



emami* limited

*REPORTS AND ACCOUNTS
OF
SUBSIDIARY COMPANIES
2021*



emami* limited

Sl No	OVERSEAS SUBSIDIARIES
1	Emami Bangladesh Limited
2	Emami International FZE
3	Emami Indo Lanka (Pvt.) Ltd., Sri Lanka
4	Emami Rus (LLC), Russia
5	Emami Overseas FZE
6	Egypt (Pharma Derm S A E co)
7	Crème 21 (Formerly known as Fentus 113. GMBH), Germany

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
OF
EMAMI BANGLADESH LIMITED
AS AT FOR THE YEAR ENDED 31 MARCH 2021**



AHMED MASHUQUE & CO., *Chartered Accountants*

Navana Obaid Eternia
28-29 Kakrail (Level #13-14)
VIP Road, Dhaka-1000, Bangladesh
Tel : +880-2-58316931-39, Fax : +880-2-58316929
Email: info@ahmedmashuque.com, Web : www.ahmedmashuque.com
A Member Firm of **Crowe Global**



**Independent Auditors' Report
to the shareholders of
Emami Bangladesh Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Emami Bangladesh Limited, which comprise the statements of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), The Companies Act 1994 and other applicable laws and regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charge with governance are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



· Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

· Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

· Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

· Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair view.


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

Report on Other Legal and Regulatory Requirements

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

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

Dated: 21 April 2021
Dhaka


Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA, Proprietor
Enrolment Number - 690
DVC:

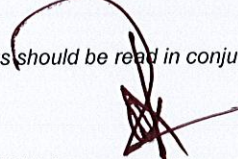
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Emami Bangladesh Limited
Statement of financial position
As at 31 March 2021

Particulars	Notes	Amount in Taka	
		31-Mar-21	31-Mar-20
Assets			
Non current assets			
Property, plant and equipment	4.00	198,126,008	223,507,331
Capital Work-In-Progress		1,359,836	-
Right of use assets	5.00	39,055,711	54,536,110
Total non current assets		238,541,555	278,043,441
Current assets			
Inventories	6.00	192,002,536	132,263,621
Accounts receivable		540,988,786	665,298,635
Advances, deposits and prepayments	7.00	54,363,953	32,694,473
Investment in FDR		410,175,313	616,111,248
Accrued interest		4,674,685	11,419,346
Cash and cash equivalents	8.00	99,827,848	15,555,298
Total current assets		1,302,033,121	1,473,342,621
Total assets		1,540,574,676	1,751,386,062
Equity and Liabilities			
Equity			
Share capital	9.00	3,791,600	3,791,600
Retained earnings		262,335,193	382,457,374
Total equity		266,126,793	386,248,974
Liabilities			
Non current liabilities			
Lease liability	10.00	32,240,457	45,356,723
Deferred tax liabilities	11.00	5,086,431	7,279,012
Total non current liabilities		37,326,888	52,635,735
Current liabilities			
Accounts payable		59,021,894	30,348,408
Lease liability	10.00	12,629,520	12,893,603
Current tax liability	12.00	57,612,243	125,260,714
Provisions for expenses and other	13.00	1,107,857,338	1,143,998,628
Total current liabilities		1,237,120,995	1,312,501,353
Total liabilities		1,274,447,883	1,365,137,088
Total equity and liabilities		1,540,574,676	1,751,386,062

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


 Director



 AGM-Accounts & Finance


 Director

Signed in terms of our separate report of even date annexed

Dated: 21 April 2021
 Dhaka




 Ahmed Mashuque & Co.
 Chartered Accountants

Mashuque Ahmed FCA, Proprietor
 Enrolment Number - 690
 DVC:

Emami Bangladesh Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2021

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>01 April 2020</u>	<u>01 April 2019</u>
		<u>to</u>	<u>to</u>
		<u>31 March 2021</u>	<u>31 March 2020</u>
<u>Income</u>			
Sales (Net)	14.00	1,467,851,387	1,787,763,759
Other income		169,464	266,327
		1,468,020,851	1,788,030,086
<u>Less: Expenditure</u>			
Cost of material	15.00	530,839,480	614,414,729
Changes in inventories of finished goods	16.00	(23,412,957)	(9,561,672)
Manufacturing expenses	17.00	16,278,452	18,549,628
Operating and other expenses	18.00	418,215,781	496,512,312
Employee benefits expenses	19.00	164,562,099	172,514,309
Depreciation	4.00	43,740,181	49,947,534
		1,150,223,035	1,342,376,841
Net profit from operations		317,797,816	445,653,245
Net finance income	20.00	24,447,540	43,846,837
Net profit before tax		342,245,357	489,500,083
<u>Less: Income tax expenses</u>			
Current tax		157,446,168	181,615,497
Deferred tax expense/(income)		(2,192,581)	668,727
		155,253,587	182,284,224
Net profit after tax		186,991,770	307,215,859
Other comprehensive income		11,380,449	-
Total comprehensive income		198,372,219	307,215,859
(Transferred to statement of changes in equity)			

