EMAMI LANKA (PRIVATE) LIMITED

FINANCIAL STATEMENTS

31 MARCH 2026

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with confidence

Ernst & Young
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PNS/AKS/ND/DW

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 2026, 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 2026 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.

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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.

Ernst & Young

07 May 2026
Colombo

Emami Lanka (Private) Limited

STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	Note	2026 Rs.	2025 Rs.
ASSETS			
Non-current Assets			
Property, plant and equipment	9	29,578,501	32,464,785
Intangible assets	10	-	-
		29,578,501	32,464,785
Current assets			
Inventory	11	92,942,075	140,209,247
Trade receivables	12.1	287,179,424	468,043,857
Other receivables	12.2	17,749,496	22,902,769
Cash and cash equivalents	13.1	1,071,983	684,495
		398,942,979	631,840,368
Total Assets		428,521,480	664,305,153
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated capital	14	1,138,500	1,138,500
Accumulated losses		(501,379,237)	(324,793,504)
Total Equity		(500,240,737)	(323,655,004)
Non-current Liabilities			
Retirement benefit obligations	15	2,020,290	546,000
Interest bearing borrowings	17	299,471,920	290,229,856
Deferred tax liability	16	-	-
		301,492,210	290,775,856
Current Liabilities			
Trade and other payables	18	435,582,973	478,284,450
Interest bearing borrowings	17	181,460,983	149,096,250
Bank overdraft	13.2	10,226,051	69,803,601
		627,270,007	697,184,300
Total Equity and Liabilities		428,521,480	664,305,153

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 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.

ERNST & YOUNG
Chartered Accountants
COLOMBO
07 May 2026
Colombo

Emami Lanka (Private) Limited
STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2026

	Notes	2026 Rs.	2025 Rs.
Revenue	4	686,370,949	684,776,799
Cost of sales		(370,907,607)	(470,985,877)
Gross Profit		315,463,342	213,790,922
Other income	5	58,647	7,507,889
Selling and distribution expenses		(329,749,939)	(265,752,739)
Administrative and other expenses		(127,594,345)	(76,066,327)
Profit/(Loss) from Operation	6	(141,822,295)	(120,520,255)
Finance expenses	7	(34,763,438)	(29,654,722)
Profit/(Loss) before Taxation		(176,585,734)	(150,174,977)
Income tax expense	8	-	-
Profit/(Loss) for the Year		(176,585,734)	(150,174,977)
Other comprehensive income		-	-
Total Comprehensive Income for the Year		(176,585,734)	(150,174,977)

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

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Emami Lanka (Private) Limited

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2026

	Stated Capital	Accumulated Losses	Total
	Rs.	Rs.	Rs.
Balance as at 01 April 2024	1,138,500	(174,618,526)	(173,480,026)
Profit/(Loss) for the year	-	(150,174,977)	(150,174,977)
Balance as at 31 March 2025	1,138,500	(324,793,504)	(323,655,004)
Profit/(Loss) for the year	-	(176,585,734)	(176,585,734)
Balance as at 31 March 2026	1,138,500	(501,379,237)	(500,240,737)

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

ERNST & YOUNG Chartered Accountants COLOMBO

Emami Lanka (Private) Limited

STATEMENT OF CASH FLOWS

Year ended 31 March 2026

	Note	2026 Rs.	2025 Rs.
Profit/(Loss) before Taxation		(176,585,734)	(150,174,977)
Non-cash Adjustment to Reconcile Profit before Tax to Net Cash Flows:			
Depreciation and amortization	9 & 10	3,491,284	3,424,285
Provision for retirement benefit obligation	15	1,474,290	(782,950)
Unrealized exchange (gain)/loss		33,601,565	(7,213,449)
Finance costs	7	34,763,438	20,069,674
Provision for inventory obsolescence		100,000,000	-
Provision for slow moving inventories		-	67,734,977
		(3,255,157)	(66,942,440)
Working Capital Adjustments:			
Decrease/(Increase) in trade and other receivables		186,017,706	(179,105,906)
Decrease/(Increase) in inventories		47,267,171	(23,754,868)
Increase/(Decrease) in trade and other payables		(146,193,240)	135,133,409
		87,091,637	(67,727,365)
Interest paid		(9,557,275)	-
Income tax paid		-	-
Gratuity paid		-	-
Net Cash Flows from/(Used in) Operating Activities		74,279,205	(134,669,805)
Investing Activities			
Purchase of property, plant and equipment & intangible assets	9	(605,000)	-
Net Cash Flows used in Investing Activities		(605,000)	-
Financing Activities			
Repayment of interest bearing loans - capital amounts		(46,391,505)	-
Repayment of interest bearing loans - interests		(44,525,162)	-
Interest bearing loans obtained		77,207,500	-
Net Cash Flows from/(used in) Financing Activities		(13,709,167)	-
Net increase in cash and cash equivalents		59,965,038	(134,669,805)
Cash and cash equivalents at beginning		(69,119,106)	65,550,700
Cash and Cash Equivalents at Year End	13	(9,154,068)	(69,119,106)

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

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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 2026 were signed for and on behalf of the board by directors on 07 May 2026.

