision should be the best estimate of the amount required to settle the present obligation at the balance sheet date, that is, the amount that an entity would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third part.



## 2. Significant Accounting Policies (Continued)

### 2.11 Employee Benefits

- **Insurance And Pension System**

The company contributes in the government owned Social Insurance Employee Benefits Scheme according to Social Insurance Law No.79 for the year 1975 and its amendments. The company and employees both contribute to the scheme according to relevant laws and regulations. The company's contribution is charged in the income statement.

- **Share Of Employees In Profit**

According to the Companies Law No.159, for the year 1981, the company shall distribute a proportion of 10% of the dividends to the employees as a share of profit. In the case where 10% of the dividends being distributed exceed the amount of total annual salaries, the share of profit is then capped at that amount. The employee share of profit will be recognized as dividend paid in shareholders changes in equity statement and as an obligation for the period after company's shareholders have approved the dividend distribution.

### 2.12 Taxation

- **Income Tax**

Income tax is a tax on the company's profit and is calculated using the current corporate tax rate in accordance to the relevant laws and regulations. The income tax expense should be reflected in income statement. The company is tax exempted from corporate tax till December 2018.

- **Deferred Tax**

Deferred tax reflects the existence of some temporary differences due to the difference in time frames between the time the asset value is realized and the obligation between the prevailing taxation principles and accounting principles that are adhered to when preparing the financial statement. The deferred tax is calculated according to the prevailing method which is used to ascertain the present value of assets and liabilities. It should be considered that the deferred tax may be considered as an asset if there is a strong possibility that it may be off set against taxation for future years. The amount of the deferred tax should be deducted by the amount that may not be off set against future taxes. The company is tax exempted from corporate tax till December 2018.

### 2.13 Expenses

All expenses, including administrative and general expenses, are to be presented in the income statement in the period when such expenses were incurred.

### 2.14 Legal Reserve

According to Law No. 159 for the year 1981, its executive directives, and the company's articles of association 5% of the net profit of the year is transferred to the legal reserve until this reserve is used upon decision from the general assembly meeting based on the proposal of the board of directors. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital.

### 2.15 Cash Flows Statement

The cash flows statement is prepared under the indirect method.

### 2.16 Comparative Figures

Comparative figures have been reclassified whenever it is necessary to compensate for the differences in the presentation used for the present period.

### 3. Financial Instruments

Financial instruments are initially recognized when the company becomes a party to the contractual provisions of the instrument and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument typically amortized cost or fair value.

#### 3.1 Debtors

Customers and other debit balances are recognized with the initial value of the invoice after deducting any provisions for doubtful balances. Debts are valued if there are doubts in their collection. They are written-off if there are no chances in their collection.

#### 3.2 Creditors

The recognition of the trade payables creditors & notes payable is based on the amounts accrued for payments in the future for the goods & services received whether the invoices are received from the supplier or not. It is recognized with amortized cost by using the effective interest rate.

### 4. Financial Risks Management

#### 4.1. Financial Risks Items

Financial risks are represented by market risks that include changes in foreign exchange rate, price risk, interest rate risk, credit, and liquidity risks. The company does not use any financial derivatives for hedging specific risks.

##### Market Risk

Market risk is the risk that arises from changes in market; such as foreign currency exchange rates, interest rates, and share prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

#### 1. Foreign Exchange Rate Risk

The Company is exposed to the risk of changes in exchange rates because of the various activities using USD. The foreign exchange risk arises due to future to the potential fluctuations in exchange rates that may affect commercial transactions, assets, and liabilities in foreign currency at each balance sheet date

#### 2. Price Risk

The Company has no investments in equity instruments, listed and current debit instruments in the money market; it is not exposed to the risk of change in the fair value of investments due to changes in prices.

#### 3. Interest Risk

Interest rate risk is a result of the change in interest and its effects on the company; this risk is not applicable as the company does not depend on credit facilities from banks to finance working capital or long-term assets.

#### 4. Credit Risk

Credit risk arises from customers and individual accounts recorded in the receivables account. For banks, the company deals with banks according to high credit rating and banks with high credit worthiness in case of absence of the separate credit rate. For customers, management evaluates their credit worthiness with their cash position and historical dealings and other relevant matters. Required provisions are formed to face adequacy risk of customers individually.

#### 5. Liquidity Risk

Liquidity risk is the risk that company will not able to meet its financial obligation, in accordance with the Company's policies, appropriate policies are taken to reduce that risk to acceptable level.



#### 4. Financial Risks Management (Continued)

##### 4.2. Capital Risk Management

Credit risk arises from customers and individuals accounts represented in receivables account. As for banks, the company deals with banks according to their high credit rating and banks with high liquidity ratios when credit ratings are not available. Management evaluates customer's credit worthiness with their cash position and historical dealings, and other aspects that may be taken into consideration when assessing each customer. Bad debts provisions are formed when it is expected that a certain customer will have difficulties in settling their debt.

##### 4.3. Fair Value Estimation

The fair value of financial assets and liabilities with maturities of less than one year is assumed to be recorded using their carrying value. The fair value of financial liabilities-for disclosure purposes is estimated by discounting the future cash flow at the current market interest rate that is used by the company for similar financial instruments.

#### 5. Significant Accounting Estimates And Personal Judgments

##### 5.1 Significant Accounting Estimates And Judgments

Estimates and assumptions are evaluated on basis of professional judgment and other factors including expectations about future events that are believed to be reasonable under certain circumstances.

The Company makes future estimates and assumptions, which may not be equal to the actual results. In general, the application of the company's accounting policies does not require from management the use of professional judgment which may have a major impact on the value recognized in the financial statement.

Estimates and assumptions that are used by the company are shown as follows:

###### a. Income Tax

Income tax is calculated in accordance with Egyptian Tax Law.

###### Current Income Tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority.

###### Deferred Income Tax

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the balance sheet (accounting base) using the applicable tax rate. Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will create benefit. Current and deferred tax shall be recognized as an income or an expense and included in the statement of income for the year, except to the extent that the tax arises from a transaction or event which is recognized, in the same or different year, directly in equity.

###### b. Impairment Of Trade Receivables

Management studies the position and the ability of payments being made by customers. Management makes judgments, estimates, and assumptions about the carrying amounts based on historical experience and other factors that are considered relevant under the circumstances. Typically, with the impairment of trade receivables the company uses the provision matrix as a practical expedient for measuring impairment.

###### c. Estimated Useful Life Of Assets

The estimated useful life depends on an estimation using professional judgment based on the company's experience with similar fixed assets while taking into consideration the estimated usage of the asset in relation to the number of operating shifts and technical limitations. Residual values and useful lives of assets are reviewed on periodic basis.

###### d. Inventory Write Off

At each reporting end date, the company reviews the carrying amounts of its inventory to determine whether there is any indication of write off in inventory. If any such indication exists, the recoverable amount of the assets is estimated to determine the extent of the write off if any.