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

[Signature]
Director

[Signature]
AGM-Accounts & Finance

[Signature]
Director

Signed in terms of our separate report of even date annexed

Dated: 21 April 2021
Dhaka




[Signature]
Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA, Proprietor
Enrolment Number - 690
DVC:

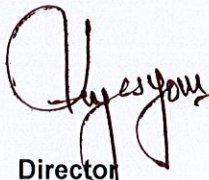
Emami Bangladesh Limited
Statement of changes in equity
For the year ended 31 March 2021

Particulars	Amount in Taka		
	Share capital	Retained earnings	Total
Balance as at 01 April 2019	3,791,600	549,191,515	552,983,115
Dividend		(473,950,000)	(473,950,000)
Total comprehensive income		307,215,859	307,215,859
Balance as at 31 March 2020	3,791,600	382,457,374	386,248,974
Balance as at 01 April 2020	3,791,600	382,457,374	386,248,974
Dividend		(318,494,400)	(318,494,400)
Total comprehensive income	-	198,372,219	198,372,219
Balance as at 31 March 2021	3,791,600	262,335,193	266,126,793

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


Director


AGM-Accounts & Finance


Director

Signed in terms of our separate report of even date annexed


Dated: 21 April 2021
Dhaka



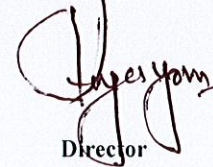
Emami Bangladesh Limited
Statement of cash flows
For the year ended 31 March 2021

	Amount in Taka	
	01 April 2020 to 31 March 2021	01 April 2019 to 31 March 2020
A. Cash flows from operating activities		
Collection from sales	1,592,161,237	1,270,577,771
Other income	169,464	266,327
Payment to suppliers, expenses and tax	(1,412,116,410)	(1,268,632,465)
Net cash generated by / (used in) operating activities	180,214,292	2,211,633
B. Cash flows from investing activities:		
Acquisition of fixed assets	(18,358,858)	(30,387,305)
Investment in FDR	205,935,935	411,388,752
Interest income	36,455,707	55,670,960
Capital work-in-progress	(1,359,836)	-
Net cash provided by / (used in) investing activities	222,672,948	436,672,407
C. Cash flows from financing activities:		
Interest paid	(112,289)	(29,799)
Dividend paid	(318,502,400)	(473,950,000)
Net cash provided by / (used in) financing activities	(318,614,689)	(473,979,799)
Net changes in cash and cash equivalents (A+B+C)	84,272,550	(35,095,759)
Add: Cash and cash equivalents at the beginning of the year	15,555,298	50,651,057
Cash and cash equivalents at the end of the year	99,827,848	15,555,298

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


Director


AGM-Accounts & Finance


Director

Signed in terms of our separate report of even date annexed

Dated: 21 April 2021
Dhaka



Emami Bangladesh Limited
Notes, comprising significant accounting policies and other explanatory information
As at 31 March 2021 and for the year ended 31 March 2021

1.00 Company profile

1.01 Legal status of the company

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

1.02 Nature of business

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

2.00 Basis of preparation

2.01 Statement of compliance

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

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

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

2.02 Directors' responsibility statement

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

2.03 Date of authorisation for issue of financial statements

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

2.04 Reporting period

The financial year of the company has been determined to be from 01 April to 31 March each year. These financial statements cover the year from 01 April 2020 to 31 March 2021.

2.05 Basis of accounting

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

2.06 Going concern

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

2.07 Basis of measurement

The financial statements have been prepared on historical cost convention.

2.08 Use of estimates and judgments

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



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

Judgements

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

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

Assumption and estimation uncertainties

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

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

2.09 Functional and presentational currency

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

2.10 Materiality and aggregation

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

3.00 Significant accounting policies

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

3.01 Property, plant and equipment

a) Recognition and measurement

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

b) Subsequent cost

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

c) Depreciation

Depreciation is calculated on Straight Line Method. The principal rates generally in use are as follows :

Particulars	Estimated useful life
Computer and accessories	3 Years
Furniture and fixtures	10 Years
Electrical equipment	10 Years
Plant and machineries	10 Years
Vehicle	8 Years
Factory building	10 Years
Block & Dice	10 Years



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d) Disposal

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

3.02 Right to use assets and lease liability

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

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

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

Recognition

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

Measurement

Initial measurement of the right-of-use asset

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

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

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

Initial measurement of the lease liability

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

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

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

Subsequent measurement of the right-of-use asset

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

Cost model

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

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

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



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

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

Subsequent measurement of the lease liability

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

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

Assets type	Agreement period (no of months)	Implicit interest rate/ incremental borrowing rate
Factory	72	10%
Benapole warehouse	29	10%
Factory guest house	24	10%
Gulshan warehouse	24	10%
Guest house	36	10%
Head office	31	10%
Office rent level 15	24	10%

3.03 Inventories

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

3.04 Consideration on credit risk

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

3.05 Employees' benefit schemes

a) Insurance scheme

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

b) Employees' retirement gratuity

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

c) Leave encashment

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

3.06 Provisions

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

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

3.07 Taxation

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



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Current tax

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

Deferred tax

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

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

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

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

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

3.08 Revenue

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

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

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

3.09 Statement of cash flows

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

3.10 Events after the reporting date

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

3.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

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



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

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

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

- **Accounts receivable**

Accounts receivable is stated net of expected credit loss, if any.

