

EMAMI LANKA (PRIVATE) LIMITED
FINANCIAL STATEMENTS
31 MARCH 2025

PNS/AKS/JJ

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF EMAMI LANKA (PRIVATE) LIMITED**

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Emami Lanka (Private) Limited, ("the Company"), which comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2025 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs).

Basis of opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standard for Small and Medium-Sized Entities, 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 and when the management decides that it is not a going concern, disclosing as applicable, matters relating to use of the basis of accounting other than going concern. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs 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.

(Contd...2/)

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCA FCCA MBA (US-J-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp), M U M Mansoor ACA

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As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit.

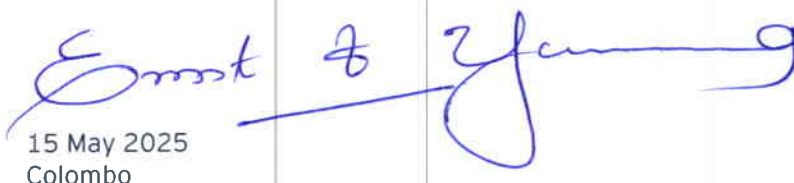
We also:

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

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

Report on other legal and regulatory requirements

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


15 May 2025
Colombo

Emami Lanka (Private) Limited
STATEMENT OF FINANCIAL POSITION
As at 31 March 2025

	Note	2025 Rs.	2024 Rs.
ASSETS			
Non-current assets			
Property and equipment	9	32,464,785	35,886,580
Intangible assets	10	-	2,490
		<u>32,464,785</u>	<u>35,889,069</u>
Current assets			
Inventory	11	140,209,247	184,189,356
Trade receivables	12.1	468,043,857	293,609,576
Other receivables	12.2	22,902,769	18,231,144
Cash and cash equivalents	13.1	684,495	65,550,700
Total current assets		<u>631,840,368</u>	<u>561,580,775</u>
Total assets		<u>664,305,153</u>	<u>597,469,845</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	14	1,138,500	1,138,500
Accumulated losses		(324,793,504)	(174,618,526)
Total equity		<u>(323,655,004)</u>	<u>(173,480,026)</u>
Non-current liabilities			
Retirement benefit obligations	15	546,000	3,050,250
Interest bearing borrowings	17	290,229,856	232,841,000
Total non current liabilities		<u>290,775,856</u>	<u>235,891,250</u>
Current liabilities			
Trade and other payables	18	478,284,450	455,116,317
Interest bearing borrowings	17	149,096,250	79,942,304
Current tax liabilities		-	-
Bank overdraft	13.2	69,803,601	-
Total current liabilities		<u>697,184,300</u>	<u>535,058,621</u>
Total equity and liabilities		<u>664,305,153</u>	<u>597,469,845</u>

I certify that the Financial Statements have been prepared in accordance with the requirements of the Companies Act No. 7 of 2007.

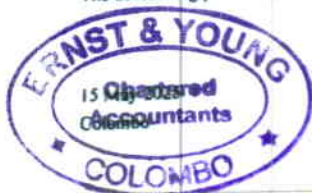

Head of Finance

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by:


Director


Director

The accounting policies and notes on pages 07 through 19 form an integral part of the Financial Statements.



Emami Lanka (Private) Limited

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2025

	Notes	2025 Rs.	2024 Rs.
Revenue	4	684,776,799	670,599,243
Cost of sales		(470,985,877)	(416,984,792)
Gross profit		213,790,922	253,614,451
Other income	5	7,507,889	32,052,592
Selling and distribution expenses		(265,752,739)	(276,523,465)
Administrative and other expenses		(76,066,327)	(68,119,003)
Profit from operation	6	(120,520,255)	(58,975,426)
Finance expenses	7	(29,654,722)	(24,670,860)
Profit before taxation		(150,174,977)	(83,646,285)
Income tax expense	8	-	4,488,015
Profit for the year		(150,174,977)	(79,158,271)
Other comprehensive income / (expense)		-	-
Total comprehensive income for the year		(150,174,977)	(79,158,271)

The accounting policies and notes on pages 07 through 19 form an integral part of the Financial Statements.



