

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, 2023

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امامي الدولية م.م.ح
emami international fze

Director's Report to the Shareholder

The director submits his report and audited financial statements for the year ended March 31, 2023.

Results

The net profit for the year amounted to AED 6,939,320 as compared to net profit of AED 5,647,113 in the previous year.

Review of the business

The Company is engaged in import, export and trading in perfumes & cosmetics, raw material and packaging material, health products & food (subject to ministry of health approval).

During the year, revenue increased by 1.02% to AED 107,236,002 as compared to AED 106,157,547 in the previous year.

Gross profit margin for the current year is 47.90% as compared to 47.70% in the previous year.

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.

Amitabh Goenka

Mr. Amitabh Goenka
Director

Date : May 4, 2023



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, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity, 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, 2023, 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 Limited, India 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 4,504,235 as on March 31, 2023 (previous year AED 4,595,071). 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.

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 International 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 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, 2023 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, 2023.

N R Doshi & Partners

Public Accountants

Dubai, United Arab Emirates

Date : May 4, 2023



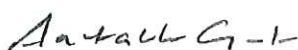
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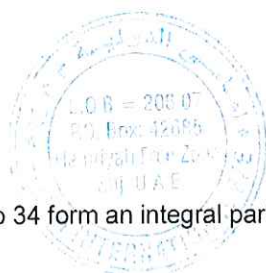
Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended March 31, 2023	Notes	31.03.2023	31.03.2022
All figures are expressed in U.A.E. Dirhams			
<u>Continuing operations</u>			
Revenue from contract with customers	6	107,236,002	106,157,547
Cost of revenue	7	<u>(55,869,404)</u>	<u>(55,521,571)</u>
Gross profit		51,366,598	50,635,976
Other income	8	184,612	205,204
Distribution cost	9	(26,468,926)	(28,625,457)
Other administrative expenses	10	<u>(17,247,492)</u>	<u>(16,101,584)</u>
Operating profit		7,834,792	6,114,139
Finance cost	11	(1,000,968)	(502,936)
Finance income		105,496	35,910
Profit from continuing operations		<u>6,939,320</u>	<u>5,647,113</u>
<u>Discontinued operations</u>			
Profit for the year from discontinued operations		0	0
Profit for the year		<u>6,939,320</u>	<u>5,647,113</u>
Attributable to :			
Shareholder of the Company		6,939,320	5,647,113
Non-controlling interest		0	0
Profit for the year		<u>6,939,320</u>	<u>5,647,113</u>
<u>Other comprehensive income</u>			
- Items that will not be reclassified subsequent to profit or loss			
Changes in the fair value of financial assets at FVOCI		(534,726)	(181,861)
Remeasurements of post-employee benefit obligations		479,824	(566,924)
- Items that may be reclassified subsequent to profit or loss		0	0
Total Comprehensive income for the year		<u>6,884,418</u>	<u>4,898,328</u>
Attributable to:			
Shareholder of the Company		6,884,418	4,898,328
Non-controlling interest		0	0
Total Comprehensive income for the year		<u>6,884,418</u>	<u>4,898,328</u>

These financial statements on pages 5 to 33 were authorised for issue on May 4, 2023 by the director and signed by:



Mr. Amitabh Goenka
Director



The accompanying notes 1 to 34 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, 2023

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

	Notes	31.03.2023	31.03.2022
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	1,873,593	608,508
Intangible assets	13	174,630	145,040
Capital work-in-progress	14	2,015,077	0
Investment properties	15	4,504,235	4,595,071
Investments in subsidiaries	16	10,227,520	509,970
Financial assets at fair value through other comprehensive income	17	990,886	1,525,612
Financial assets at amortised cost	18	10,847,178	9,344,279
Total non-current assets		30,633,119	16,728,480
Current Assets			
Inventories	19	2,346,700	3,643,653
Trade receivables	20	31,790,120	42,838,365
Cash and bank balances	21	549,671	508,282
Financial assets at amortised cost	18	1,710,267	948,612
Other assets	22	4,401,510	11,713,492
Total current assets		40,798,268	59,652,404
Total assets		71,431,387	76,380,884
LIABILITIES			
Non-Current Liabilities			
Employee end of service benefits		825,341	1,821,669
Total non-current liabilities		825,341	1,821,669
Current Liabilities			
Borrowings	23	24,924,128	23,721,868
Trade and other payables	24	54,876,982	67,493,224
Other liabilities	25	857,536	281,141
Total current liabilities		80,658,646	91,496,233
Total liabilities		81,483,987	93,317,902
Net liabilities		(10,052,600)	(16,937,018)