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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

As at the reporting date the Company's current liabilities exceeded its current assets by LKR 228,327,029 (2025 - LKR 65,343,933) and accumulated loss amounts to LKR 501,379,237 (2025- LKR 324,793,504).

However, the Board of Directors is confident that the Company is able to continue as a going concern due to the following mitigating factors.

- The appointment of Emerchemie NB (Ceylon) Ltd as the new national distributor, combined with the transition to David Pieris Logistics (Pvt) Ltd for warehousing and distribution, along with MRP increases and cost optimization initiatives including loan restructuring and reduced conversion costs, is expected to enhance sales performance, improve operational efficiency, and strengthen overall financial stability.

- Emami Limited, the parent, has committed to provide necessary financial support to assist the Company in meeting its liabilities as and when they fall due.

The Company is currently continuing its operations with no intention to cease or liquidate, therefore, the financial statements have been prepared on a going concern basis, and no material uncertainties related to going concern have been identified.

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 SIGNIFICANT 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 consists 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.

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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.

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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.

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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.

3.10 EFFECTS OF SRI LANKA ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations.

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In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 01 January 2027. Early application is permitted.

Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability-linked terms and nature-dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 01 January 2026. Early application is permitted.

The amendments are not expected to have a material impact on the financial statements.

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4. REVENUE

	2026 Rs.	2025 Rs.
Sale of goods	678,878,668	682,792,758
Sales of Raw Material & Packing Material	7,492,281	1,984,041
	686,370,949	684,776,799

5. OTHER INCOME

	2026 Rs.	2025 Rs.
Interest on Fixed Deposit	58,647	902,445
Foreign exchange loss	-	6,605,444
	58,647	7,507,889

6. PROFIT FROM OPERATIONS

	2026 Rs.	2025 Rs.
Trade scheme	67,252,019	77,582,416
Sales incentives	7,609,270	7,624,034
Promotional expenses	140,305,869	25,797,585
Advertisement expenses	12,842,637	35,158,448
Damage and expire provision	-	5,259,699
Transport charges	2,696,460	2,674,875
Salaries	25,587,682	17,085,124
Employees' Provident Fund	2,070,324	1,213,410
Employees' Trust Fund	517,581	288,549
Performance linked variable remuneration (PLVR)	(32,722)	777,778
Gratuity	1,474,290	(782,950)
Secretarial charges	2,203,107	974,232
Insurance	695,077	655,141
Audit fees	1,352,620	2,076,456
Rent expenses	10,143,204	9,675,462
Depreciation and amortization	3,491,284	3,424,285
Guarantee commission	1,000,000	1,000,000
Royalty expenses	9,639,012	10,629,207

7. FINANCE EXPENSES

	2026 Rs.	2025 Rs.
Interest expense on loans	25,206,164	20,069,674
Bank charges	9,557,275	9,585,048
	34,763,438	29,654,722

8. INCOME TAX EXPENSE

	2026 Rs.	2025 Rs.
On current year profits (Note 8.1)	-	-
Deferred Income Tax :		
Deferred tax (reversal)/charge (Note 16)	-	-
Total Income Tax Expense reported in Statement of Profit or Loss	-	-

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8. INCOME TAX EXPENSE (Contd...)