- **Cash and cash equivalents**

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

- **Investment in FDR**

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

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

- **Advances, deposits and prepayments**

Advances

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

Deposits

Deposits are measured at cost value.

Prepayments

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

Financial liability

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

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



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• **Accounts payable and other payables**

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

3.12 Share capital

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

3.13 Interest income and expenses

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

3.14 Earning per share

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

Basic earnings

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

Basic earnings per share

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

Diluted earnings per share

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

3.15 Offsetting

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

3.16 Transactions in foreign currencies

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

3.17 Comparative information

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

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

3.18 Financial risk management policies

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

3.19 Changes in accounting policy, estimates and error

The management of the company has decided to change the method of depreciation from reducing balance method to straight line method which is effected from 01 April 2020



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4.00 Property plant and equipment

Amount in Taka

SL #	Particulars	Cost			Depreciation			W.D.V. as at 31.03.2021	W.D.V. as at 31.03.2020
		Opening balance as at 01.04.2020	Addition during the year	Closing balance as at 31.3.2021	Opening balance as at 01.04.2020	Addition during the year	Closing balance as at 31.3.2021		
1	Computer accessories	14,348,843	1,529,308	15,878,151	6,705,088	5,292,715	11,997,803	3,880,348	7,643,755
2	Furniture & fixture	23,941,505	1,039,294	24,980,799	9,583,100	4,128,253	13,711,353	11,269,446	14,358,405
3	Factory building	194,982,282	1,939,550	196,921,832	116,197,170	14,713,905	130,911,075	66,010,757	78,785,112
4	Plant & machinery	187,318,756	1,530,542	188,849,298	107,942,553	13,980,998	121,923,551	66,925,747	79,376,203
5	Electrical equipment	39,622,580	2,258,231	41,880,811	17,468,514	2,376,765	19,845,280	22,035,531	22,154,065
6	Vehicles	1,993,615	-	1,993,615	1,447,777	239,093	1,686,870	306,745	545,838
7	Block & dice	53,530,856	10,061,932	63,592,788	32,886,903	3,008,452	35,895,355	27,697,433	20,643,953
	Total	515,738,436	18,358,858	534,097,294	292,231,105	43,740,181	335,971,286	198,126,008	223,507,331



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	31-Mar-21 Taka	31-Mar-20 Taka
5.00 Right-of-use asset		
Initial recognition of right of use assets	-	68,296,390
Opening Balance	54,536,110	-
Addition	-	-
Accumulated depreciation on RoU	(15,480,399)	(13,760,280)
Closing balance	39,055,711	54,536,110
<i>"The company has already adopted IFRS 16 Leases wef. 1st April 2019 and the above 'Right to use assets' created against lease contracts. Detail requirements described in Note 3.02."</i>		
6.00 Inventories		
Raw materials	75,892,114	59,211,631
Packing materials	34,900,878	28,759,180
Stock in transit for RM and PM	14,234,456	15,486,287.00
Finished goods	52,219,480	28,806,523
Stock in transit for FG	14,755,609	-
	192,002,536	132,263,621
7.00 Advances, deposits and prepayments		
Advances:		
Recoverable VAT	43,442,410	22,167,636
Advance for expenses	379,090	-
Deposits:		
Ansar and VDP	687,244	687,244
Factory rent	2,000,000	2,000,000
Head office rent	629,100	629,100
Guest house rent	140,000	140,000
Bangladesh Telecommunications Company Limited	28,900	28,900
Bangladesh Rural Electrification Board	1,890,000	1,890,000
Other	822,535	3,500
Prepayments:		
Prepaid expenses	4,344,674	5,148,093
	54,363,953	32,694,473
8.00 Cash and cash equivalents		
Cash in hand	237,855	298,724
Cash at bank:		
Dhaka Bank Limited	1	1
Standard Chartered Bank	1,277,284	122,737
The Hongkong Shanghai Banking Corporation	28,936,006	(2,867,726)
South East Bank Limited	220,012	223,702
BRAC Bank	1,451,835	-
State Bank of India	2,704,854	1,777,860
Cheque in hand	65,000,000	16,000,000
	99,589,993	15,256,574
	99,827,848	15,555,298
9.00 Share Capital		
Authorized Share Capital	100,000,000	100,000,000
1000,000 Ordinary shares of Tk. 100.00 each		
Issued, Subscribed and Paid-up Share Capital	3,791,600	3,791,600
37,916 Ordinary shares of Tk. 100.00 each.		
Shareholding position of the company is as follows:		
Emami Limited, India	3,789,600	3,789,600
(37,896 ordinary shares @ Tk.100 each)		
Mr. Shri A.V Agarwal	1,000	1,000
(10 ordinary shares @ Tk.100 each)		
Mr. Shri Ashish Goenka	1,000	1,000
(10 ordinary shares @ Tk.100 each)		
	3,791,600	3,791,600