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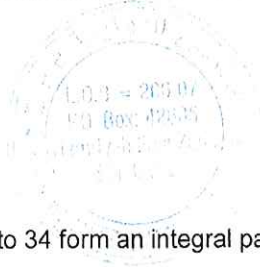
Statement of Financial Position (Continued...)

As at March 31, 2023	Notes	31.03.2023	31.03.2022
All figures are expressed in U.A.E. Dirhams			
EQUITY			
Share capital	1.1	150,000	150,000
Retained earnings	26	(8,678,815)	(15,618,135)
Other equity		(1,523,785)	(1,468,883)
Total equity		<u>(10,052,600)</u>	<u>(16,937,018)</u>

These financial statements on pages 5 to 33 were authorised for issue on May 4, 2023 by the director and signed by:

Amitabh Goenka

Mr. Amitabh Goenka
Director



The accompanying notes 1 to 34 form an integral part of these financial statements.



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Statement of Changes in Equity

For the Year Ended March 31, 2023

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

	Share Capital	Retained Earnings	Fair Value Reserve	Remeasurment of Employee Benefits	Total
Balance as at April 1, 2021	150,000	(21,265,248)	(546,244)	(173,854)	(21,835,346)
Profit for the year	0	5,647,113	0	0	5,647,113
Other comprehensive income	0	0	(181,861)	(566,924)	(748,785)
Total comprehensive income for the year	0	5,647,113	(181,861)	(566,924)	4,898,328
Transaction with shareholder recorded	0	0	0	0	0
Balance as at March 31, 2022	150,000	(15,618,135)	(728,105)	(740,778)	(16,937,018)
Profit for the year	0	6,939,320	0	0	6,939,320
Other comprehensive income	0	0	(534,726)	479,824	(54,902)
Total comprehensive income for the year	0	6,939,320	(534,726)	479,824	6,884,418
Transaction with shareholder recorded	0	0	0	0	0
Balance as at March 31, 2023	150,000	(8,678,815)	(1,262,831)	(260,954)	(10,052,600)

The accompanying notes 1 to 34 form an integral part of these financial statements.



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Statement of Cash Flows

	Notes	31.03.2023	31.03.2022
For the Year Ended March 31, 2023			
All figures are expressed in U.A.E. Dirhams			
I. Cash flow from operating activities			
Net profit for the year		6,939,320	5,647,113
Adjustments for:			
Depreciation and amortisation		279,496	207,093
Interest income		(105,496)	(35,910)
Interest paid		1,000,968	502,936
Profit on sale of assets		(1,074)	0
Provision for employee end of service benefits		170,216	357,834
Provision for expense		2,095,074	5,825,685
Unrealised foreign exchange gain		175,078	50,173
Cash flow from operations before working capital changes		10,553,582	12,554,924
Changes in inventories		1,296,953	1,621,858
Changes in trade receivables		11,048,245	3,630,947
Changes in financial asset at amortised cost		(2,264,554)	(738,897)
Changes in other assets		(2,405,568)	(11,545,456)
Changes in trade and other payables		(14,963,295)	7,719,252
Changes in other current liabilities		576,395	(4,044,001)
Payment of employee end of service benefits		(609,819)	(816,686)
Cash generated from operations		3,231,939	8,381,941
Interest income		105,496	35,910
Interest paid		(1,000,968)	(502,936)
Net cash flow from operating activities		2,336,467	7,914,915
II. Cash flow from investing activities			
Purchase of property, plant and equipment		(3,440,619)	(462,159)
Payment for intangible assets		(58,672)	0
Proceeds from sale of property, plant and equipment		1,953	0
Change in financial assets at fair value through other comprehensive income		0	(300,000)
Net cash used in investing activities		(3,497,338)	(762,159)
III. Cash flow from financing activities			
Change in borrowings		(455,857)	(13,139,607)
Net cash used in financing activities		(455,857)	(13,139,607)
Decrease in cash and cash equivalents	(I + II + III)	(1,616,728)	(5,986,851)
Cash and cash equivalents as on April 1, 2022	(Note 5.13, 27)	(22,757,729)	(16,770,878)
Cash and cash equivalents as on March 31, 2023	(Note 5.13, 27)	(24,374,457)	(22,757,729)
Non-cash financing and investing activities		Nil	Nil

The accompanying notes 1 to 34 form an integral part of these financial statements.