6. General & Administrative Expenses

	2020	2019
	EGP	EGP
Depreciation	105,376	123,783
Professional Fees	23,182	--
Auditor Fees	150,321	159,591
Utility Expenses	10,956	16,125
Salaries & Wages	138,031	859,985
Social Insurance	7,674	15,825
Fees & Subscriptions	29,304	202,340
Travel & Transport Expenses	31,549	47,252
Hospitality & Accommodation	5,239	7,590
Bank Charges	11,129	3,232
Maintenance & Repairs	640	2,173
Stamp Tax	5,000	10,437
Rent	486,303	240,000
Commissions	--	--
Stationary	215	195
Schedule Tax	17,350	15,959
Other Expenses	1,200,905	70,251
<b>Total General &amp; Administrative Expenses</b>	<b>2,223,174</b>	<b>1,774,738</b>

7. Selling & Distribution Expenses

	2020	2019
	EGP	EGP
Sampling Expenses	--	109,506
Products Registration	--	2,796
Wooden Display Stands	--	88,200
Exhibition Rent	--	12,750
Stickers & Advertisements	--	220,275
Salaries & Commissions	--	815,243
Travel & Transport Expenses	--	24,517
Stamp Tax	--	74,675
Advertisements	25,000	247,447
<b>Total Selling &amp; Distribution Expenses</b>	<b>25,000</b>	<b>1,595,409</b>



Pharmaderm Company (SAE)  
Financial Statements For The Financial Year Ended As Of March 31, 2020

8. Fixed Assets

31/03/2020	Land	Buildings & Construction & Utilities	Machinery Equipment & Instruments	Furniture & Office Equipment	Other Assets	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Cost At 1/4/2019	1,216,431	2,052,044	291,045	250,175	2,714	3,812,409
Additions During The Period	--	--	--	--	--	--
<b>Cost At 31/3/2020</b>	<b>1,216,431</b>	<b>2,052,044</b>	<b>291,045</b>	<b>250,175</b>	<b>2,714</b>	<b>3,812,409</b>
Accumulated Depreciation At 1/4/2019	--	725,958	278,288	106,773	2,585	1,113,604
Depreciation For the Period	--	66,304	3,189	35,851	32	105,376
<b>Accumulated Depreciation At 31/3/2020</b>	<b>--</b>	<b>792,262</b>	<b>281,477</b>	<b>142,624</b>	<b>2,617</b>	<b>1,218,980</b>
<b>Net Book Value At 31/3/2020</b>	<b>1,216,431</b>	<b>1,259,782</b>	<b>9,568</b>	<b>107,551</b>	<b>97</b>	<b>2,593,429</b>

31/03/2019

31/03/2019	Land	Buildings & Construction & Utilities	Machinery Equipment & Instruments	Furniture & Office Equipment	Other Assets	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Cost At 01/04/2018	1,216,431	2,052,044	291,045	250,175	2,714	3,812,409
Additions During The Year	--	--	--	12,982	--	12,982
Disposal During The Year	--	--	--	(12,982)	--	(12,982)
<b>Cost At 31/03/2019</b>	<b>1,216,431</b>	<b>2,052,044</b>	<b>291,045</b>	<b>250,175</b>	<b>2,714</b>	<b>3,812,409</b>
Accumulated Depreciation At 01/04/2018	--	656,164	274,036	58,972	2,542	991,714
Depreciation For the Year	--	69,794	4,252	49,694	43	123,783
Depreciation For the Year	--	--	--	(1,893)	--	(1,893)
<b>Accumulated Depreciation At 31/03/2019</b>	<b>--</b>	<b>725,958</b>	<b>278,288</b>	<b>106,773</b>	<b>2,585</b>	<b>1,113,604</b>
<b>Net Book Value At 31/03/2019</b>	<b>1,216,431</b>	<b>1,326,086</b>	<b>12,757</b>	<b>143,402</b>	<b>129</b>	<b>2,698,805</b>

9. Debtors & Other Debit Balances

	3/31/2020	3/31/2019
	EGP	EGP
Suppliers - So	839,162	2,650,916
Withholding Tax - With Others	7,122	7,122
Customers	--	643,721
Letters Of Guarantee	534,400	534,400
Value Added Tax	440,348	436,848
Deposits With The Industrial Development Authority	256,512	256,512
Deposits With Others	--	2,000
Other Debtors	346	42,261
Advanced Payments	--	3,151
Suppliers- Advanced Payments	--	5,000
Insurance	--	1,295
Withholding Tax	400	--
Tax Authority	480	480
<b>Total Debtors &amp; Other Debit Balances</b>	<b>2,078,770</b>	<b>4,583,706</b>

10. Cash & Cash Equivalents

	3/31/2020	3/31/2019
	EGP	EGP
Petty Cash	4,617	5,586
Bank - Local Currency	650,270	59,583
Bank - Foreign Currency	16,613	60,043
<b>Total Cash &amp; Cash Equivalents</b>	<b>671,500</b>	<b>125,212</b>

11. Capital

The issued capital amounted to EGP 2,126,000 (two million and one hundred twenty-six thousand Egyptian pounds), fully paid and distributed over 2,126 shares (two thousand and one hundred twenty-six share) the par value of each share is EGP 1,000 (one thousand Egyptian pounds).

According to Extraordinary General Assembly meeting held on 9<sup>th</sup> January 2011 approved to increase capital to EGP 6,500,000 (six million and Five hundred thousand Egyptian pound) distributed over 6,500 shares (six thousand and five hundred share) with the par value of each share being EGP 1,000 (one thousand Egyptian pounds). No action has been taken in regard to the above decision as of March 31, 2020.

12. Due To Related Parties

	3/31/2020	3/31/2019
	EGP	EGP
Emami Overseas	29,794,838	32,320,890
<b>Total Due To Related Parties</b>	<b>29,794,838</b>	<b>32,320,890</b>

- The shareholders current account balances are unsecured, interest free, and there are no defined repayment arrangements and are payable only at the option of Emami Overseas.



### 13. Creditors & Other Credit Balances

	31/03/2020	31/03/2019
	EGP	EGP
Accrued expenses	115,409	113,410
Withholding tax	--	571
insurance	159	--
Salary tax	319	60,803
Accrued salaries	--	96,476
Other creditors	--	172
<b>Total Creditors &amp; Other Credit Balances</b>	<b>115,887</b>	<b>271,432</b>

### 14. Taxation

#### 14.1. Corporate Tax

According to Article 2 and 3 of Law No. 91, for the year 2005; the company has a ten-year tax exemption on its profits. The tax exemption is clearly stated in the company tax file, indicating that the ten years started on the 1st January 2009 and will end on December 2018. The first year of the exemption includes the period from the beginning of the operations starting on the 20<sup>th</sup> April 2008 to the end of the next financial year in 31<sup>st</sup> December 2009.

- **From The Date Of Incorporation: September 1998 Till December 2007**

The company was examined for tax purposes by the Egyptian Tax Authorities from the date its incorporation date till December 31, 2004. There were no issues were noted.

- **2008 Financial Year**

The company was examined for tax purposes by the Egyptian Tax Authorities, the tax authorities requested the company to pay the difference of EGP 790. The company's management has disputed the amount and has taken this matter to the Egyptian Tax Authority's Interior Committee. The Egyptian Tax Authority's Interior Committee did not given an opinion yet, as of March 31, 2020.

- **2010 Financial Year**

The company has been inspected by the Egyptian Tax Authority; we haven't been notified by result till now.