10.00 Lease liability		
Non current liability	32,240,457	45,356,723
Current liability	12,629,520	12,893,603
Total	44,869,977	58,250,326

11.00 Deferred tax liabilities

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

11.01 Deferred tax has been arrived at as follows:

	Carrying amount As at 31 March 2021	Tax base as at 31 Mar 2021	Taxable/ (deductible) Temporary difference
Property, plant and equipment			
Computer accessories	3,880,348	4,013,702	(133,354)
Furniture & fixture	11,269,446	14,851,070	(3,581,624)
Factory building	66,010,757	56,313,724	9,697,033
Plant & machinery	66,925,747	56,469,683	10,456,064
Electrical equipment	22,035,531	16,629,114	5,406,417
Vehicles	306,745	440,554	(133,809)
Block & dice	27,697,433	27,943,337	(245,904)
	198,126,008	176,661,184	21,464,824
Unapproved gratuity fund	-	-	-
Total taxable temporary difference			21,464,824
Tax rate			32.50%
Deferred tax liability/ expense on temporary difference for the period			6,976,068
11.02 Deferred tax liability due to adoption of IFRS 16 Lease			
Right of use assets (RoU)			39,055,711
Lease liability			(44,869,977)
			(5,814,266)
Deferred tax assets/income on temporary difference			(1,889,636)
Total			5,086,431
Deferred tax has been arrived at as follows:			
Opening balance	7,279,012		6,610,285
Provision made during the year	(2,192,581)		668,727
	5,086,431		7,279,012

	31-Mar-21 Taka	31-Mar-20 Taka
12.00 Current tax liability		
Provision for income tax (Note #12.01)	150,622,763	181,845,174
Advance income tax (Note #12.02)	(93,010,520)	(56,584,460)
	57,612,243	125,260,714
12.01 Provision for income tax		
Opening Balance	181,845,174	130,654,224
Add: Addition during the year	157,446,168	181,615,497
Less: Adjustment during the year	(188,668,579)	(130,424,547)
	150,622,763	181,845,174
12.02 Advance income tax		
Opening Balance	56,584,460	93,394,295
Add: Addition during the year	211,156,491	93,614,712
Less: Adjustment during the year	(174,730,431)	(130,424,547)
	93,010,520	56,584,460



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	31-Mar-21 Taka	31-Mar-20 Taka
13.00 Provisions for expenses and other		
Outstanding expenses	47,883,298	191,468,006
Supplementary duty payable	5,049,757	6,000,288
Employee benefits expenses (Note#13.01)	38,075,761	49,183,788
Litigation provision (Note#13.02)	952,968,153	851,964,249
TDS and VDS payables	1,326,442	968,372
Royalty payable	62,553,927	44,413,926
	1,107,857,338	1,143,998,628

	31-Mar-21 Taka	31-Mar-20 Taka
13.01 Employee benefits expenses		
Interest on Workers' Profit Participation and Welfare Fund	8,261,811	8,261,811
Employees' Retirement Gratuity	12,365,405	20,153,060
Leave encashment	9,259,855	14,764,357
Salary and wages	8,188,690	6,004,560
	38,075,761	49,183,788

	31-Mar-21 Taka	31-Mar-20 Taka
13.02 Litigation provision		
Litigation provision for supplementary duty and VAT	852,496,940	768,605,304
Other provision	100,471,213	83,358,945
	952,968,153	851,964,249

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

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

	01 April 2020 to 31 March 2021 Taka	01 April 2019 to 31 March 2020 Taka
14.00 Sales (Net)		
Manufactured goods (Ayurvedic & Cosmetics)	1,298,141,080	1,586,672,276
Imported goods (Cosmetics)	169,710,308	201,091,483
	1,467,851,387	1,787,763,759
15.00 Cost of material		
Opening inventories	103,457,098	40,160,879
Add: Purchase during the year	552,409,829	677,710,948
Less: Closing inventories	(125,027,447)	(103,457,098)
	530,839,480	614,414,729