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Notes to the Financial Statements

For the Year Ended March 31, 2023

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.



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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.



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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.



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Notes to the Financial Statements

4.1 New Standards, Interpretations and Amendments to Existing

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing from April 1, 2022. 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
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

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, 2023 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, 2023	Insurance Contracts
Amendments to IAS 1	January 1, 2023	Classification of Liabilities as current or Non-current
Amendments to IAS 1	January 1, 2023	Disclosure of Accounting Policies
Amendments to IAS 8	January 1, 2023	Definition of Accounting Estimates
Amendments to IAS 12	January 1, 2023	Deferred tax related to assets and liabilities arising from single transaction.
Amendments to IFRS 10 and IAS 28	To Be Decided	Sale or Contribution of Assets between an Investors and its Associate or Joint Venture

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

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

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.



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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.

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.

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.



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Notes to the Financial Statements

- 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 Financial Assets

The Company classifies its financial 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. At initial recognition, the Company measures it at its fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. 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.

A financial asset or a part of financial assets is derecognised when the right to receive cash flows from the asset have expired; or 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; or the Company has transferred its right to receive cash flow from the asset and has transferred substantially all the risks and rewards of the asset; or the Company has transferred its right to receive cash flow from the asset and has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. 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

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 employee end of service benefits, borrowings and trade and other payables.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.



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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.

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.

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.



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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.

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.

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
Plant & Machinery	6.67%	15 years

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



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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.

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.



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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.

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.



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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.

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.

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.)

6 Revenue from Contract with Customers	31.03.2023	31.03.2022
Revenue from sale of goods	107,236,002	106,157,547
	<u>107,236,002</u>	<u>106,157,547</u>

Notes:

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



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	31.03.2023	31.03.2022
7 Cost of Revenue		
Opening inventory	3,643,653	5,265,511
Purchase and direct expenses	54,572,451	53,899,713
Closing inventory	(2,346,700)	(3,643,653)
	<u>55,869,404</u>	<u>55,521,571</u>
8 Other Income		
Rental income from investment property	164,798	195,090
Other miscellaneous income	19,814	10,114
	<u>184,612</u>	<u>205,204</u>
9 Distribution Cost		
Advertisement expense	26,118,842	28,085,823
Distributor sales representative expenses	178,628	297,364
Other distribution expenses	171,456	242,270
	<u>26,468,926</u>	<u>28,625,457</u>
10 Other Administrative Expenses		
Rent expenses	252,140	297,367
Payroll and related expenses	10,500,583	11,324,310
Depreciation and amortisation	279,496	207,093
Forex loss / (gain)	214,849	71,216
Foreign travelling	726,525	251,373
Retainership charges	0	(173,853)
Bank charges	327,134	304,339
Legal and professional charges	1,049,758	757,247
Rates and taxes	735,484	571,345
Commission	492,132	436,721
General expenses	595,464	213,223
Telephone charges	24,505	54,267
Auditors remuneration	41,667	47,348
Research and development	284,730	144,154
Conveyance expenses	47,873	60,371
Recruitment expenses	119,703	465,053
Insurance expenses	57,783	96,922
Maint. & Service Charges	59,000	264,620
Miscellaneous expenses	249,418	242,663
Royalty	1,189,248	465,805
	<u>17,247,492</u>	<u>16,101,584</u>
11 Finance Cost		
Interest paid to director	3,986	35,673
Interest paid to related party	0	66,307
Interest paid to others	996,982	400,956
	<u>1,000,968</u>	<u>502,936</u>



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12 Property, Plant and Equipment