- **2011 Financial Year**

The company has been notified by the Egyptian Tax Authorities to pay a difference of EGP 177,000; the company's management disputed the amount and has taken this matter to the Egyptian Tax Authority's Interior Committee. The Egyptian Tax Authority's Interior Committee didn't given an opinion.

- **2011 Financial Year**

Tax returns that were presented to the Egyptian Tax Authorities were for the period 15 months due to the amendment of the company's financial year. The new financial year starts on the 1<sup>st</sup> of April and ends on the 31<sup>th</sup> of March.

- **Financial Years From 2013 Till 2020**

Tax returns were submitted in accordance with the provisions of the Law 91 for the year 2005; the company has not yet been inspected by the Egyptian Tax Authorities.

#### 14. Taxation (Continued)

##### 14.2. Payroll Tax

- **From The Date Incorporation (September 1998) Till December 31, 2008**

The company was inspected for tax purposes by the Egyptian Tax Authorities, and no issues were noted.

- **Financial Years From 2009 Till 2012**

The company was inspected for tax purposes by the Egyptian Tax Authorities, the company was asked to pay a difference of EGP 27,363. The company's management has disputed the amount and has taken this matter to the Egyptian Tax Authority's Interior Committee. The Egyptian Tax Authority's Interior Committee didn't given an opinion.

- **Financial Years From 2013 Till 2020**

Tax returns were submitted in accordance with the provisions of the Law 91 for the year 2005, and there were no issues to note.

##### 14.3. Withholding Tax

- **Financial Years From 2008 Till 2010**

The company was not compliant with the laws and regulations in regard to withholding tax; management were not completing and submitting the withholding form No.41.

- **Financial Years From 2011 Till 2012**

The company was inspected for tax purposes by the Egyptian Tax Authorities, the company was asked to pay a difference of EGP 75,707. The company's management disputed the amount and has taken this matter to the Egyptian Tax Authority's Interior Committee. The Egyptian Tax Authority's Interior Committee didn't given an.

- **Financial Years From 2013 Till 2020**

Tax returns were submitted in accordance with the provisions of the Law 91 for the year 2005; the company has not yet been examined by the Egyptian Tax Authority.

##### 14.4. Stamp Duty

- **Financial Years From 2008 Till 2011**

The company was inspected for tax purposes by the Egyptian Tax Authority, there were no issues to note.

- **Financial Years From 2012 Till 2020**

Tax returns were submitted in accordance with the provisions of the law 91 year 2005; the company has not yet been inspected by the Egyptian Tax Authority.

##### 14.5. Value Added Tax

- **Financial Years From 2008 Till 2016**

Tax returns were submitted in accordance with the provisions of the Law 11 for the year 1991; company has not yet been inspected by the Egyptian Tax Authority.

- **Financial Years From 2016 Till 2020**

Tax returns were submitted in accordance with the provisions of the Law 67 for the year 2016; the company has not yet been inspected by the Egyptian Tax Authority.

#### 15. Going Concern

The company's accumulated losses amounted to EGP 26,693,026 as of March 31, 2020; which was exceeds the half of shareholders equity. This condition indicates the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern. According to the companies Law No. 159 for the year 1981 (Article 69), the Board of Directors have to invite the shareholders' an Extraordinary General Assembly Meeting for the shareholders to decide on continuity of the company.



## 16. Subsequent Events

The coronavirus pandemic continues to spread in many countries, including in Egypt. The World Health Organization and national authorities can be consulted for the health implications on people. This crisis also has significant economic effects on companies, for example due to restrictions in production, trade and consumption or due to travel bans. Global responses to the coronavirus disease 2019 (COVID-19) outbreak continue to rapidly evolve. COVID-19 has already had a significant impact on global financial markets, and it may have accounting implications for many entities. Some of the key impacts include, but are not limited to: Interruptions of production, supply chain disruptions, unavailability of personnel, reductions in sales, earnings, or productivity, closure of facilities and stores, delays in planned business expansions, inability to raise financing, increased volatility in the value of financial instruments, reduced tourism, disruptions in nonessential travel and sports, cultural and other leisure activities. This subsequent pandemic does not affect the financial statements for the year ended March 31, 2020 but its post year end effect and implications on the company is currently unknown.

## 17. New Accounting Standards

New accounting standards and amendments to current accounting standards:

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards. The Management is currently assessing the potential impact on the financial statements when applying the amendment introduced to the Standard. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments "	<p>The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement".</p> <p>Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues Addressed in the new Standard No. (47)</p> <p>And the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise</p> <p>2- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p> <p>3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair</p>	Management is currently assessing the potential impact of Implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos. (1), (25), (26) and (40) are to be simultaneously applied.

	<p>instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>4- Based on the requirements of this standard the following standards were amended: - Egyptian Accounting Standard No. (1)"Presentation of Financial Statements" as amended in 2019]</p> <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (4) -"Statement of Cash Flows".</li> <li>- Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation.</li> <li>- Egyptian Accounting Standard"Financial Instruments: Recognition and Measurement</li> <li>- Egyptian Accounting Standard - EAS No. (40)- "Financial Instruments: Disclosures "</li> </ul>		<p>-These amendments are effective as of the date of implementing Standard No. (47)]</p>
<p>The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"</p>	<p>1.The new Egyptian Accounting Standard No. (48)- "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void:</p> <p>2.Egyptian Accounting Standard No. (8)- "Construction Contracts" as amended in 2015.</p> <p>3.Egyptian Accounting Standard No. (11)- "Revenue" as amended in 2015.</p> <p>4.For revenue recognition, Control Model is used instead of Risk and Rewards Model.</p> <p>5.incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met</p> <p>6.the standard requires that contract must have a commercial substance in order for revenue to be recognized</p> <p>7.Expanding in the presentation and disclosure requirements</p>	<p>Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>Standard No (48) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted</p>
<p>The new Egyptian Accounting Standard No. (49) "Lease Contracts</p>	<p>1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015</p> <p>2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the</p>	<p>Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously</p>



	<p>company's liabilities, taking into account that the lease contracts are not classified in respect of the lease as operating</p> <p>1 or finance lease contracts.</p> <p>3- As For the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p> <p>4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract</p> <p>5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.</p>		<p>applied.</p> <p>Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing " as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.</p>
Egyptian Accounting Standard No. (38) as amended" Employees Benefits"	A number of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans	Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.
Egyptian Accounting Standard No. (42) ) as amended" Consolidated Financial Statements"	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added. This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows:</p> <p>(ESA 15) Related Party</p> <p>Disclosures (ESA 17) Consolidated and Separate Financial Statements (ESA 18) Investments in Associates</p> <p>(ESA 24) Income Taxes (ESA 29) Business Combinations ESA (30) Periodical Financial Statements</p> <p>EAS (44) Disclosure of Interests in Other Entities</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p> <p>-The new or amended paragraphs pertaining to the amend standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019</p> <p>Financial Statements", as amended and issued in 2019</p>
Issuance of Egyptian	This interpretation provides guidance on	Management is	Interpretation No. (1)