	01 April 2020 to 31 March 2021 <u>Taka</u>	01 April 2019 to 31 March 2020 <u>Taka</u>
16.00 Changes in inventories of finished goods		
Opening inventories	28,806,523	19,244,851
Less: Closing inventories	(52,219,480)	(28,806,523)
	<u>(23,412,957)</u>	<u>(9,561,672)</u>
17.00 Manufacturing expenses		
Power and utility	5,415,694	6,196,482
Factory rent	1,310,336	1,251,600
Depreciation - Right of use assets	6,992,450	8,417,590
Consumable and stores	2,559,972	2,683,956
	<u>16,278,452</u>	<u>18,549,628</u>
18.00 Operating and other expenses		
Office rent	-	584,563
Guest house rent	602,843	172,736
Depreciation - Right of use assets	8,487,949	5,342,690
Guest house expenses	1,447,762	1,664,781
General charges	5,845,141	3,578,028
Royalty	28,137,400	20,058,180
Recruitment expenses	725,868	444,617
Vehicle running expenses	3,082,449	3,784,134
Electricity	620,154	699,905
Audit fees	357,075	310,500
Insurance expenses	6,819,283	6,293,247
Bank charge	617,754	1,268,340
Legal and professional fees	12,839,328	13,168,662
Postage and telephone	1,923,336	1,576,049
Stationeries and office supplies	1,118,176	1,175,462
Repair and maintenance	-	-
Building	323,347	383,854
Machinery	1,302,178	1,688,032
Others	4,414,739	3,364,851
Books and periodicals	106,594	41,427
Traveling and conveyance expenses	16,519,151	16,427,758
Overseas travelling	121,581	2,075,799
Rates & taxes	6,939,076	7,142,094
Sales, marketing and distribution expenses	308,718,889	397,595,028
Laboratory testing expenses	1,452,497	1,715,312
Security service charges	5,693,210	5,662,585
Loss on disposal	-	281,227
	<u>418,215,781</u>	<u>496,512,312</u>
19.00 Employee benefits expenses		
Wages	12,626,307	17,530,587
Personnel expenses	122,070,802	108,795,931
Employees' Retirement Gratuity	4,745,673	13,859,900
Other Employee benefit	17,112,268	25,143,828
Group insurance	3,035,813	2,358,554
Staff welfare	4,971,236	4,825,509
	<u>164,562,099</u>	<u>172,514,309</u>
20.00 Net finance income/(expense)		
Interest income	29,711,046	49,855,931
Less: Interest expense on lease liability	(5,151,217)	(5,979,295)
Less: Interest expenses for overdraft	(112,289)	(29,799)
	<u>24,447,540</u>	<u>43,846,837</u>
21.00 Basic earnings per share (EPS)		
Profit after tax	186,991,770	307,215,859
Number of shares	37,916	37,916
Basic EPS	<u>4,932</u>	<u>8,103</u>



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22.00 Particulars of employee**Nationality:**

Bangladeshi
Non-Bangladeshi

178	174
5	3
<u>183</u>	<u>177</u>

Salary range:

Monthly Taka 3,000 or above
Monthly below Taka 3,000

183	177
-	-
<u>183</u>	<u>177</u>

23.00 Related party transaction

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

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

Name and Relationship of the related party transaction	Nature of transaction	Transaction for the year ended 31 March 2021	
		Transaction value	Amount due
Emami Limited, India Parent company	Purchase of raw & packing materials	86,850,066	5,650,118
	Purchase of finished goods	82,795,604	8,051,515
	Purchase of plant & machinery	456,663	
	Dividend	318,326,400	
	Royalty	28,137,400	62,553,927
Emami FZE, Group Company	Purchase of finished goods	5,922,622	
Emami FZE, Group Company	Purchase of RM/PM	4,989,097	
Shri A V Agarwal Shareholder	Dividend	84,000	
Shri Ashish Goenka Shareholder	Dividend	84,000	

Name and Relationship of the related party transaction	Nature of transaction	Transaction for the period from 01 April 2019 to 31 March 2020	
		Transaction value	Amount due
Emami Limited, India Parent company	Purchase of raw & packing	101,098,896	6,493,044
	Purchase of finished goods	76,913,891	4,594,896
	Purchase of plant & machinery	2,711,755	-
	Dividend	437,700,000	-
	Royalty	20,058,180	44,413,926
Shri A V Agarwal Shareholder	Dividend	125,000	
Shri Ashish Goenka Shareholder	Dividend	125,000	

Transaction with Key Management Personnel

The following disclosures are made in accordance with the provisions of IAS: 24 Related Party Disclosures, in respect of the compensation of key management personnel. Under IAS 24, 'Key Management Personnel' are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. The transactions of the current members of the Board of Management is set out below.

Name and Relationship of the related party transaction	Nature of transaction	Transaction for the year ended 31 March 2021	
		Transaction value	Amount due
Mr. Naseem Shafi Director	Factory rent	11,309,100	-
	Manpower service	7,875,720	-



24.00 Financial risk management

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

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

- Credit risks
- Liquidity risks
- Market risk

• Credit risk

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

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

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

a) Exposure to credit risk

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

		Amount in taka	
		As at 31 march 2021	As at 31 March 2020
Investment in FDR		410,175,313	616,111,248
Bank balances(except cash in hand)	Note # 8	99,589,993	15,256,574
		509,765,306	631,367,822

b) Ageing of accounts receivables

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

Less than 30 days	153,316,451	540,988,786	665,298,635
31 - 90 Days	387,672,335	540,988,786	665,298,635
	540,988,786		

• Liquidity risk

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

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

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



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The following are the contractual maturities of financial liabilities :