Emami Lanka (Private) Limited

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2025

	Stated Capital Rs.	Accumulated Losses Rs.	Total Rs.
Balance as at 01 April 2023	1,138,500	(95,460,255)	(94,321,755)
Total Comprehensive Income / (Expense) for the Period	-	(79,158,271)	(79,158,271)
Balance as at 31 March 2024	1,138,500	(174,618,526)	(173,480,026)
Total Comprehensive Income / (Expense) for the Period	-	(150,174,977)	(150,174,977)
Balance as at 31 March 2025	1,138,500	(324,793,504)	(323,655,004)

The accounting policies and notes on pages 07 through 19 form an integral part of the Financial Statements.



Emami Lanka (Private) Limited
STATEMENT OF CASH FLOWS
Year ended 31 March 2025

	Note	2025 Rs.	2024 Rs.
Profit before taxation		(150,174,977)	(83,646,285)
Non-cash adjustment to reconcile profit before tax to net cash flows:			
Depreciation and amortization	9 & 10	3,424,285	3,406,440
Provision for retirement benefit obligation	15	(782,950)	189,502
Unrealised exchange gain / loss		(7,213,449)	(29,602,613)
Finance costs	7	20,069,674	18,949,451
(Reversal) / charge of provision for slow moving inventories		67,734,977	15,512,414
		<u>(66,942,440)</u>	<u>(75,191,091)</u>
Working capital adjustments:			
Increase / (decrease) in trade and other receivables and prepayments		(179,105,906)	(58,005,466)
Decrease/ (increase) in inventories		(23,754,868)	(5,394,454)
Decrease/ (increase) in trade and other payables		135,133,409	94,185,072
		<u>(67,727,365)</u>	<u>30,785,152</u>
Interest paid		-	(14,229,377)
Income tax paid		-	(2,848,170)
Gratuity paid		-	-
Net cash flows from operating activities		<u>(134,669,805)</u>	<u>(61,483,486)</u>
Investing activities			
Purchase of property, plant and equipment & intangible assets	9	-	(2,130,422)
Net cash flows used in investing activities		<u>-</u>	<u>(2,130,422)</u>
Financing activities			
Net cash flows from/(used in) financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		(134,669,805)	(63,613,908)
Cash and cash equivalents at beginning		65,550,700	129,164,608
Cash and cash equivalents at year end	13	<u>(69,119,106)</u>	<u>65,550,700</u>

The accounting policies and notes on pages 07 through 19 form an integral part of the Financial Statements.



1. CORPORATE INFORMATION

1.1 General

The Company is a Limited liability company incorporated on 27 June 2017 and domiciled in Sri Lanka. The Registered Office of the Company and principal place of business is located at No. 200, Luckmanjee Square, Colombo 14. The Company commenced its commercial operations on 01 September 2017.

The Company changed its legal name from Emami Indo Lanka (Private) Limited to Emami Lanka (Private) Limited and informed the Registrar of Companies in accordance with Section 8 (3) of the Companies Act No 07 of 2007 on 04 March 2022.

1.2 Principal Activities and Nature of Operations

During the period, the principal activities of the company is engaged in trading of imported and locally purchased ayurvedic, cosmetics and, beauty products.

1.3 Parent and ultimate parent

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

1.4 Date of Authorization for Issue

The Financial Statements of Emami Lanka (Private) Limited, for the year ended 31 March 2025 were signed for and on behalf of the board by directors on 15 May 2025



2.1 BASIS OF ACCOUNTING

2.1.1 Statement of Compliance

The Financial Statements of Emami Lanka (Private) Limited, which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, Accounting Policies and Notes, have been prepared and presented in accordance with SLFRS for SMEs.

The preparation and presentation of these financial statements are in compliance with the Companies Act No. 7 of 2007.

2.1.2 Basis of Measurement

The financial statements have been prepared on a historical cost basis, except where otherwise stated in the accounting policies below.

The financial statements are presented in Sri Lankan Rupees (Rs.), except when otherwise indicated.

2.1.3 Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2025, based on available information, the management has assessed the prevailing and anticipated effects of the current economic conditions on the Company and the appropriateness of the use of the going concern basis.