<p>Accounting Interpretation No.(1)"Public Service Privileges Arrangements "</p>	<p>the accounting by operators of public service privileges arrangements from a public entity to a private entity for the construction, operation and maintenance of the infrastructure for public utilities such as roads, bridges, tunnels, hospitals, airports, water supply facilities, power supplies and communications networks..., etc. This interpretation gives the option of continuing to apply the prior treatment of public service privileges arrangements that prevailed prior to January 1st,2019 on entities that used to recognize and measure the assets of these arrangements as fixed assets in accordance with Egyptian Accounting Standard No. 10 "Fixed Assets and Depreciation "until their useful lives are expired.</p>	<p>currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>applies to financial periods beginning on or after January 1st, 2019</p>
<p>Egyptian Accounting Standard No. (22) as amended " Earnings per Share</p>	<p>The scope of implementation of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.</p>	<p>Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.</p>
<p>Egyptian Accounting Standard No. (34) as amended " Real Estate Investment</p>	<p>The Fair Value Model option for all enterprises is no longer used when the subsequent measurement of their real estate investments is made and compliance shall apply only to the Cost Model. While only real estate investment funds are obliged to use the Fair Value Model, upon the subsequent measurement of all their real estate assets. Based on this amendment, the following standards were amended Egyptian Accounting Standard No. (32) Non-current Assets Held for Sale and Discontinued Operation Egyptian Accounting Standard No. (31) Impairment of Assets</p>	<p>Management is currently assessing the potential impact of implementing</p>	<p>This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.</p>
<p>Egyptian Accounting Standard No. (4) as amended" Statement of Cash Flows"</p>	<p>This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows.</p>	<p>Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.</p>



**Fravin Pty Ltd**  
**Balance Sheet as at 31 March 2020**

in AUD

	Note	31-03-2020	31-03-2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Loans	1.2	-	22,27,824
Financial Assets		-	4
Property, plant & equipments			93,283
Intangible assets		-	8,930
Other non-current assets	1.3	-	5,91,959
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>29,22,000</b>
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	1.1	1,848	7,016
Trade & Other Receivables	1.2	-	4,038
Inventories		-	1,90,458
Other current assets	1.3	-	4,141
<b>TOTAL CURRENT ASSETS</b>		<b>1,848</b>	<b>2,05,653</b>
<b>TOTAL ASSETS</b>		<b>1,848</b>	<b>31,27,653</b>
<b>LIABILITIES</b>			
<b>EQUITY</b>			
Issued Capital		36,49,078	36,49,078
Reserves		1,17,103	1,17,103
Accumulated Losses		-37,64,333	-26,08,834
<b>TOTAL EQUITY</b>		<b>1,848</b>	<b>11,57,347</b>
<b>CURRENT LIABILITIES</b>			
Trade & Other Payables	1.4	-	108
Borrowings		-	17,51,524
Provisions		-	2,18,674
<b>TOTAL CURRENT LIABILITIES</b>		<b>-</b>	<b>19,70,306</b>
<b>TOTAL LIABILITIES</b>		<b>1,848</b>	<b>31,27,653</b>

  
 Rahul Sharda  
 (Director)

**Fravin Pty Ltd**  
**Income Statement for the period ended 31 March 2020**

in AUD

Particulars	Notes	31-03-2020	31-03-2019
Revenue		11,700	1,07,425
Other Income		-	9,889
		11,700	1,17,314
Changes in Inventory of FG & WIP		1,90,458	35,959
Cost of Materials Consumed		-	36,779
Depreciation		16,509	4,76,175
Employee Benefit expense		-1,389	1,47,388
Other expenses	1.5	1,49,552	2,04,755
<b>Total of Other expenses</b>		<b>3,55,130</b>	<b>9,01,056</b>
<b>Exceptional Items</b>	1.6	2,20,110	
<b>Profit/loss before tax</b>		<b>-5,63,540</b>	<b>-7,83,742</b>
Income tax expenses		-	-2,01,341
Deferred tax written off		-5,91,959	-
<b>Profit/loss for the year</b>		<b>-11,55,499</b>	<b>-5,82,401</b>



Rahul Sharda  
(Director)



**Fravin Pty Ltd**

in AUD

**1.1 Cash & Cash Equivalents**

Particulars	31-03-2020	31-03-2019
Cash in Hand		7,016
Cash at Bank	1,848	-
<b>Total</b>	<b>1,848</b>	<b>7,016</b>

**1.2 Trade & Other Receivables**

Particulars	31-03-2020	31-03-2019
<b>Current</b>		
Trade Debtors	-	4,038
<b>Total</b>	<b>-</b>	<b>4,038</b>

Particulars	31-03-2020	31-03-2019
<b>Non Current</b>		
Loan - Related Parties	-	6,93,579
Loans- Unsecured	-	15,34,245
<b>Total</b>	<b>-</b>	<b>22,27,824</b>

**1.3 Other Assets**

Particulars	31-03-2020	31-03-2019
<b>Current</b>		
Prepayments	-	3,985
GST Payable/Refundable	-	156
<b>Total</b>	<b>-</b>	<b>4,141</b>

Particulars	31-03-2020	31-03-2019
<b>Non Current</b>		
R&D expenditure		
Less: Accumulated Amortisation		
Deferred Tax	-	5,91,959
<b>Total</b>	<b>-</b>	<b>5,91,959</b>

**1.4 Trade & Other Payables**

Particulars	31-03-2020	31-03-2019
<b>Current</b>		
Sundry creditors	-	108
<b>Total</b>	<b>-</b>	<b>108</b>

**1.5 Other Expenses**

Particulars	31-03-2020	31-03-2019
Finance Costs	1,39,620	1,26,965
Other Expenses	9,932	77,790
<b>Total</b>	<b>1,49,552</b>	<b>2,04,755</b>

1.6 Exceptional Items

Particulars	31-03-2020	31-03-2019
Loans Written off	20,65,145	-
Financial Asset written off	4	-
Impairment of Intangible Assets	84,810	-
Trade and othe rreceivable written off	4,038	-
Other Current Asset written off	286	-
Trade and othe payable written back	-109	-
Borrowings written back	-15,80,522	-
Provisions written back	-3,53,542	-
<b>Total</b>	<b>2,20,110</b>	<b>-</b>





Notes to Financial statements as at & for the twelve months ended 31 March 2020  
Property Plant & Equipment (Current Year)

Intangible Assets

Particulars	Gross Block					Impairment		Amount in AUD	
	As at 1.4.2019	Additions	Disposals/ Transfer	Exchange Fluctuation	As at 31.03.2020	As at 1.4.2019	For the year 2020	As at 31.03.2020	As at 31.3.2019
Brands - Trade Marks & etc.	16,208	-	-	-	16,208	7,517	207	8,483	16,208
Others (Reformulations Capitalized)	1,31,831	-	-	-	1,31,831	38,995	16,509	76,327	1,31,831
<b>Intangible Assets Total</b>	<b>1,48,039</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,48,039</b>	<b>46,512</b>	<b>16,716</b>	<b>84,810</b>	<b>1,48,039</b>
<b>Grand Total</b>	<b>1,48,039</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,48,039</b>	<b>46,512</b>	<b>16,716</b>	<b>84,810</b>	<b>1,48,039</b>