As at 31 March 2021					
Current liabilities	Carrying amount	Contractual cash flows	3 months or less	3-6 months	6-12 months
Accounts payable	59,021,894	(59,021,894)	(59,021,894)	-	-
Lease liability	12,629,520	(12,629,520)	(12,629,520)	-	-
Current tax liability	57,612,243	(57,612,243)	-	(57,612,243)	-
Provisions for	1,107,857,338	(1,107,857,338)	(93,834,868)	(61,054,317)	(952,968,153)
	1,237,120,995	(1,237,120,995)	(165,486,282)	(118,666,560)	(952,968,153)

As at 31 March 2020					
Current liabilities	Carrying amount	Contractual cash flows	3 months or less	3-6 months	6-12 months
Accounts payable	30,348,408	(30,348,408)	(30,348,408)	-	-
Lease liability	12,893,603	(12,893,603)	(12,893,603)	-	-
Current tax liability	125,260,714	(125,260,714)	-	(125,260,714)	-
Provisions for expenses and other	1,143,998,628	(1,143,998,628)	(247,620,453)	(44,413,926)	(851,964,249)
	1,312,501,353	(1,312,501,353)	(290,862,464)	(169,674,640)	(851,964,249)

• **Market risk**

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

Currency risk

Translation risk

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

Interest rate risk

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

25.00 Capital expenditure commitment

There is no capital expenditure commitment.



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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, 2021

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Director's Report to the Shareholder

The director submits his report and audited financial statements for the year ended March 31, 2021.

Results

The net profit for the year amounted to AED 4,047,849 as compared to net loss of AED 22,878,451 in the previous year.

Review of the business

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

During the year, revenue increased by 24.18% to AED 114,281,055 as compared to AED 92,032,125 in the previous year.

Gross profit margin for the current year is 50.91% as compared to 50.55% 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 13, 2021



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, 2021, 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, 2021, 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 16.5 to these financial statements, the fair value of investment properties have been determined by the management to be AED 4,685,908 as on March 31, 2021 (previous year AED 4,127,968). However, the valuation of investment properties by an external independent valuer is not available.

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

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

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



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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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



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

Report on other legal and regulatory requirement

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

- i. we have obtained all the information we considered necessary for the purposes of our audit;
- ii. the financial statements of the Company have been prepared and comply, in all material respects, with the applicable provisions of Hamriyah Free Zone Authority pursuant to Sharjah Emiri Decree No. 6 of 1995.
- iii. the Company has maintained proper books of accounts, and records of the Company are in agreement with it;
- iv. the Company has not purchased any shares or stocks during the financial year;
- v. the financial information included in the director's report is consistent with the Company's books of accounts;
- vi. note 28 to the financial statements of the Company reflects material related party transactions and the terms under which they were conducted;
- vii. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended March 31, 2021 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, 2021.

X. E. Doshi
Public Accountants

Dubai, United Arab Emirates

Date : May 13, 2021



EMAMI INTERNATIONAL FZE

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

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended March 31, 2021	Notes	31.03.2021	31.03.2020
All figures are expressed in U.A.E. Dirhams			
<u>Continuing operations</u>			
Revenue from contract with customers	6	114,281,055	92,032,125
Cost of revenue	7	<u>(56,102,972)</u>	<u>(45,506,726)</u>
Gross profit		58,178,083	46,525,399
Other income	8	166,128	343,229
Distribution cost	9	(38,255,522)	(33,137,324)
Other administrative expenses	10	(14,889,267)	(20,286,476)
Impairment of investment in subsidiaries		0	(9,970,139)
Impairment (losses) / reversal on financial assets	11	<u>244,434</u>	<u>(4,665,958)</u>
Operating profit / (loss)		5,443,856	(21,191,269)
Finance cost	12	(1,455,340)	(2,142,342)
Finance income		59,333	455,160
Profit / (Loss) from continuing operations		<u>4,047,849</u>	<u>(22,878,451)</u>
<u>Discontinued operations</u>			
Loss for the year from discontinued operations		0	0
Profit / (Loss) for the year		<u>4,047,849</u>	<u>(22,878,451)</u>
Attributable to :			
Shareholder of the Company		4,047,849	(22,878,451)
Non-controlling interest		0	0
Profit / (Loss) for the year		<u>4,047,849</u>	<u>(22,878,451)</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		(277,203)	(87,179)
Remeasurements of post-employment benefit obligations		(517,090)	161,374
- Items that may be reclassified subsequent to profit or loss		0	0
Other comprehensive income for the year		<u>(794,293)</u>	<u>74,195</u>
Total comprehensive income for the year		<u>3,253,556</u>	<u>(22,804,256)</u>
Attributable to:			
Shareholder of the Company		3,253,556	(22,804,256)
Non-controlling interest		0	0
Total comprehensive income for the year		<u>3,253,556</u>	<u>(22,804,256)</u>

These financial statements on pages 5 to 36 were authorised for issue on May 13, 2021 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.