	Furniture and Fixtures	Plant & Machinery	Office Equipment	Vehicles	Total
Rate of depreciation	6.33%	6.67%	4.75%, 16.21% and 6.33%	9.50%	
Cost					
As at April 1, 2021	46,011	0	264,031	344,116	654,158
Additions	0	317,278	144,881	0	462,159
As at March 31, 2022	46,011	317,278	408,912	344,116	1,116,317
Additions	46,173	899,457	33,196	0	978,826
Transferred from Capital work in progress	0	446,716	0	0	446,716
Disposal	(24,716)	0	(22,739)	0	(47,455)
As at March 31, 2023	67,468	1,663,451	419,369	344,116	2,494,404
Depreciation					
As at April 1, 2021	28,635	0	191,388	192,799	412,822
For the year	4,466	232	47,266	43,023	94,987
As at March 31, 2022	33,101	232	238,654	235,822	507,809
For the year	4,444	53,281	62,670	39,183	159,578
On disposal	(24,716)	0	(21,860)	0	(46,576)
As at March 31, 2023	12,829	53,513	279,464	275,005	620,811
Net Value					
As at March 31, 2023	54,639	1,609,938	139,905	69,111	1,873,593
As at March 31, 2022	12,910	317,046	170,258	108,294	608,508

Note :

Plant and machineries are located at the factory of Helios Perfumes and Cosmetics LLC, a supplier of company.

13 Intangible Assets

	31.03.2023	31.03.2022
Cost		
As at April 1, 2022	212,695	212,695
Additions	58,672	0
As at March 31, 2023	271,367	212,695
Accumulated amortisation		
As at April 1, 2022	67,655	46,385
for the year	29,082	21,270
As at March 31, 2023	96,737	67,655
Net Value		
As at March 31, 2023	174,630	145,040

Note: This represents amount paid for acquisition of cosmetic brands.



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14	Capital Work- in- Progress	31.03.2023	31.03.2022
	Balance at the beginning of the year	0	0
	Payment made during the year	2,461,793	0
	Transferred to Propert,plant and equipments	(446,716)	0
	Balance at the end of the year	<u>2,015,077</u>	<u>0</u>

Note :

All Capital work in progress are located at of Helios Perfumes and Cosmetics LLC, a supplier of the company.

15 Investment Properties

Cost as on April 1, 2022	5,443,467	5,443,467
Less : accumulated depreciation	(939,232)	(848,396)
Balance as at March 31, 2023	<u>4,504,235</u>	<u>4,595,071</u>

The movement in accumulated depreciation are as follows:

As at April 1, 2022	848,396	757,559
For the year	90,836	90,837
As at March 31, 2023	<u>939,232</u>	<u>848,396</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 year and a rental income of AED 164,798 (Previous period AED 195,090) has been accounted during the year.

15.5 The fair value of the above investment properties have been determined by the management to be AED 4,504,235 as on March 31, 2023 (previous year AED 4,505,071). However, the valuation of investment properties by an external independent valuer is not available.

15.6 An amount of AED 59,000 (previous year AED 42,200) has been incurred towards maintenance of the property during the year.



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16 Investment in Subsidiaries	31.03.2023	31.03.2022
Investments in Subsidiaries	<u>10,227,520</u>	<u>509,970</u>
Emami Overseas FZE (note 16.1)	0	0
Fravin Pty Ltd (note 16.2)	0	0
Limited Liability Company "Emami RUS"	9,809,216	91,666
Crème 21 GmbH	118,304	118,304
Emami International Personal Care Trading L.L.C.	<u>300,000</u>	<u>300,000</u>
	<u>10,227,520</u>	<u>509,970</u>
16.1 Emami Overseas FZE		
Cost	25,000	25,000
Less: Impairment	<u>(25,000)</u>	<u>(25,000)</u>
Net Value	<u>0</u>	<u>0</u>
16.2 Fravin Pty Ltd		
Cost	9,970,139	9,970,139
Less: Impairment	<u>(9,970,139)</u>	<u>(9,970,139)</u>
Net Value	<u>0</u>	<u>0</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).
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.
Emami International Personal Care	United Arab Emirates	100.00%	Trading of perfumes and cosmetics, beauty and personal care requisites, baby care requisites, soap & hair care products.