Related Party Transactions

Related Party Name	Nature of Relationship	Transactions Details	PL/BS	Amount in AUD	
				For PL Items	For BS Items
Diamond Biotech Laboratory Pty Ltd	Subsidiary	Loan Receivable written off	BS	-	-
Absolve Pty Ltd	Step Down Subsidiary	Loan Receivable written off	BS	2,97,758	-
Greenbbs Organics Ltd.	Subsidiary Co.	Loan Payable written back	BS	4,14,801	-
Ensum International FZE	Holding Company	Loan Payable written back	BS	2	-
Ensum International FZE	Holding Company	Interest Payable written back	BS	15,80,522	-
Ensum International FZE	Holding Company	Interest expenses	PL	3,53,542	-
				1,39,620	-

**Diamond Bio-Tech Laboratories Pty Ltd**  
**Balance Sheet as at 31 March 2020**

in AUD

	Note	31-03-2020	31-03-2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Financial Assets		-	1
Property, plant & equipments		-	-
Intangible assets	1.3	-	31,438
Other non-current assets		-	1,31,788
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>1,63,227</b>
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	1.1	7	272
Trade & Other Receivables	1.2	-	461
Other current assets	1.3	-	5,500
<b>TOTAL CURRENT ASSETS</b>		<b>7</b>	<b>6,233</b>
<b>TOTAL ASSETS</b>		<b>7</b>	<b>1,69,460</b>
<b>LIABILITIES</b>			
<b>EQUITY</b>			
Issued Capital		2	2
Accumulated Losses		5	-1,48,935
<b>TOTAL EQUITY</b>		<b>7</b>	<b>-1,48,933</b>
<b>CURRENT LIABILITIES</b>			
Trade & Other Payables	1.4	-	2,86,955
Borrowings		-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>-</b>	<b>2,86,955</b>
<b>TOTAL LIABILITIES</b>		<b>7</b>	<b>1,38,022</b>



Rahul Sharda  
(Director)



**Diamond Bio-Tech Laboratories Pty Ltd**  
**Income Statement for the half year ended 31 March 2020**

in AUD

Particulars	Notes	31-03-2020	31-03-2019
Revenue		-	-
Other Income		-	-
		-	-
Accountancy Expenses		-	2,807
Auditors Remuneration		-	1,113
Depreciation		6,297	6,297
Other expenses		7,708	7,645
<b>Total of Other expenses</b>		<b>14,005</b>	<b>17,862</b>
Exceptional Items	1.5	-2,63,297	
<b>Profit/loss before tax</b>		<b>2,49,291</b>	<b>-17,862</b>
Income tax expenses		-	-8,966
Deferred tax written off		1,00,351	-
<b>Profit/loss for the year</b>		<b>1,48,940</b>	<b>-8,896</b>



Rahul Sharda  
(Director)

**Diamond Bio-Tech Laboratories Pty Ltd**

in AUD

**1.1 Cash & Cash Equivalents**

Particulars	31-03-2020	31-03-2019
Cash in Hand	2	2
Cash at Bank	5	270
<b>Total</b>	<b>7</b>	<b>272</b>

**1.2 Trade & Other Receivables**

Particulars	31-03-2020	31-03-2019
<b>Current</b>		
Trade Debtors	-	-
Input Tax Credit	-	461
<b>Total</b>	<b>-</b>	<b>461</b>

Particulars	31-03-2020	31-03-2019
<b>Non Current</b>		
Loan - Related Parties	-	-
Loans- Unsecured	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**1.3 Other Assets**

Particulars	31-03-2020	31-03-2019
<b>Current</b>		
Travel Advance to Employees	-	-
Loans & advances	-	5,500
GST Payable/Refundable	-	-
<b>Total</b>	<b>-</b>	<b>5,500</b>

Particulars	31-03-2020	31-03-2019
<b>Non Current</b>		
R&D expenditure	37,735	37,735
Less: Accumulated Amortisation	-12,594	-6,297
Less: Impairment Loss	-25,141	
Deferred Tax	-	1,00,350
<b>Total</b>	<b>-</b>	<b>1,31,788</b>

**1.4 Trade & Other Payables**

Particulars	31-03-2020	31-03-2019
<b>Current</b>		
Sundry creditors	-	2,139
Loan from related party	-	2,81,683
Loan from director	-	1
Accruals	-	3,132
<b>Total</b>	<b>-</b>	<b>2,86,955</b>



1.5 Exceptional Items

Particulars	31-03-2020	31-03-2019
Input Tax Credit written off	460	
Loans & advances written off	5,500	
Impairment of Property, plant and Equipment	25,141	
Sundry creditors written back	-2,139	
Loan from related party written back	-2,92,258	
Loan from director written back	-1	
<b>Total</b>	<b>-2,63,297</b>	<b>-</b>

1.6 Related Party Transactions

Related Party Name	Nature of Relationship
Abache PTY	Subsidiary
Fravin PTY Ltd	Holding Company

Transaction Details	Amount in AUD	
	For PL Items	For BS Items
	Twelve Month ended Mar 20	As at 31st March 2020
Loan Receivable written off	5500	0
Loan Payable written off	292258	0



**Abache Pty Ltd**  
**Balance Sheet as at 31 March 2020**

in AUD

	Note	31-03-2020	31-03-2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Financial Assets		-	-
Property, plant & equipments		-	-
Intangible assets	1.3	-	2,10,207
Other non-current assets		-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>2,10,207</b>
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	1.1	259	762
Trade & Other Receivables	1.2	-	85,527
Other current assets	1.3	-	656
<b>TOTAL CURRENT ASSETS</b>		<b>259</b>	<b>86,945</b>
<b>LIABILITIES</b>			
<b>EQUITY</b>			
Issued Capital		97,590	97,590
Reserves		4,803	4,803
Accumulated Losses		-1,02,134	-2,25,771
<b>TOTAL EQUITY</b>		<b>259</b>	<b>-1,23,378</b>
<b>CURRENT LIABILITIES</b>			
Trade & Other Payables	1.4	-	3,132
Borrowings		-	4,17,398
Provision		-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>-</b>	<b>4,20,530</b>
<b>TOTAL LIABILITIES</b>		<b>259</b>	<b>2,97,152</b>

  
 Rahul Sharda  
 (Director)

**Abache Pty Ltd**  
**Income Statement for the half year ended 31 March 2020**

Particulars	Note	in AUD	
		31-03-2020	31-03-2019
Revenue		-	-
Other Income		-	2,500
		-	2,500
Changes in Inventory		-	-
Accountancy Expenses		-	2,511
Auditors Remuneration		-	1,448
Depreciation		17,502	21,378
Employee Benefit expenses		-	-13,666
Other expenses		274	374
<b>Total of Other expenses</b>		<b>17,776</b>	<b>12,045</b>
Exceptional Item	1.5	2,30,565	-
<b>Profit/loss before tax</b>		<b>2,12,789</b>	<b>-9,545</b>
Income tax expenses		89,153	6,623
<b>Profit/loss for the year</b>		<b>1,23,636</b>	<b>-16,168</b>



Rahul Sharda  
(Director)



**Abache Pty Ltd**

in AUD

**1.1 Cash & Cash Equivalents**

Particulars	31-03-2020	31-03-2019
Cash at Bank	-	762
Paypal Account	259	-
<b>Total</b>	<b>259</b>	<b>762</b>