EMAMI INTERNATIONAL FZE

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

Statement of Financial Position

As at March 31, 2021

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

Notes 31.03.2021 31.03.2020

ASSETS

Non-Current Assets

Property, plant and equipment	13	241,336	285,019
Intangible assets	14	166,310	187,579
Investment properties	15	4,685,908	4,776,744
Investments in subsidiaries	16	209,970	209,970
Financial assets at fair value through other comprehensive income	17	1,707,473	1,984,676
Financial assets at amortised cost	18	8,978,355	12,244,234
Total non-current assets		<u>15,989,352</u>	<u>19,688,222</u>

Current Assets

Inventories	19	5,265,511	1,374,009
Trade receivables	20	46,469,312	43,951,240
Cash and bank balances	21	2,671,509	598,178
Financial assets at amortised cost	18	575,639	590,969
Other assets	22	168,036	18,581,327
Total current assets		<u>55,150,007</u>	<u>65,095,723</u>

Total assets

71,139,359 84,783,945

LIABILITIES

Non-Current Liabilities

Employee end of service benefits		1,734,472	1,596,695
Total non-current liabilities		<u>1,734,472</u>	<u>1,596,695</u>

Current Liabilities

Borrowings	23	33,037,851	42,767,555
Trade and other payables	24	53,877,240	64,183,890
Other liabilities	25	4,325,142	1,324,707
Total current liabilities		<u>91,240,233</u>	<u>108,276,152</u>

Total liabilities

92,974,705 109,872,847

Net assets

(21,835,346) (25,088,902)

(Continued on next page...)



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

Statement of Financial Position (Continued...)

	Notes	31.03.2021	31.03.2020
As at March 31, 2021			
All figures are expressed in U.A.E. Dirhams			
<u>EQUITY</u>			
Share capital	1.1	150,000	150,000
Retained earnings	26	(21,265,248)	(25,313,097)
Fair value reserve		(720,098)	74,195
Total equity		<u>(21,835,346)</u>	<u>(25,088,902)</u>

These financial statements on pages 5 to 36 were authorised for issue on May 13, 2021 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.



EMAMI INTERNATIONAL FZE

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

Statement of Changes in Equity**For the Year Ended March 31, 2021**

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

	Share Capital	Retained Earnings	Fair Value Reserve	Total
Balance as at April 1, 2019	150,000	(2,434,646)	0	(2,284,646)
Loss for the year	0	(22,878,451)	74,195	(22,804,256)
Other comprehensive income	0	0	0	0
Total comprehensive income for the year	0	(22,878,451)	74,195	(22,804,256)
Transaction with shareholder recorded directly in equity	0	0	0	0
Balance as at March 31, 2020	150,000	(25,313,097)	74,195	(25,088,902)
Profit for the year	0	4,047,849	0	4,047,849
Other comprehensive income	0	0	(794,293)	(794,293)
Total comprehensive income for the year	0	4,047,849	(794,293)	3,253,556
Transaction with shareholder recorded directly in equity	0	0	0	0
Balance as at March 31, 2021	150,000	(21,265,248)	(720,098)	(21,835,346)

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 Cash Flows

For the Year Ended March 31, 2021

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

Notes

31.03.2021

31.03.2020

I. Cash flow from operating activities

Net profit / (loss) for the year 4,047,849 (22,878,451)

Adjustments for:

Depreciation and amortisation 188,967 193,030

Loss on sale of property, plant and equipment 0 1,211

Rental income from investment property (107,002) (138,331)

Impairment of investment in subsidiaries 0 9,970,139

Impairment losses / (reversal) on financial assets 0 4,354,976

Interest income (59,333) (455,160)

Interest paid 1,455,340 2,142,342

Provision for employee end of service benefits 333,502 399,327

Cash flow from / (used in) operations before working capital changes 5,859,323 (6,410,917)

Changes in inventories (3,891,502) (641,524)

Changes in trade receivables (2,518,072) 4,554,151

Changes in financial asset at amortised cost 15,330 (293,784)

Changes in other assets 18,413,291 (11,627,068)

Changes in trade and other payables (10,306,650) 3,475,022

Changes in other current liabilities 3,000,435 1,259,524

Payment of employee end of service benefits (712,816) (248,452)

Cash flow from / (used in) operating activities 9,859,339 (9,933,048)

Interest paid (333,407) (873,124)

Net cash flow from / (used in) operating activities 9,525,932 (10,806,172)

II. Cash flow from investing activities

Purchase of property, plant and equipment (35,268) (57,379)

Interest income 59,333 455,160

Proceeds from sale of property, plant and equipment 2,090 3,712

Rental income from investment property 107,002 138,331

Changes in financial asset at amortised cost 3,265,879 (2,025,200)

Net cash flow from / (used in) investing activities 3,399,036 (1,485,376)

(Continued on next page...)



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

Statement of Cash Flows (Continued...)