It is the view of the management there are no material uncertainties that may cast significant doubt on the ability to continue to operate as going concern due to the improved operating environment effects of the current economic conditions and the operationalization of risk mitigation initiatives and continuous monitoring of business continuity and response plans along with the financial strength of the Company. The management has formed a judgment that the Company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

2.1.4 Comparative Information

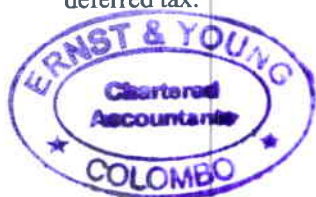
The accounting policies have been consistently applied by the company and are consistent with those of the previous year. The previous year's figures and phases have been rearranged wherever necessary to conform current year's presentation.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with SLFRSs for SMEs requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

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



3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Taxation

Current Taxation

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

Deferred Taxation

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future and any unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.2 Financial Instruments

a) Financial Assets:

All financial assets are recognized initially at the transaction price.

Subsequent Measurement

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, cash at bank and short-term deposits and these are subjected to insignificant risk of changes in value.

For the purpose of cash flow statement, cash & cash equivalents consist of cash in hand, cash at bank and short term deposits net of outstanding bank overdrafts.

Trade and Other Receivables

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

b) Financial Liabilities:

The Company's financial liabilities include trade and other payables. Financial Liabilities are recognized initially at transaction price. After initial recognition they are measured at amortized cost using the effective interest method. Trade & other payables are on normal credit period terms and do not bear interest.



Trade and Other Payables

Most of the trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Payables which are extended beyond normal credits terms are discounted up to the year end. Resulting gains or losses are recognized in the statement of comprehensive income.

3.3 Property, Plant and Equipment:

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

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

The principal annual rates used are as follows.

Plant & Equipment	6.67%
Electrical installation	6.67%
Improvement to leasehold building	10.00%
Furniture, fittings & equipment	10.00%
Air conditioner	20.00%
Computers	33.33%
Computer software	16.67%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

3.4 Impairment of Assets:

At each reporting date, property, plant and equipment, is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.



3.5 Inventories:

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

3.6 Liabilities and provisions**Interest bearing borrowings**

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

Provisions

Provisions are recognized when the company has a present obligation (legal and constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be estimated reliably. The expenses relating to any provision is presented in profit or loss. Provisions are not recognised for future operating losses. If the effect of the time value of money is material, provision is discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee benefits***Defined benefit plan – Gratuity***

The company is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983, according to which a liability to pay gratuity arises only on completion of 5 years of continuous service. In order to meet this liability, a provision is carried forward in the statement of financial position, based on a half month's salary method, for all employees for each completed year of service, commencing from the first year of service. The resulting difference between brought forward provision at the beginning of a period and the carried forward provision at the end of the period is dealt within the statement of profit or loss. The gratuity liability is neither externally funded nor actuarially valued.

Defined contribution plan — Employees' Provident Fund

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

Defined contribution plan — Employees' Trust Fund

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

3.7 Recognition of Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.



a) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to buyer; with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

b) Other Income

Other income is recognized on accrual basis.

Net profits and losses of a revenue nature on the disposal of property, plant and equipment have been accounted for in the Statement of Comprehensive Income having deducted from proceeds on disposal, the carrying value of related property, plant and equipment.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

3.8 Expenditure Recognition

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

For the purpose of presentation of the income statement the directors are of the opinion that function of expenses method presents fairly the elements of the company's performance and hence such presentation method is adopted.

Borrowing costs are recognized as an expense in profit or loss in the period in which they are incurred. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

3.9 Foreign Currency Transactions / Translation

Transactions in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate rulings at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies as at the date of statement of financial position are translated to Sri Lankan Rupees at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Sri Lankan Rupees at the foreign exchange rate ruling at the date of the transaction.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued up to the date of issuance of the Company's financial statements but are not effective for the current annual reporting period, are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:



- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

Lack of exchangeability – Amendments to LKAS 21

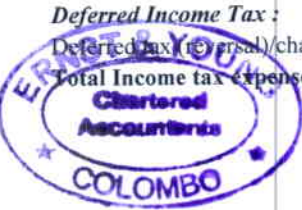
The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information



