

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, 2019

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Director's Report to the Shareholder

The director submits his report and audited financial statements for the year ended March 31, 2019.

Results

The net loss for the year is amounted to AED 40,824 as compared to net profit of AED 4,536,762 in the previous year March 31, 2018.

Review of the business

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).

Auditors

A resolution to re-appoint N. R. Doshi & Partners, Public Accountants as auditors and fix their remuneration will be put to the shareholder at the Annual General Meeting.

Mr. Amitabh Goenka
Director

Date : April 24, 2019

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, 2019, 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, 2019, 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.

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 16 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, 2019 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, 2019.

N. R. Doshi & Partners
Public Accountants

Dubai, United Arab Emirates

Date : April 24, 2019



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, 2019 All figures are expressed in U.A.E. Dirhams	Notes	31.03.2019	31.03.2018
<u>Continuing operations</u>			
Revenue from contract with customers		0	0
Cost of revenue		0	0
Gross profit		<u>0</u>	<u>0</u>
Other income	7	0	4,573,523
Other administrative expenses	8	(40,824)	(36,761)
Operating (Loss) / Profit		<u>(40,824)</u>	<u>4,536,762</u>
Finance cost		0	0
Finance income		0	0
(Loss) / Profit from continuing operations		<u>(40,824)</u>	<u>4,536,762</u>
<u>Discontinued operations</u>			
(Loss) / Profit for the year from discontinued operations		0	0
(Loss) / Profit for the year		<u>(40,824)</u>	<u>4,536,762</u>
Attributable to :			
Shareholder of the Company		(40,824)	4,536,762
Non-controlling interest		0	0
(Loss) / Profit for the year		<u>(40,824)</u>	<u>4,536,762</u>
<u>Other comprehensive income</u>			
- 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
Total Comprehensive income for the year		<u>(40,824)</u>	<u>4,536,762</u>
Attributable to:			
Shareholder of the Company		(40,824)	4,536,762
Non-controlling interest		0	0
		<u>(40,824)</u>	<u>4,536,762</u>

These financial statements on pages 5 to 22 were authorised for issue on April 24, 2019 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, 2019	Notes	31.03.2019	31.03.2018
All figures are expressed in U.A.E. Dirhams			
ASSETS			
Non-Current Assets			
Investments in subsidiaries	9	0	0
Total non-current assets		0	0
Current Assets			
Financial assets at amortised cost	10	6,870,460	5,907,483
Other assets	11	16,833	14,560
Total current assets		6,887,293	5,922,043
Total assets		6,887,293	5,922,043
EQUITY AND LIABILITIES			
Equity			
Share capital	1.1	25,000	25,000
Retained earnings	12	(2,024,782)	(1,983,958)
Total equity		(1,999,782)	(1,958,958)
Non-Current Liabilities			
Borrowings	13	8,875,075	7,874,392
Total non-current liabilities		8,875,075	7,874,392
Current Liabilities			
Trade and other payables	14	12,000	6,610
Total current liabilities		12,000	6,610
Total liabilities		8,887,075	7,881,001
Total equity and liabilities		6,887,293	5,922,043

These financial statements on pages 5 to 22 were authorised for issue on April 24, 2019 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 Changes in Equity

For the Year Ended March 31, 2019

All figures are expressed in UAE Dirhams

	Share Capital	Retained Earnings	Total
Balance as at April 1, 2017	25,000	(6,520,720)	(6,495,720)
Profit or loss	0	4,536,762	4,536,762
Other comprehensive income	0	0	0
Total comprehensive income for the year	0	4,536,762	4,536,762
Transaction with shareholder recorded directly in equity			
Funds introduced	0	0	0
Balance as at March 31, 2018	25,000	(1,983,958)	(1,958,958)
Profit or loss	0	(40,824)	(40,824)
Other comprehensive income	0	0	0
Total comprehensive income for the year	0	(40,824)	(40,824)
Transaction with shareholder recorded directly in equity			
Funds introduced	0	0	0
Balance as at March 31, 2019	25,000	(2,024,782)	(1,999,782)

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, 2019

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

Notes

31.03.2019

31.03.2018

I. Cash flow from operating activities

Net (loss) / profit for the year		(40,824)	4,536,762
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Adjustments for:

Provision of loan taken written back		0	(4,573,523)
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Cash used in operations before working capital changes		<u>(40,824)</u>	<u>(36,761)</u>
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Changes in other assets		(2,273)	(10)
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Changes in trade and other payables		5,390	(7,748)
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Net cash used in operating activities		<u>(37,707)</u>	<u>(44,519)</u>
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II. Cash flow from investing activities

Changes in financial assets at amortised cost		(962,977)	(2,034,940)
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Net cash used in investing activities		<u>(962,977)</u>	<u>(2,034,940)</u>
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III. Cash flow from financing activities

Changes in borrowing		1,000,683	2,079,460
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Net cash flow from financing activities		<u>1,000,683</u>	<u>2,079,460</u>
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Increase in cash and cash equivalents	(I + II + III)	0	0
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Cash and cash equivalents as at beginning of the year	(Note 6.5, 15)	0	0
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Cash and cash equivalents as at end of the year	(Note 6.5, 15)	<u>0</u>	<u>0</u>
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Non-cash financing and investing activities		<u>Nil</u>	<u>Nil</u>
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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, 2019

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 three 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.



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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 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.

4.2 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.