	2026 Rs.	2025 Rs.
8.1 Reconciliation of Accounting Profit to Income Tax Expense		
Profit/(Loss) before tax	(176,585,734)	(150,174,977)
Disallowable expenses	81,680,139	107,685,614
Allowable deductions	(76,301,598)	(41,342,356)
Non-taxable income	-	-
Taxable Business Income	**(171,207,193)**	**(83,831,720)**
Taxable business income	(171,207,193)	(83,831,720)
Taxable investments income	-	-
Less: Tax Losses transferred to loss carried forward	-	-
Total Taxable Income	**(171,207,193)**	**(83,831,720)**
Income tax at @ 30%	-	-
Income Tax on Current Year Profits	-	-

9. PROPERTY, PLANT & EQUIPMENT

	Balance as at 01.04.2025 Rs.	Additions Rs.	Disposals / Transfers Rs.	Balance as at 31.03.2026 Rs.
At Cost				
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	605,000	-	2,105,977
	44,229,546	605,000	-	44,834,546

Accumulated Depreciation	Balance as at 01.04.2025 Rs.	Charged during the year Rs.	Disposals / Transfers Rs.	Balance as at 31.03.2026 Rs.
Plant & Equipment	6,143,913	2,201,072		8,344,985
Electrical installations	1,118,013	303,831	-	1,421,843
Improvement to leasehold building	914,937	358,964	-	1,273,901
Furniture, fittings & equipment	1,314,609	203,208	-	1,517,817
Air conditioners	885,678	165,035	-	1,050,713
Computers	1,387,611	259,173	-	1,646,784
	11,764,761	3,491,284	-	15,256,044
Capital Work in progress				-
Net Book Value as at 31.03.2026				29,578,501
Net Book Value as at 31.03.2025				32,464,785

During the year, company purchased property, plant and equipment worth amounting Rs.605,000. (2025 - nil)

10. INTANGIBLE ASSETS

	Balance as at 01.04.2025 Rs.	Additions / Amortization for the year Rs.	Transfers / Impairment Rs.	Balance as at 31.03.2026 Rs.
Cost				
Computer software	101,650	-	-	101,650
	101,650	-	-	101,650
Amortization and Impairment				
Computer software	101,650	-	-	101,650
	101,650	-	-	101,650
Net Book Value	-			-

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11. INVENTORIES

	2026 Rs.	2025 Rs.
Finished goods	32,750,649	87,049,055
Goods in transit	-	22,842,895
Raw Material	24,924,857	49,005,680
Packing Material	46,071,045	49,046,594
Provision for slow moving inventories	(10,804,475)	(67,734,977)
	92,942,075	140,209,247

12. TRADE AND OTHER RECEIVABLES

	2026 Rs.	2025 Rs.
12.1 Trade Receivables		
Local trade receivables	287,179,424	468,043,857
	287,179,424	468,043,857
12.2 Other Receivables		
Advance payments	14,235,540	19,697,911
Refundable deposits	1,125,400	1,320,400
Prepaid insurance	465,018	205,828
Other receivables	244,908	-
Income Tax Receivable	1,448,435	1,448,435
WHT Receivable	230,194	230,194
	17,749,496	22,902,769
Total Trade and Other Receivables	304,928,920	490,946,626

13. CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents

	2026 Rs.	2025 Rs.
13.1 Favorable Cash & Cash Equivalents Balance		
Cash in hand	132,810	487,926
Cash at bank	939,173	196,569
	1,071,983	684,495
13.2 Unfavorable Cash & Cash Equivalents Balance		
Bank overdrafts	10,226,051	69,803,601
	10,226,051	69,803,601
Total cash and cash equivalents in the statement of cash flows	(9,154,068)	(69,119,106)

14. STATED CAPITAL

	2026 Number of Shares	2026 Value of Shares Rs.	2025 Number of Shares	2025 Value of Shares Rs.
Issued and Fully Paid,				
Ordinary shares	113,850	1,138,500	113,850	1,138,500

15. RETIREMENT BENEFIT OBLIGATIONS

	2026 Rs.	2025 Rs.
Balance as at 01 April	546,000	3,050,250
(Reversal) / provision made during the year	1,474,290	(2,504,250)
Balance as at 31 March	2,020,290	546,000

COLOMBO

16. DEFERRED TAX ASSET / LIABILITY

	2026 Rs.	2025 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	-	-

17. INTEREST BEARING BORROWINGS

	2026 Rs.	2025 Rs.
Opening balance	439,326,106	312,783,304
Loans obtained during the year	77,207,500	111,966,848
Exchange Loss/(Gain)	30,109,801	(40,232,424)
Interest payable	25,206,164	54,808,378
Less: Interest paid during the year	(44,525,162)	-
Less: Loan Settled during the year	(46,391,505)	-
Balance at the End of the Year	480,932,903	439,326,106
Loan obligation repayable within one year- Emami Limited	143,431,288	-
- Emami International FZE	-	94,287,872
Interest obligation repayable within one year- Emami Limited	14,645,839	42,822,193
- Emami International FZE	23,383,856	11,986,185
	181,460,983	149,096,250
Loan obligation repayable after 01 year- Emami limited	-	178,263,008
Loan obligation repayable after 01 year- Emami International FZE	299,471,920	111,966,848
	299,471,920	290,229,856
Total	480,932,903	439,326,106