4. REVENUE	2025 Rs.	2024 Rs.
Sale of goods	682,792,758	622,360,144
Sales of Raw Material & Packing Material	1,984,041	48,239,099
	<u>684,776,799</u>	<u>670,599,243</u>
5. OTHER INCOME	2025 Rs.	2024 Rs.
Interest on Fixed Deposit	902,445	4,616,775
Foreign exchange loss	6,605,444	27,435,816
	<u>7,507,889</u>	<u>32,052,592</u>
6. PROFIT FROM OPERATIONS	2025 Rs.	2024 Rs.
Trade scheme	77,582,416	60,166,365
Sales incentives	7,624,034	5,190,872
Promotional expenses	25,797,585	49,537,985
Advertisement expenses	35,158,448	63,296,189
Damage and expire provision	5,259,699	11,236,679
Transport charges	2,674,875	2,370,444
Salaries	17,085,124	16,729,832
Employees' Provident Fund	1,213,410	1,157,585
Employees' Trust Fund	288,549	286,882
Performance linked variable remuneration (PLVR)	777,778	2,324,760
Gratuity	(782,950)	189,502
Secretarial charges	974,232	409,919
Insurance	655,141	918,075
Audit fees	2,076,456	1,106,971
Rent expenses	9,675,462	9,104,227
Depreciation and amortization	3,424,285	3,406,440
Guarantee commission	1,000,000	1,000,000
Royalty expenses	10,629,207	8,532,263
	<u>201,113,751</u>	<u>236,964,990</u>
7. FINANCE EXPENSES	2025 Rs.	2024 Rs.
Interest expense on loans	20,069,674	18,949,451
Bank charges	9,585,048	5,721,409
	<u>29,654,722</u>	<u>24,670,860</u>
8. INCOME TAX EXPENSE	2025 Rs.	2024 Rs.
On current year profits (Note 8.1)	-	(1,469,845)
	-	(1,469,845)
Deferred Income Tax :		
Deferred tax (reversal)/charge (Note 16)	-	(3,018,170)
Total Income tax expense reported in Statement of Profit or Loss	<u>-</u>	<u>4,488,015</u>



8. INCOME TAX EXPENSE (Contd...)

8.1 Reconciliation of Accounting Profit to Income Tax Expense	2025 Rs.	2024 Rs.
Profit before tax	(150,174,977)	(83,646,285)
Disallowable expenses	107,685,614	52,752,959
Allowable deductions	(41,342,356)	(40,659,253)
Non-taxable income	-	-
Taxable business income	(83,831,720)	(71,552,579)
Taxable business income	(83,831,720)	(71,552,579)
Total taxable income	(83,831,720)	(71,552,579)
Reversal of income Tax	-	(1,469,845)
Income tax on current year profits	-	(1,469,845)

9. PROPERTY & EQUIPMENT

At Cost	Balance as at 01.04.2024 Rs.	Additions Rs.	Disposals / Transfers Rs.	Balance as at 31.03.2025 Rs.
Plant & Equipment	33,015,186	-	-	33,015,186
Electrical installations	3,038,307	-	-	3,038,307
Improvement to leasehold building	3,335,195	-	-	3,335,195
Furniture, fittings & equipment	2,154,687	-	-	2,154,687
Air conditioners	1,185,193	-	-	1,185,193
Computers	1,500,977	-	-	1,500,977
	44,229,546	-	-	44,229,546
Accumulated Depreciation	Balance as at 01.04.2024 Rs.	Charged during the year Rs.	Disposals / Transfers Rs.	Balance as at 31.03.2025 Rs.
Plant & Equipment	3,942,841	2,201,072	-	6,143,913
Electrical installations	814,182	303,831	-	1,118,013
Improvement to leasehold building	555,973	358,964	-	914,937
Furniture, fittings & equipment	1,111,401	203,208	-	1,314,609
Air conditioners	720,643	165,035	-	885,678
Computers	1,197,927	189,685	-	1,387,611
	8,342,966	3,421,795	-	11,764,761
Capital Work in progress				-
Net book value as at 31.03.2024				32,464,785
Net book value as at 31.03.2023				35,886,580

Property, Plant and Equipment includes Fully depreciated assets having a gross carrying amount of Rs 1,647,780 (2024- Rs. 1,433,880)

10. INTANGIBLE ASSETS

Cost	Balance as at 01.04.2024 Rs.	Additions / Amortization for the year Rs.	Transfers / Impairment Rs.	Balance as at 31.03.2025 Rs.
Computer software	101,650	-	-	101,650
	101,650	-	-	101,650
Amortisation and impairment				
Computer software	99,160	2,490	-	101,650
	99,160	2,490	-	101,650
Net book value	2,490			-