**1.2 Trade & Other Receivables**

Particulars	31-03-2020	31-03-2019
<b>Current</b>		
Trade Debtors	-	85,527
<b>Total</b>	<b>-</b>	<b>85,527</b>

Particulars	31-03-2020	31-03-2019
<b>Non Current</b>		
Loan - Related Parties	-	-
Loans- Unsecured	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**1.3 Other Assets**

Particulars	31-03-2020	31-03-2019
<b>Current</b>		
Travel Advance to Employees	-	-
Loans & advances	-	-
GST Payable/Refundable	-	656
<b>Total</b>	<b>-</b>	<b>656</b>

Particulars	31-03-2020	31-03-2019
<b>Non Current</b>		
R&D expenditure	1,75,018	1,75,018
Less: Accumulated Amortisation	-71,466	-53,964
Less: Impairment Loss	-1,03,552	
Deferred Tax	-	89,153
<b>Total</b>	<b>-</b>	<b>2,10,207</b>

1.4 Trade & Other Payables

Particulars	31-03-2020	31-03-2019
Current		
Accruals	-	3,132
<b>Total</b>	-	<b>3,132</b>

1.5 Exceptional Item

Particulars	31-03-2020	31-03-2019
Borrowings written back	4,20,301	
GST Payable/Refundable written off	-657	
Impairment of Property, Plant and Equipments	-1,03,552	-
Trade Receivable Written off	-85,527	
<b>Total</b>	<b>2,30,565</b>	<b>-</b>

1.6 Related Party Transaction

Related Party Name	Nature of Relationship
Fravin PTY Ltd	Holding Company of Diamond Bio tech

Transaction Details	Amount in AUD	
	For PL Items	For BS Items
	Twelve Month ended Mar 20	As at 31st March 2020
Loan Payable written off	420301	0



**Creme 21 GMBH**  
**BALANCE SHEET**  
**As at 31st March 2020**  
**Amount in Local Currency**

ASSETS	Notes	As at 31st March 2020		As at 31st March 2019	
<b>ASSETS</b>					
<b>1. Non-Current Assets</b>					
(a) Property, Plant and Equipment	3.1	12,292.28		-	
(b) Capital Work-in-Progress	3.1	-		-	
(c) Investment Property	3.2	-		-	
(d) Goodwill on Consolidation	3.3	-		-	
(e) Intangible Assets	3.3	9,259.10		-	
(f) Intangible Assets under Development	3.3	-		-	
(g) Financial Assets					
(i) Investments	3.4	-		-	
(ii) Loans	3.5	7,000.00		-	
(iii) Others	3.6	-		-	
(h) Other Non-Current Assets	3.7	-	28,551.38	-	-
<b>2. Current Assets</b>					
(a) Inventories	3.8	2,20,530.01		-	
(b) Financial Assets					
(i) Investments	3.4	-		-	
(ii) Trade Receivables	3.9	3,11,624.66		-	
(iii) Cash and Cash Equivalents	3.10	1,26,490.96		25,000.00	
(iv) Bank Balance other than (iii) above	3.11	-		-	
(v) Loans	3.12	-		-	
(vi) Other Financial Assets	3.13	679.41		-	
(c) Current Tax Assets (Net)	3.14	-		-	
(d) Other Current Assets	3.15	1,46,127.17	8,05,452.21	-	25,000.00
<b>Total Assets</b>			<b>8,34,003.59</b>		<b>25,000.00</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
(a) Equity Share Capital	3.16	25,000.00		25,000.00	
(b) Other Equity	3.17	(47,134.94)	(22,134.94)	-	25,000.00
<b>1. Non-Current Liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	3.18	5,25,000.00		-	
(ii) Other Financial Liabilities	3.19	-		-	
(b) Provisions	3.20	-		-	
(c) Deferred Tax Liabilities (Net)	3.21	-		-	
(d) Other Non-Current Liabilities	3.22	-	5,25,000.00	-	-
<b>2. Current Liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	3.23	-		-	
(ii) Trade Payables	3.24				
Total outstanding dues of Micro, Small & Medium Enterprises (MSME)		-		-	
Total outstanding dues of creditors Other than MSME		3,27,750.59		-	
(iii) Other Financial Liabilities	3.25	3,387.94		-	
(b) Other Current Liabilities	3.26	-		-	
(c) Provisions	3.27	-		-	
(d) Current Tax Liabilities (Net)					
			3,31,138.53		-
<b>Total Equity and Liabilities</b>			<b>8,34,003.59</b>		<b>25,000.00</b>

Date: 13th April, 2020

  
Chirag Sheth  
Managing Director





**Creme 21 GMBH**  
**STATEMENT OF PROFIT AND LOSS ACCOUNT**  
**For the Twelve month ended Mar 20**

Particulars		Twelve month ended Mar 20
<b>Income</b>		
Revenue from Operations		13,58,937.92
Other Income		2,188.10
<b>Total Income</b>	<b>(A)</b>	<b>13,61,126.02</b>
<b>Expenses</b>		
Cost of Materials Consumed		-
Purchases of Stock-in-Trade		9,30,117.26
(Increase)/Decrease in Inventories of Finished Goods, Stock in Trade and Work-in-Progress		(2,20,530.01)
Excise duty on sale of Goods		
Employee Benefits Expense		1,60,037.60
Other Expenses		5,28,305.46
<b>Total Expenses Before Interest, Depreciation, Amortisation and Tax</b>	<b>(B)</b>	<b>13,97,930.30</b>
Earning Before Interest, Depreciation, Amortisation and Tax	<b>(A-B)</b>	(36,804.29)
Finance Costs	<b>(C)</b>	3,387.94
Depreciation, Amortisation & Impairment Expense:		
a) Amortisation & Impairment of Intangible Assets		1,912.46
b) Depreciation of Tangible Assets		5,030.25
	<b>(D)</b>	<b>6,942.71</b>
<b>Total Expenses</b>	<b>(B+C+D)=E</b>	<b>14,08,260.95</b>
<b>Profit Before tax and exceptional items</b>	<b>(A-E)=F</b>	<b>(47,134.94)</b>
Exceptional items	<b>(G)</b>	
<b>Profit Before tax</b>	<b>(F-G)=H</b>	<b>(47,134.94)</b>
<b>Tax Expense:</b>	<b>(I)</b>	
Current Tax (MAT)		
Provision of Earlier Years		
MAT Credit Entitlement		
Deferred Tax charge		
<b>Profit for the year</b>	<b>(H-I)=J</b>	<b>(47,134.94)</b>
<b>Other Comprehensive Income</b>		
Items that will not be reclassified to Profit or Loss in subsequent periods		
Equity Instrument through Other Comprehensive Income (net of tax)		
Remeasurement of the net defined benefit liability/ asset (net of tax)		
Income Tax Effect		
<b>Total Other Comprehensive Income, net of tax</b>		-
<b>Total Comprehensive Income for the year</b>		<b>(47,134.94)</b>