17.1 Interest-bearing borrowings represent loans amounting to USD 100,000, USD 100,000,USD 100,000, and USD 150,000 obtained from Emami Limited, the parent company, for periods of three years as per agreements dated 30 August 2017, 15 November 2017, and 20 March 2018, respectively.
The principal amounts of the loans are repayable in full upon completion of the respective three-year periods and are required to be settled within 15 days from the expiry of the loan However, the maturity dates of the loans amounting to USD 240,000 and USD 215,000 have been extended until 30 August 2026 and 15 November 2026, respectively, while the USD 150,000 loan was fully settled during the current financial year.
Interest on the above loans is accrued at 8% per annum and is payable within three months from the end of each financial year. These loans were obtained to meet working capital requirements.

Interest-bearing borrowings represent loans amounting to USD 100,000 dated 05 August 2022, USD 100,000 dated 14 October 2025, USD 120,000 dated 13 December 2022, USD 80,000 dated 26 September 2024, USD 150,000 dated 7 December 2024, USD 150,000 dated 21 February 2025, and USD 250,000 dated 26 December 2025 obtained from Emami International FZE, a group affiliate Company, for periods of three years as per the respective loan agreements.
The principal amounts of the loans are repayable in full upon completion of the respective loan periods and are required to be settled within 15 days from the expiry dates of the loans. However, overdue loans have been extended and current due dates are 04 August 2028, 14 October 2028, 12 December 2028, 26 September 2027, 7 December 2027, 21 February 2028, and 20 October 2028, respectively.
Interest on the above loans is accrued at 3.5% per annum for the USD 100,000 loan dated 5 August 2022, while the USD 250,000 loan dated 26 December 2025 is interest-free. Interest on the remaining loans is accrued at 5% per annum.
These loans were obtained to meet working capital requirements.

18. TRADE AND OTHER PAYABLES

	2026 Rs.	2025 Rs.
18.1 Trade Creditors		
Emami Limited	66,798,370	148,186,417
Trade Creditors-Other	166,844,231	186,586,514
	233,642,601	334,772,932

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18. TRADE AND OTHER PAYABLES (Contd...)

	2026 Rs.	2025 Rs.
18.2 Other Payables		
Other payables	-	792,430
Audit fees Payable	824,470	1,300,400
Travelling payable	145,000	562,511
Accruals -Sales and marketing	154,771,260	88,384,710
Electricity charges	128,000.00	50,001
Accruals -Other operating expenses	25,170,496	30,190,156
Freight and forwarding charges	-	280,000
Stamp Duty Payable	-	25
Performance linked variable remuneration (PLVR)	1,233,610	1,935,138
Leave travel allowance (LTA)		
VAT payables	9,648,727	9,240,128
EPF payable	330,258	146,813
Royalty Payable	9,639,012	10,629,207
ETF payable	49,539	-
	201,940,372	143,511,518
Total Trade and Other Payables	435,582,973	478,284,450

19. COMMITMENTS

There were no material commitments, financial or other contracted or consented by the Board of Directors as at 31 March 2026.

20. CONTINGENCIES

There were no material contingent liabilities as at 31 March 2026 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.

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.

	2026 Rs.	2025 Rs.
a) Key Management Personnel Compensation		
Short - Term Employee Benefits - Directors' Remunerations	-	-

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22. RELATED PARTY DISCLOSURE (Contd...)

22.2 Transaction Details with the Parent and Related Entities

Name of the Company	Relationship	Nature of Transaction	Transaction Amount (Rs.)
Emami Limited, India	Parent Company	Purchases-FG	(42,091,584)
		Purchases-RM/PM	(64,099,151)
		Asset Purchases	-
		Guarantee commission	(1,000,000)
		Interest cost	(14,645,839)
		Royalty	(9,639,012)
		Loan outstanding	(143,431,288)
		Interest payable	(14,645,839)
		Trade payable-FG	-
		Trade payable-RM/PM	(66,798,370)
Emami International FZE	Group Affiliate	Purchases-FG	-
		Purchases-RM/PM	-
		Receivable	860,661
		Loan outstanding	(299,471,920)
		Interest payable	(23,383,856)
		Interest cost	(10,560,326)
		Trade payable-FG	-