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2025

11. INVENTORIES		2025 Rs.	2024 Rs.		
Finished goods		87,049,055	95,459,768		
Goods in transit		22,842,895	6,172,819		
Raw Material		49,005,680	51,218,357		
Packing Material		49,046,594	46,850,825		
Provision for slow moving inventories		(67,734,977)	(15,512,414)		
		<u>140,209,247</u>	<u>184,189,356</u>		
12. TRADE AND OTHER RECEIVABLES		2025 Rs.	2024 Rs.		
12.1 Trade receivables					
Local trade receivables		468,043,857	293,609,576		
		<u>468,043,857</u>	<u>293,609,576</u>		
12.2 Other receivables					
Advance payments		19,697,911	14,288,252		
Refundable deposits		1,320,400	1,320,400		
Prepaid insurance		205,828	409,342		
Prepaid advertising		-	500,000		
Interest Receivable on Deposits		-	34,521		
Income Tax Receivable		1,448,435	1,448,435		
WHT Receivable		230,194	230,194		
		<u>22,902,769</u>	<u>18,231,144</u>		
Total trade and other receivables		<u>490,946,626</u>	<u>311,840,720</u>		
13. CASH AND CASH EQUIVALENTS		2025 Rs.	2024 Rs.		
Components of cash and cash equivalents					
13.1 Favorable cash & cash equivalents balance					
Cash in hand		487,926	26,611		
Cash at bank		196,569	524,089		
Short term deposits		-	65,000,000		
		<u>684,495</u>	<u>65,550,700</u>		
13.2 Unfavorable cash & cash equivalents balance					
Bank overdrafts		69,803,601	-		
		<u>69,803,601</u>	<u>-</u>		
Total cash and cash equivalents in the statement of cash flows		<u>(69,119,106)</u>	<u>65,550,700</u>		
14. STATED CAPITAL		2025 Number of Shares	2025 Value of Shares Rs.	2024 Number of Shares	2024 Value of Shares Rs.
Issued and fully paid,					
Ordinary shares		<u>113,850</u>	<u>1,138,500</u>	<u>113,850</u>	<u>1,138,500</u>
15. RETIREMENT BENEFIT OBLIGATIONS		2025 Rs.	2024 Rs.		
Balance as at 1 April		3,050,250	2,860,748		
(Excess) provision made during the year		(2,504,250)	189,502		
Balance as at 31 March		<u>546,000</u>	<u>3,050,250</u>		



16. DEFERRED TAX ASSET / LIABILITY	2025 Rs.	2024 Rs.
Deferred tax asset / (liability) arising from origination of temporary differences from:		
Property and equipment	-	-
Retirement benefit obligations, PVLR & LTA	-	-
Deferred tax asset / (liability)	-	-
Deferred tax charge / (reversal) recorded in the Statement of Comprehensive Income	-	(3,018,170)
17. INTEREST BEARING BORROWINGS	2025 Rs.	2024 Rs.
Opening balance	312,783,304	319,424,266
Loans obtained during the year	111,966,848	-
Exchange loss	(40,232,424)	(27,287,888)
Interest payable	54,808,378	34,876,304
Less: Interest paid during the year	-	(14,229,377)
Balance at the end of the year	439,326,106	312,783,304
Loan obligation repayable within one year	-	45,066,000
Loan obligation repayable within one year- Emami Limited	-	-
- Emami FZE	94,287,872	-
Interest obligation repayable within one year- Emami Limited	42,822,193	28,761,512
- Emami FZE	11,986,185	6,114,792
	149,096,250	79,942,304
Total	149,096,250	79,942,304
Loan obligation repayable after 1 year	178,263,008	136,700,200
Loan obligation repayable after 1 year- Emami limited	111,966,848	96,140,800
Loan obligation repayable after 1 year- Emami FZE	290,229,856	232,841,000
Total	439,326,106	312,783,304

17.1 Interest bearing borrowings represent USD 240,000, USD 215,000 and USD 150,000 loans obtained from Emami Limited the parent company, for a period of three years as per agreements dated 30 August 2017, 15 November 2017 and 20 March 2018 respectively. The principal amount of the loans are to be paid in full on completion of 3 years and shall be repaid within 15 days from the expiry of the loan period of 3 years from the date of remittance of such loans. The interest on above loans should be accrued at 8% and should be paid within 3 months from the end of each financial year. These loans were obtained to meet working capital requirements.