EMAMI OVERSEAS FZE

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Notes to the Financial Statements

4.3 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 April 1, 2018. 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 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IAS 40	Transfer of Investment Property
IFRIC 22	Foreign Currency Transactions and Advance Consideration

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, 2019 reporting period and have not been early adopted by the Company.

IAS / IFRS	Effective Date (Annual reporting period commencing from)	Brief Description
IFRS 16	January 1, 2019	Leases

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.



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Notes to the Financial Statements

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 Investments and Other Financial Assets

6.2.1 Classification

From April 1, 2018, 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).

6.2.2 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.

6.2.3 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.



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Notes to the Financial Statements

6.2.4 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 (FVCOI)

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 FVCOI. 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 FVCOI. 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.



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Notes to the Financial Statements

6.2.5 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.

6.2.6 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 FVCOI. 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.

6.2.7 Significant Change in the Current Reporting Period

a. Accounting policies applied until March 31, 2018:

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

b. Until March 31, 2018, the Company classified its financial assets in the following categories:

Financial assets at fair value through profit or loss,
Loans and receivables,
Held-to-maturity investments, and
Available-for-sale financial assets.

The classification depends on the purpose for which the investments was acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.



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Notes to the Financial Statements

6.3 Financial Liabilities

6.3.1 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.

6.3.2 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.



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Notes to the Financial Statements

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.

6.3.3 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.

6.4 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.

6.5 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.

6.6 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.

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.)

7 Other Income	31.03.2019	31.03.2018
Provision of written back	0	4,573,523
	<u>0</u>	<u>4,573,523</u>



EMAMI OVERSEAS FZE

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

Notes to the Financial Statements

8 Other Administrative Expenses	31.03.2019	31.03.2018
Rent expenses	24,934	25,000
Other expenses	15,890	11,761
	<u>40,824</u>	<u>36,761</u>
9 Investments in subsidiaries		
Balance as on April 1, 2018	0	0
Addition in Investment during the year	0	0
Balance as at March 31, 2019	<u>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 International Financial Reporting Standards. The same are available at Emami Tower IMD - 5th Floor, 687, Anandapur, E.M Bypass, Kolkatta - 700107, West Bengal, India.
- Investment in subsidiary Company is valued at fair value.

Details of Subsidiary :

Name of the Subsidiary Company	Incorporated in and Principle place of Business	Principal Activities	Effective Ownership of Emami Overseas FZE, Sharjah, United Arab Emirates
Pharmaderm Company SAE	Egypt	Manufacturing of Pharma and Cosmetic products	91%

iv. Fair Value Hierarchy of Investment In Subsidiary

Name of the Subsidiary Company	Fair Value	Fair Value Hierarchy	Valuation Technique
Pharmaderm Company SAE	Nil	Level 3	Management Accounts

- 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.

10 Financial Assets at Amortised Cost

Short term financial assets at amortised cost

Due from related party	6,870,460	5,907,483
	<u>6,870,460</u>	<u>5,907,483</u>



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11 Other Assets	31.03.2019	31.03.2018
Prepayments	<u>16,833</u>	<u>14,560</u>
12 Retained Earnings		
Balance as at beginning of the year	(1,983,958)	(6,520,720)
Net (loss) / profit for the year	<u>(40,824)</u>	<u>4,536,762</u>
Balance as at end of the year	<u>(2,024,782)</u>	<u>(1,983,958)</u>
13 Borrowings		
Balance as on April 1, 2018	7,874,392	10,368,455
Addition during the year	1,000,683	2,079,460
Loan written back	<u>0</u>	<u>(4,573,523)</u>
Balance as at March 31, 2019	<u>8,875,075</u>	<u>7,874,392</u>
14 Trade and Other Payables		
Accruals	<u>12,000</u>	<u>6,610</u>
	<u>12,000</u>	<u>6,610</u>
15 Cash and Cash Equivalents		
Cash in hand	<u>0</u>	<u>0</u>

Note: Above amount is unsecured, interest free and its repayment terms are not stipulated.

16 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.

16.1 Related Party Transactions

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

Other income	<u>0</u>	<u>4,573,523</u>
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16.2 Related Party Balances 31.03.2019 31.03.2018

Significant related party balances are as follows:

Due from related parties	6,870,460	5,907,483
Borrowings	8,875,075	7,874,392
	<u>6,870,460</u>	<u>5,907,483</u>

17 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	6,870,460	5,907,483
	<u>6,870,460</u>	<u>5,907,483</u>

Financial liabilities

Financial liabilities recognized as at amortized cost

- Borrowings	8,875,075	7,874,392
- Trade and other payables	12,000	6,610
	<u>8,887,075</u>	<u>7,881,002</u>

18.1 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.



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18.2 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.

19 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.

19.1 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.

19.2 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.



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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.

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

	Contractual Cash Flows	6 Months or Less	Above 6 Months
Year Ended: March 31, 2019			
Non-derivative financial liabilities			
- Borrowings	8,875,075	0	8,875,075
- Trade and other payables	12,000	12,000	0
Derivative financial liabilities	0	0	0
Total financial liabilities	8,887,075	12,000	8,875,075
	Contractual Cash Flows	6 Months or Less	Above 6 Months

Year Ended: March 31, 2018

Non-derivative financial liabilities

- Borrowings	7,874,392	0	7,874,392
- Trade and other payables	6,610	6,610	0

Derivative financial liabilities

Total financial liabilities

0	0	0
7,881,002	6,610	7,874,392

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.



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19.3 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.

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.

19.4 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.