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Step Down Subsidiary of Emami Overseas FZE			
Pharmaderm Company S. A. E	Egypt	90.6%	Manufacturing of tools & disinfectants, Cosmetics & Alkimoatz.

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 companies. 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.

17 **Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)** 31.03.2023 31.03.2022

17.1 Unlisted Securities	Effective Ownership		
LOLI Beauty Inc.	4.94%	990,886	1,525,612
		<u>990,886</u>	<u>1,525,612</u>

17.2 Details of Company's Investment in financial assets and information about the fair value hierarchy as at December 31, 2022.

Company Name	Fair Value	Fair Value Hierarchy	Valuation Technique
Investment in LOLI Beauty Inc.	990,886	Level 3	Management Estimate

18 Financial Assets at Amortised Cost

Long term

Loan to Emami Overseas FZE (note 18.1)	9,057,376	9,021,223
Loan to Emami Personal Care L.L.C.	0	170,060
Loan to Emami Indo Lanka	1,197,012	0
Deposits	592,790	152,996
	<u>10,847,178</u>	<u>9,344,279</u>

Short term

Advances	80,899	163,025
Loan to others (refer note 18.3)	637,744	377,910
VAT receivables	991,624	407,677
	<u>1,710,267</u>	<u>948,612</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 others are unsecured, interest bearing 14% and its repayment terms are not stipulated.



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	31.03.2023	31.03.2022
19 Inventories		
Goods in trade	2,291,126	3,624,101
Goods in transit	55,574	19,552
	<u>2,346,700</u>	<u>3,643,653</u>
19.1	Inventories recognised as an expense during the period ended March 31, 2023 amounted to AED 55,258,184 (Previous period AED 55,277,222). These were included in the cost of revenue.	
20 Trade Receivables		
Trade receivables	31,856,668	42,904,913
Less allowance (also refer note below, note 5.11 and note 31.1)	(66,548)	(66,548)
	<u>31,790,120</u>	<u>42,838,365</u>
Note:	The closing loss allowances for trade receivables as at March 31, 2023 reconcile to the opening loss allowances as follows:	
Balance as at beginning of the year	66,548	310,982
Reversal of loss allowance recognised in profit or loss during the year	0	(244,434)
Balance as at end of the year	<u>66,548</u>	<u>66,548</u>
Ageing of trade receivables is as follows :		
Not due balance	28,610,642	34,504,013
0 - 30 days	1,997,734	4,068,271
31 - 90 days	0	1,918,982
91 - 180 days	0	1,097,145
Above 180 days	1,248,292	1,316,502
	<u>31,856,668</u>	<u>42,904,913</u>
21 Cash and Bank Balances		
Cash in hand	3,848	7,093
Balance with bank in current account	545,823	501,189
	<u>549,671</u>	<u>508,282</u>
22 Other Assets		
Prepayments	384,422	148,113
Advance to suppliers	4,017,088	1,847,829
Share Application Money (refer note 22.1)	0	9,717,550
	<u>4,401,510</u>	<u>11,713,492</u>
23 Borrowings		
Bank overdraft (note 23.1)	24,924,128	23,266,011
Loan from director (note 23.2)	0	455,857
	<u>24,924,128</u>	<u>23,721,868</u>



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23.1 Above bank overdraft is secured by a valid Standby Letter of Credit issued by Citibank, India in favour of Citibank, Dubai.

23.2 The loan from director was unsecured, interest bearing @1.66% p.a.

	31.03.2023	31.03.2022
24 Trade and Other Payables		
Trade creditors	30,075,092	34,421,483
Employee benefits	1,481,997	1,940,971
Accruals	16,310,012	25,284,211
Contract liability	5,437,458	5,825,685
Provisions for gratuity	97,775	20,874
Other payable	1,474,648	0
	<u>54,876,982</u>	<u>67,493,224</u>
25 Other Liabilities		
Advance from customers	<u>857,536</u>	<u>281,141</u>
26 Retained Earnings		
Balance as on April 1, 2022	(15,618,135)	(21,265,248)
Net profit for the year	<u>6,939,320</u>	<u>5,647,113</u>
Balance as on March 31, 2023	<u>(8,678,815)</u>	<u>(15,618,135)</u>
27 Cash and Cash Equivalents		
Cash in hand	3,848	7,093
Balance with bank in current account	545,823	501,189
Bank overdraft	<u>(24,924,128)</u>	<u>(23,266,011)</u>
	<u>(24,374,457)</u>	<u>(22,757,729)</u>

28 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 Company or exercise the significant influence over the Company 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.