In the financial year 2020/21, USD 240,000 loan was extended by another 3 years until 30 August 2023, USD 215,000 loan was extended by another 3 years until 15 November 2023 and USD 150,000 loan was extended by another 3 years until 20 March 2024.

In the financial year 2023/24 further extension of above mentioned loans have been made for another 3 years. Accordingly, USD 240,000 loan was extended until 30 August 2026, USD 215,000 loan was extended until 15 November 2026 and USD 150,000 loan was extended until 20 March 2027.

During the period under review, the entity obtained loans from Emami International FZE totalling USD 700,000, each with a tenor of three years. A loan of USD 100,000 was received on August 5, 2022, at an interest rate of 3.50%. Subsequently, loans of USD 100,000 and USD 120,000 were received on October 12, 2022, and December 13, 2022, respectively, both carrying an interest rate of 5%. Further loans of USD 80,000 and USD 150,000 were received on September 26, 2024, and December 7, 2024, respectively, at an interest rate of 5%. Lastly, a loan of USD 150,000 was received on February 21, 2025, also at an interest rate of 5%. All loans have a tenor of three years from the respective date of disbursement.



Emami Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2025

18. TRADE AND OTHER PAYABLES

18.1 Trade creditors
Emami Limited
Trade Creditors-Other

2025
Rs.

2024
Rs.

148,186,417	55,073,056
186,586,514	331,898,124
334,772,932	386,971,180

18.2 Other payables

PAYE payable
Other payables
Audit fees Payable
Travelling payable
Accruals -Sales and marketing
Electricity charges
Accruals -Other operating expenses
Freight and forwarding charges
Stamp Duty Payable
Performance linked variable remuneration (PLVR)
VAT payables
EPF payable
Royalty Payable
ETF payable

-	-
792,430	403,500
1,300,400	850,228
562,511	222,500
88,384,710	-
50,001	45,001
30,190,156	50,202,149
280,000	264,000
25	-
1,935,138	3,172,000
9,240,128	4,281,800
146,813	149,300
10,629,207	8,532,264
-	22,395
143,511,518	68,145,137

Total trade and other payables

478,284,450	455,116,317
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19. COMMITMENTS

There were no material commitments, financial or other contracted or consented by the Board of Directors as at 31 March 2025.

20. CONTINGENCIES

There were no material contingent liabilities as at 31 March 2025 which require adjustments to / or disclosure in the Financial Statements apart from the below mentioned details.

21. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date no circumstances have arisen which would require adjustments to / or disclosure in the Financial Statements.



Emami Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2025

22. RELATED PARTY DISCLOSURE

Related Party Disclosures are as follows:

22.1 Transactions with key management personnel

The key management personnel of the company are the members of its Board of Directors and their close family members.

	2025 Rs.	2024 Rs.
a) Key management personnel compensation		
Short - Term Employee Benefits - Directors' Remunerations	-	-

22.2 Transaction details with the parent and related entities

Name of the Company	Relationship	Nature of Transaction	Transaction Amount (Rs.)	
			2025	2024
Emami Limited, India	Parent Company	Purchases-FG	(39,944,270)	(73,486,226)
		Purchases-RM/PM	(111,582,483)	(88,813,962)
		Guarantee commission	(1,000,000)	(1,000,000)
		Interest cost	(14,261,041)	(14,581,136)
		Royalty	(10,629,207)	(8,532,263)
		Loan outstanding	(178,263,008)	(181,766,200)
		Interest payable	(42,822,193)	(28,761,512)
		Trade payable-FG	(39,174,422)	(33,179,963)
		Trade payable-RM/PM	(109,011,996)	(21,893,093)
Emami International FZE	Group Affiliate	Purchases-FG	(20,134,664)	(11,137,246)
		Receivable	819,957	862,276
		Loan outstanding	(206,254,720)	(96,140,800)
		Interest payable	(11,986,185)	(6,114,792)
		Interest cost	(5,808,634)	(4,368,316)
		Trade payable-FG	(25,301,739)	(8,693,063)
Amounts due to the parent and related entities			2025	2024
			Rs.	Rs.
Emami Limited, India			148,186,417	55,073,056
Trade payable			10,629,207	8,532,263
Royalty payable			42,822,193	28,761,512
Interest payable			1,000,000	1,000,000
Guarantee commission payable			178,263,008	181,766,200
Loan payable			380,900,825	275,133,031
Emami International FZE			25,301,739	8,693,063
Trade payable			(819,957)	(862,276)
Receivable during the year			11,986,185	6,114,792
Interest payable			206,254,720	96,140,800
Loan payable			242,722,687	110,086,380