Date: 13th April, 2020

  
Chirag Sheth  
Managing Director



**CASH FLOW STATEMENT**  
**for the year ended 31st March, 2020**

Particulars	FY 2019-20
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>	
NET PROFIT BEFORE TAX	(47,134.94)
<i>Adjustments for :</i>	
Dividend from investment in mutual funds (Profit) / loss on fair value of mutual funds	
Depreciation and Amortisation Expense	6,942.71
Finance Costs	3,387.94
Interest income on loans & deposits (Profit) / Loss on Sale/Disposal of Property, Plant & Equipments (Net)	(771.65)
Dividend Income from equity investment carried at fair value through OCI	
Share of loss of an Associate	
Unrealised Foreign Exchange Gain	
Sundry balances written (back) / off (Net)	
(Profit)/ loss on Derivative Instruments	
	<b>(37,575.94)</b>
<i>Adjustments for working capital changes :</i>	
Increase /(Decrease) in Trade Payables and Other Liabilities	3,27,750.59
(Increase)/Decrease in Inventories	(2,20,530.01)
(Increase)/Decrease in Trade Receivables	(3,11,624.66)
(Increase)/Decrease in Loans and Advances and Other Financial Assets	(1,53,806.58)
(Increase)/Decrease in Other Non Financial Assets & Current Assets	
Increase /(Decrease) in Provisions	
	<b>(3,58,210.67)</b>
CASH GENERATED FROM OPERATIONS	<b>(3,95,786.60)</b>
Less : Direct Taxes Paid	
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(3,95,786.60)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>	
Proceeds from Sale of Property, Plant & Equipment	
Interest Received	771.65
Dividend Received	
Sale of Investments	
Loans given	
Proceeds from repayment of loan given	
Purchase of Property, Plant & Equipment & Intangible Assets	(28,494.09)

**CASH FLOW STATEMENT**  
for the year ended 31st March, 2020

Particulars	FY 2019-20
Investment in Associates	
Purchases of Investments	
Investment in Preference Shares	
Fixed Deposits made	
Proceeds from maturity of Fixed Deposit	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(27,722.44)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Repayment of Borrowings	
Proceeds from Short Term Borrowings from Banks	5,25,000.00
Interest Paid	-
Proceeds from Equity Share capital	25,000.00
Corporate Dividend Tax paid	
Cash Credit taken / (repaid) (Net)	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>5,50,000.00</b>
D. Effect of Foreign Exchange Fluctuation	-
<b>NET INCREASE/ (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C+D)</b>	<b>1,26,490.96</b>
Add- CASH & CASH EQUIVALENTS-OPENING BALANCE	-
<b>CASH &amp; CASH EQUIVALENTS-CLOSING BALANCE</b>	<b>1,26,490.96</b>

**Cash & Cash Equivalents includes:**

Balances with banks	1,26,058.43
Fixed Deposits with Banks(Original Maturity of less than 3 Months)	
Cheque-in-hand	
Cash on hand	432.53
<b>Total Cash &amp; Cash Equivalents (Refer Note No : XXX)</b>	





Notes to Financial statements  
3.1 Property Plant & Equipment(Current Year)

Particulars	Gross Block				Depreciation			Net Block		
	As at 1st April 2019	Additions	Disposals/ Transfer	Exchange Fluctuation	As at 31st March 2020	As at 1.4.2019	For the year	Exchange Fluctuation	As at 31st March 2020	As at 31st March 2020
Furniture & Fixture	-	735.00	-	-	735.00	-	733.00	-	733.00	2.00
Office Equipment	-	3,834.44	-	-	3,834.44	-	627.65	-	627.65	3,206.79
Computer	-	12,753.09	-	-	12,753.09	-	3,669.60	-	3,669.60	9,083.49
<b>Property, Plant &amp; Equipment Total</b>	-	<b>17,322.53</b>	-	-	<b>17,322.53</b>	-	<b>5,030.25</b>	-	<b>5,030.25</b>	<b>12,292.28</b>
<b>Total</b>	-	<b>17,322.53</b>	-	-	<b>17,322.53</b>	-	<b>5,030.25</b>	-	<b>5,030.25</b>	<b>12,292.28</b>

3.3 Intangible Assets

Particulars	Gross Block				Amortisation			Net Block		
	As at 1st April 2019	Additions	Disposals/ Transfer	Exchange Fluctuation	As at 31st March 2020	As at 1.4.2019	For the year	Exchange Fluctuation	As at 31st March 2020	As at 31st March 2020
Computer Software	-	3,796.56	-	-	3,796.56	-	990.58	-	990.58	2,805.98
Others	-	7,375.00	-	-	7,375.00	-	921.88	-	921.88	6,453.13
<b>Intangible Assets Total</b>	-	<b>11,171.56</b>	-	-	<b>11,171.56</b>	-	<b>1,912.46</b>	-	<b>1,912.46</b>	<b>9,259.10</b>
<b>Grand Total</b>	-	<b>11,171.56</b>	-	-	<b>11,171.56</b>	-	<b>1,912.46</b>	-	<b>1,912.46</b>	<b>9,259.10</b>

Creme 21 GMBH  
Notes to Financial Statements  
As at 31st March 2020

	As at 31st March 2020	As at 31.03.2019
<b>At amortised cost</b>		
Security Deposits To Others	7,000	
<b>Total</b>	<b>7,000</b>	<b>-</b>

**3.8 Inventories**

	As at 31st March 2020	As at 31.03.2019
<b>(At lower of cost and net realisable value)</b>		
Traded Goods	2,20,530	
<b>Total</b>	<b>-</b>	<b>2,20,530</b>

**3.9 Trade Receivables**

	As at 31st March 2020	As at 31.03.2019
<b>At amortised cost</b>		
<b>Secured</b>		
Considered Good - Covered under Credit insurance and LC	2,59,199	
<b>Unsecured</b>		
Considered Good	52,425	
<b>Total</b>	<b>-</b>	<b>3,11,625</b>

**3.10 Cash and Cash Equivalents**

	As at 31st March 2020	As at 31.03.2019
<b>Cash and Cash Equivalents</b>		
Balances with Banks	1,26,058	25,000
Cash on hand	433	
<b>Total</b>	<b>-</b>	<b>1,26,491</b>

**3.11 Other Bank Balances**

	As at 31st March 2020	As at 31.03.2019
<b>At amortised cost</b>		
<b>Other Bank Balances</b>		
<b>Total</b>	<b>-</b>	<b>-</b>

**3.12 Loans**

	As at 31st March 2020	As at 31.03.2019
<b>At amortised cost</b>		
<b>Unsecured, considered good</b>		
<b>Total</b>	<b>-</b>	<b>-</b>

**3.13 Other Financial Assets**

	As at 31st March 2020	As at 31.03.2019
<b>At amortised cost</b>		
<b>Unsecured, considered good</b>		
Other Receivables	679	
<b>Total</b>	<b>679</b>	<b>-</b>

**3.14 Current Tax Assets (Net)**

	As at 31st March 2020	As at 31.03.2019
Advance Income Tax (Net of Provision)		
<b>Total</b>	<b>-</b>	<b>-</b>

**3.15 Other Current Assets**

	As at 31st March 2020	As at 31.03.2019
<b>Unsecured, considered good</b>		
Balances with Excise and Sales Tax Department	1,44,881	
Prepaid Expenses	1,246	
<b>Total</b>	<b>1,46,127</b>	<b>-</b>