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:



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	31.03.2023	31.03.2022
Sales	9,613,956	8,914,204
Purchases	30,067,262	37,502,039
Royalty expenses	1,189,248	465,805
Guarantee commission	293,360	293,360
Interest cost	3,986	101,980
Allocation salary expense	932,700	0
Interest on loan receivable	23,572	0

Directors and key managerial personnel

Salary	588,000	588,000
Rent	60,000	60,000

28.2 Related Party Balances

Significant related party balances are as

Trade receivables	9,876,603	4,558,567
Trade creditors	12,279,674	23,997,439
Loan to Emami Overseas FZE	9,057,376	9,021,223
Loan to Emami Lanka (Pvt) Ltd	1,197,012	0
Loan to Emami International Personal Care L.L.C.	0	170,060
Other payable to International Personal Care L.L.C.	1,474,648	0
Loan from director	0	455,857
Share application money	0	9,717,550

29 Financial Instruments

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

Financial assets as at amortized cost

- Cash in hand	3,848	7,093
- Balance with bank in current account	545,823	501,189
- Trade receivables	31,790,120	42,838,365
- Other financial assets at amortized cost	12,557,445	10,292,891
Investment in subsidiaries	10,227,520	509,970
Financial assets at fair value through other comprehensive income	990,886	1,525,612
	<u>56,115,642</u>	<u>55,675,120</u>

Financial liabilities

Financial liabilities recognized as at amortized cost

- Employee end of service benefits	825,341	1,842,543
- Borrowings	24,924,128	23,721,868
- Trade and other payables	54,876,982	67,493,224
	<u>80,626,451</u>	<u>93,057,635</u>



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Notes to the Financial Statements

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

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

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.



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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

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, 2023 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, 2023, top five customer represents 81.18% of the total value of trade debtors outstanding (As at March 31, 2022: 59.45%).



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Country-wise breakup of customers in %:

Country	As at 31.03.2023	As at 31.03.2022
KSA	28.64%	15.70%
UAE	2.23%	12.05%
RUSSIA	32.69%	13.14%
KUWAIT	5.37%	4.92%
IRAQ	2.04%	19.30%
OMAN	2.14%	7.30%
KENYA	9.33%	6.10%
UGANDA	5.15%	1.96%
BAHRAIN	2.10%	0.58%
Other African Countries	1.14%	2.69%
Other GCC Countries	3.40%	9.42%
Others	5.77%	6.84%
Total	100.00%	100.00%

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.

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



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Period Ended: March 31, 2023	Contractual Cash Flows	12 Months or Less	Above 12 Months
Non-derivative financial liabilities			
- Employee end of service benefits	825,341	0	825,341
- Borrowings	24,924,128	24,924,128	0
- Trade and other payables	54,876,982	54,876,982	0
Derivative financial liabilities	0	0	0
Total financial liabilities	80,626,451	79,801,110	825,341
<hr/>			
Year Ended: March 31, 2022	Contractual Cash Flows	12 Months or Less	Above 12 Months
Non-derivative financial liabilities			
- Employee end of service benefits	1,842,543	0	1,842,543
- Borrowings	23,721,868	23,721,868	0
- Trade and other payables	67,493,224	67,493,224	0
Derivative financial liabilities	0	0	0
Total financial liabilities	93,057,635	91,215,092	1,842,543

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.

Interest on bank borrowings is payable at Libor + 1.50% p.a. and interest has been paid @ 1.66% p.a. on loan from director. Interest has been received @14% from loan given to others.



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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	Russian Ruble	9,809,216
Bank Balance	Euro	304,157
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 Capital Commitment	31.03.2023	31.03.2022
Estimated capital cost	2,182,774	0
Paid till the year end	(2,015,077)	0
Net commitment	<u>167,697</u>	<u>0</u>

33 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.

34 Comparative Figures

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