EMAMI LANKA (PRIVATE) LIMITED

DETAILED INCOME STATEMENT
YEAR ENDED 31 MARCH 2025

Emami Lanka (Private) Limited
DETAILED STATEMENT OF PROFIT OR LOSS
Year ended 31 March 2025

		2025 Rs.	2024 Rs.
Revenue	I	684,776,799	670,599,243
Cost of sales	II	(470,985,877)	(416,984,792)
Gross profit		<u>213,790,922</u>	<u>253,614,451</u>
Other income	I	7,507,889	32,052,592
Selling and distribution expenses	III	(265,752,739)	(276,523,465)
Administrative and other expenses	IV	<u>(76,066,327)</u>	<u>(68,119,003)</u>
Profit from operation		<u>(120,520,255)</u>	<u>(58,975,426)</u>
Finance expenses	V	(29,654,722)	(24,670,860)
Profit/(Loss) before tax		<u><u>(150,174,977)</u></u>	<u><u>(83,646,285)</u></u>



Emami Lanka (Private) Limited
DETAILED STATEMENT OF PROFIT OR LOSS
Year ended 31 March 2025

STATEMENT I

REVENUE

Sale of goods
Sales of Raw Material & Packing Material

2025 Rs.	2024 Rs.
682,792,758	622,360,144
1,984,041	48,239,099
684,776,799	670,599,243

OTHER INCOME

Interest on Fixed Deposit
Foreign exchange loss

902,445	4,616,775
6,605,444	27,435,816
7,507,889	32,052,592

STATEMENT II

COST OF SALES

Opening inventory as at 01 April

2025 Rs.	2024 Rs.
184,189,356	194,307,316

Add: -
Purchases during the year

427,005,768	406,866,832
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Less: -
Closing inventory as at 31 March

(140,209,247)	(184,189,356)
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Total cost of sales

470,985,877	416,984,792
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STATEMENT III

SELLING AND DISTRIBUTION EXPENSES

Trade scheme
Sales incentives
Promotional expenses
Advertisement expenses
Damage and expire provision
Transport charges
DSR Expenses

2025 Rs.	2024 Rs.
77,582,416	60,166,365
7,624,034	5,190,872
25,797,585	49,537,985
35,158,448	63,296,189
5,259,699	11,236,679
2,674,875	2,370,444
111,655,682	84,724,930
265,752,739	276,523,465



STATEMENT IV

ADMINISTRATIVE EXPENSES

	2025 Rs.	2024 Rs.
Salaries	17,085,124	16,729,832
Employees' Provident Fund	1,213,410	1,157,585
Employees' Trust Fund	288,549	286,882
Performance linked variable remuneration (PLVR)	777,778	2,324,760
Leave travel allowance (LTA)	920,016	400,000
Gratuity	(782,950)	189,502
Welfare Expense	178,222	176,080
Secretarial charges	974,232	409,919
NMRA consultancy charges	8,000	222,960
Stamp duty	5,504,415	54,550
Social Security Levy	9,744,987	9,259,260
Insurance	655,141	918,075
Audit fees	2,076,456	1,106,971
Communication charges	108,288	137,557
Printing and stationery	73,352	82,388
Rent expenses	9,675,462	9,104,227
Travelling and fuel charges	6,924,686	9,999,471
Electricity	451,439	379,655
Depreciation and amortization	3,424,285	3,406,440
Product registration and testing charges	915,902	1,970,675
Sundry expenses	4,204,870	172,255
Postage and courier charge	15,456	97,697
Guarantee commission	1,000,000	1,000,000
Royalty expenses	10,629,207	8,532,263
	76,066,327	68,119,003

STATEMENT V

FINANCE EXPENSES

	2025 Rs.	2024 Rs.
Interest expense on loans	20,069,674	18,949,451
Bank charges	9,585,048	5,721,409
	29,654,722	24,670,860