**3.16 Equity Share Capital**

	As at 31st March 2020	As at 31.03.2019
<b>Authorised</b>		
<b>Issued</b>		
<b>Subscribed &amp; Paid up*</b>		
	25,000	25,000
<b>Total Issued, Subscribed and Fully paid up Share Capital</b>	<b>25,000</b>	<b>25,000</b>

**3.17 Other Equity**

	As at 31st March 2020	As at 31.03.2019
<b>Retained Earnings</b>		
Opening balance	-	
Net Profit for the Year	(47,134.94)	
Remeasurements of the Net Defined Benefit Plans (net of tax)		
IND AS 115 Impact		
Income Tax Effect		
Final Dividend#		
Corporate Dividend Tax#		
Closing Balance	(47,134.94)	
<b>Total</b>	<b>(47,134.94)</b>	<b>-</b>

**3.18 Borrowings**

	As at 31st March 2020	As at 31.03.2019
<b>At amortised cost</b>		
<b>Unsecured</b>		
From Related Party	5,25,000.00	
<b>Total</b>	<b>5,25,000.00</b>	<b>-</b>

**3.24 Trade Payables**

	As at 31st March 2020	As at 31.03.2019
<b>At amortised cost</b>		
Total outstanding dues of Micro, Small & Medium Enterprises (MSME)		
Total outstanding dues of creditors Other than MSME	3,27,751	
<b>Total</b>	<b>-</b>	<b>3,27,751</b>

**3.25 Other Financial Liabilities**

	As at 31st March 2020	As at 31.03.2019
<b>At amortised cost</b>		
Current Maturities of Long-Term Borrowings		
Interest Accrued and due on Borrowings form Related Party	3,388	
<b>Total</b>	<b>3,388</b>	<b>-</b>





**Creme 21 GMBH**  
**Notes to Financial Statements**  
**For the Twelve month ended Mar 20**

**3.28 Revenue from operations**

	Twelve month ended Mar 20
Sale of Products	13,58,938
Other Operating Revenues	-
<b>Total</b>	<b>13,58,938</b>

**3.29 Other Income**

	Twelve month ended Mar 20
<b>Interest Received on financial assets carried at amortised cost</b>	
Loans & Deposits	772
Sundry Balances Written Back	-16
Miscellaneous Receipts	1,432
<b>Total</b>	<b>2,188</b>

**3.31 Change in inventories of finished goods, work-in-progress and Stock-in-Trade**

	Twelve month ended Mar 20
(I) Opening Stock	
Work-in-progress	-
Finished Goods	-
Stock-in-Trade	-
(II) Closing Stock	
Work-in-progress	-
Finished Goods	2,20,530
Stock-in-Trade	-
<b>(I) - (II)</b>	<b>(2,20,530)</b>

**3.32 Employee Benefit Expenses**

	Twelve month ended Mar 20
Salaries and Wages	1,60,038
Contribution to Provident and Other Funds	
Gratuity Expenses	-
Welfare Expense	-
<b>Total</b>	<b>1,60,038</b>

**3.33 Finance Cost**

	Twelve month ended Mar 20
Interest expenses	3,388
<b>Total</b>	<b>3,388</b>

**Creme 21 GMBH**  
**Notes to Financial Statements**  
**For the Twelve month ended Mar 20**

**3.34 Other Expenses**

	<b>Twelve month ended Mar 20</b>
Rent	33,703.00
Electric Charges	1,285.88
Postage & Telegram	2,743.61
Telephone Charges	1,323.85
Insurance	2,672.83
Rates and Taxes	12,812.95
Freight & Forwarding	62,597.53
Recruitment Expenses	3,920.00
Advertisement & Sales Promotion	2,81,342.71
Maint & Service Charges	13,630.96
Legal and Professional Fees	64,373.17
Travelling and Conveyance	10,302.61
Miscellaneous Expenses	34,683.22
Bank Charges	2,913.14
<b>Total</b>	<b>5,28,305.46</b>

**Depreciation, Amortisation & Impairment Expense**

	<b>Twelve month ended Mar 20</b>
a. Amorisation & Impairment of Intangible Assets	1,912
b. Depreciation of Other Assets	5,030
<b>Total</b>	<b>6,943</b>



Reporting Company Name	Related Party Name	Nature of Relationship	Transaction Details	Item Type	In Local Currency			IN INR		
					For PL Items	For BS Items	For PL Items	For BS Items		
					Twelve month ended Mar 20	As at 31st March 2020	Twelve month ended Mar 20	As at 31st March 2020		
				PL/BS						
Creme 21 GmbH	Emami International FZE	Parent Company	Loan Payable	BS						
Creme 21 GmbH	Emami International FZE	Parent Company	Interest Cost	PL	3,387.94	5,25,000.00		2.72	436.17	
Creme 21 GmbH	Emami International FZE	Parent Company	Interest Payable	BS			3387.94			
Creme 21 GmbH	Emami International FZE	Parent Company	Sales	PL	31,474.56			25.06	2.81	
Creme 21 GmbH	Emami Limited	Parent Company	Royalty Payable	BS		27,178.82			22.58	
Creme 21 GmbH	Emami Limited	Parent Company	Royalty Payable	PL	27,178.82			21.47		


**Creme 21 GmbH**  
 Kaiser-Friedrich-Promenade 28  
 61348 Bad Homburg v.d.H.  
 GERMANY



**GREENLAB ORGANICS LTD**  
**Balance Sheet as at 07th January 2020**


Amount in Lakhs Pound

Particulars	07-Jan-20	31-Mar-19
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Long-Term Loans and Advances	-	-
<b>TOTAL</b>	-	-
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share Capital	-	-
(b) Other Equity	-	-
<b>TOTAL</b>	-	-

  
**Rahul Sharda**  
Director

**GREENLAB ORGANICS LTD**  
Statement of profit and loss for the period 01 April 2019 to 07th January 2020

	Particulars	Notes	Amount in Lakhs Pound	
			01-04-2019 to 07-01-2020	31-Mar-19
I	Revenue From Operations			
II	Other Income		-	-
III	<b>Total Income (I +II)</b>		-	-
IV	<b>EXPENSES</b>			
V	<b>Profit Before Exceptional Items and Tax (I-IV)</b>		-	-
VI	Exceptional Items			
VII	<b>Profit Before Tax (V - VI)</b>		-	-
VIII	<b>Tax Expense:</b>		-	-
	Current Tax		-	-
	Deferred Tax		-	-
IX	<b>Profit (Loss) For The Period From Continuing Operations (VII-VIII)</b>		-	-
X	<b>Other Comprehensive Income</b>			
	A (i) Items that Will Not be Reclassified to Profit or Loss		-	-
	(ii) Income Tax Relating to Items that Will Not be Reclassified to Profit or Loss			
	B (i) Items that Will be Reclassified to Profit or Loss		-	-
	(ii) Income Tax Relating to Items that Will be Reclassified to Profit or Loss			
XI	<b>Total Comprehensive Income for the Period (IX+X) (Comprising Profit (Loss) &amp; Other Comprehensive Income for the Period)</b>			
	Earnings Per Equity Share			
	(1) Basic ( Face value of Re 1 each)		-	-
	(2) Diluted ( Face value of Re 1 each)		-	-

  
**Rahul Sharda**  
Director