Amounts due to the Parent and Related Entities	2026 Rs.	2025 Rs.
Emami Limited, India		
Trade payable	66,798,370	148,186,417
Royalty payable	9,639,012	10,629,207
Interest payable	14,645,839	42,822,193
Guarantee commission payable	1,000,000	1,000,000
Loan payable	143,431,288	178,263,008
	235,514,509	380,900,825
Emami International FZE		
Trade payable	-	25,301,739
Receivable during the year	(860,661)	(819,957)
Interest payable	23,383,856	11,986,185
Loan payable	299,471,920	206,254,720
	321,995,114	242,722,687

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EMAMI LANKA (PRIVATE) LIMITED

DETAILED INCOME STATEMENT
YEAR ENDED 31 MARCH 2026

Emami Lanka (Private) Limited

DETAILED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2026

	STATEMENTS	2026 Rs.	2025 Rs.
Revenue	I	686,370,949	684,776,799
Cost of sales	II	(370,907,607)	(470,985,877)
Gross profit		315,463,342	213,790,922
Other income	I	58,647	7,507,889
Selling and distribution expenses	III	(329,749,939)	(265,752,739)
Administrative and other expenses	IV	(127,594,345)	(76,066,327)
Profit from operation		(141,822,295)	(120,520,255)
Finance expenses	V	(34,763,438)	(29,654,722)
Profit/(Loss) before tax		(176,585,734)	(150,174,977)

Figures in brackets indicate deductions

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DETAILED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2026

STATEMENT I	2026 Rs.	2025 Rs.
REVENUE		
Sale of goods	678,878,668	682,792,758
Sales of Raw Material & Packing Material	7,492,281	1,984,041
	686,370,949	684,776,799
OTHER INCOME		
Sales of Raw Material & Packing Material		
Interest on Fixed Deposit	58,647	902,445
Foreign exchange Gain/(Loss)	-	6,605,444
	58,647	7,507,889

STATEMENT II	2026 Rs.	2025 Rs.
COST OF SALES		
Opening inventory as at 01 April	140,209,247	184,189,356
Add: -		
Purchases during the year	287,654,033	382,019,295
Less: -		
Closing inventory as at 31 March	(92,942,075)	(140,209,247)
Material Consumption	334,921,205	425,999,404
Factory and Other Over Heads		
Factory over heads	20,662,196	28,802,156
Other over heads	15,324,206	16,184,317
	35,986,402	44,986,473
Total Cost of Sales	370,907,607	470,985,877

STATEMENT III	2026 Rs.	2025 Rs.
SELLING AND DISTRIBUTION EXPENSES		
Trade scheme	67,252,019	77,582,416
Sales incentives	7,609,270	7,624,034
Promotional expenses	140,305,869	25,797,585
Advertisement expenses	12,842,637	35,158,448
Damage and expire provision	-	5,259,699
Transport charges	2,696,460	2,674,875
DSR Expenses	99,043,684	111,655,682
	329,749,939	265,752,739

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Emami Lanka (Private) Limited

DETAILED EXPENDITURE ANALYSIS

Year ended 31 March 2026

STATEMENT IV	**2026**	**2025**
	Rs.	**Rs.**
ADMINISTRATIVE EXPENSES		
Salaries	25,587,682	17,085,124
Employees' Provident Fund	2,070,324	1,213,410
Employees' Trust Fund	517,581	288,549
Performance linked variable remuneration (PLVR)	(32,722)	777,778
Leave travel allowance (LTA)	37,987	920,016
Gratuity	1,474,290	(782,950)
Welfare Expense	447,856	178,222
Secretarial & Professional Charges	2,203,107	974,232
NMRA consultancy charges	-	8,000
Stamp duty	61,836	5,504,415
Social Security Levy	10,502,225	9,744,987
Insurance	695,077	655,141
Audit fees	1,352,620	2,076,456
Communication charges	93,085	108,288
Printing and stationery	379,371	73,352
Rent expenses	10,143,204	9,675,462
Travelling and fuel charges	9,515,084	6,924,686
Electricity	320,311	451,439
Depreciation and amortization	3,491,284	3,424,285
Product registration and testing charges	1,264,601	915,902
Sundry expenses	6,165,116	4,204,870
Postage and courier charge	32,433	15,456
Guarantee commission	1,000,000	1,000,000
Royalty expenses	9,639,012	10,629,207
Foreign exchange loss	40,632,982	-
	127,594,345	76,066,327

STATEMENT V	**2026**	**2025**
	Rs.	**Rs.**
FINANCE EXPENSES		
Interest expense on loans	25,206,164	20,069,674
Bank charges	9,557,275	9,585,048
	34,763,438	29,654,722

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