For the Year Ended March 31, 2021	Notes	31.03.2021	31.03.2020
All figures are expressed in U.A.E. Dirhams			
III. Cash flow from financing activities			
Change in borrowings		(5,987,426)	19,436,210
Interest paid		(1,121,933)	(1,269,218)
Net (used in) / flow from financing activities		<u>(7,109,359)</u>	<u>18,166,992</u>
Increase in cash and cash equivalents	(I + II + III)	5,815,609	5,875,444
Cash and cash equivalents as at beginning of the year	(Note 5.13, 27)	(22,586,487)	(28,461,931)
Cash and cash equivalents as at end of the year	(Note 5.13, 27)	<u>(16,770,878)</u>	<u>(22,586,487)</u>
Non-cash financing and investing activities		<u>Nil</u>	<u>Nil</u>

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

Notes to the Financial Statements

For the Year Ended March 31, 2021

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 & cosmetics, biocide & detergent, healths products & food, 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 either measured at fair value or at amortised cost.



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

Notes to the Financial Statements

2.3 Functional and Presentation Currency

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

3 Significant Accounting Judgments, Estimates and Assumptions

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

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

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

3.1 Satisfaction of Performance Obligations

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

3.2 Determination of Transaction Price

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

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

3.3 Transfer of Control in Contracts with Customers

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

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



Notes to the Financial Statements

3.4 Investment Properties

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

3.5 Determining the Lease Term

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

3.6 Useful Lives of Property, Plant and Equipment

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

3.7 Impairment of Financial Assets

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

3.8 Impairment of Non-Financial Assets

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

3.9 Fair Value Measurement of Financial Instrument

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



EMAMI INTERNATIONAL FZE

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

Notes to the Financial Statements

4.1 New Standards, Interpretations and Amendments to Existing Standards

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing from January 1, 2020. 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 IFRS 3	Definition of a Business
Amendments to IAS 1 & IAS 8	Definition of Material
Conceptual Framework	Amendments to Reference to the Conceptual Framework in IFRS Standards
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

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, 2021 reporting period and have not been early adopted by the Company.

IAS / IFRS	Effective Date (Annual reporting period commencing from)	Brief Description
Amendments to IFRS 16	June 1, 2020	COVID-19 Related Rent Concessions
Amendments to IFRS 3	January 1, 2022	Reference to the Conceptual Framework
Amendments to IAS 16	January 1, 2022	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	January 1, 2022	Onerous Contracts - Cost of Fulfilling a Contract
IFRS 17 and amendments to IFRS 17	January 1, 2023	Insurance Contracts
Amendments to IAS 1	January 1, 2023	Classification of Liabilities as current or Non-current
IFRS 10 and IAS 28	To be determined	Sale or Contribution of Assets between an Investors and its Associate or Joint Venture

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



EMAMI INTERNATIONAL FZE

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

Notes to the Financial Statements

5 Summary of Significant Accounting Policies

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

5.1 Foreign Currency

5.1.1 Transactions and Balances

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

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

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

5.2 Revenue Recognition

5.2.1 Revenue from Contracts with Customers

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

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

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



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Notes to the Financial Statements

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.
- ii. Investment in subsidiaries are 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, India presents the consolidated financial statements that comply with Ind AS.

5.4 Investments and Other Financial Assets

5.4.1 Classification

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

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

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

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



EMAMI INTERNATIONAL FZE

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

Notes to the Financial Statements

5.4.2 Recognition

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

5.4.3 Initial Measurement

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

5.4.4 Subsequent Measurement

a. Financial Assets at Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interest are measured at amortized cost. At initial recognition, the Company measures a financial assets at amortised cost at its fair value. 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.

b. Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

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

5.4.5 Derecognition

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

- i. The right to receive cash flows from the asset have expired,
- ii. The Company retains the right to receive cash flow from the asset, but has assumed an obligation to pay them in full without material delay to the third party under a 'pass-through' arrangement,



EMAMI INTERNATIONAL FZE

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

Notes to the Financial Statements

- iii. The Company has transferred its right to receive cash flow from the asset and either:
- has transferred substantially all the risks and rewards of the asset; or
 - has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

5.4.6 Impairment of Financial Assets

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

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

5.5 Financial Liabilities

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.

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.



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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.

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.



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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

5.7.3 Depreciation

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

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

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

5.8 Investment Properties

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

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

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

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

5.9 Intangible Assets

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



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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.

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.



Notes to the Financial Statements

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.

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

5.15 Finance Cost

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

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

5.16 Trade and Other Payables

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



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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	31.03.2021	31.03.2020
Revenue from sale of goods	114,281,055	92,032,125
	<u>114,281,055</u>	<u>92,032,125</u>

Notes:

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

7 Cost of Revenue

Opening inventory as on April 1, 2020	1,374,009	417,512
Purchase and direct expenses	59,994,474	46,463,223
Closing inventory as at March 31, 2021	(5,265,511)	(1,374,009)
	<u>56,102,972</u>	<u>45,506,726</u>

8 Other Income

Rental income from investment property	107,002	138,331
Other items	59,126	204,898
	<u>166,128</u>	<u>343,229</u>

9 Distribution Cost

Advertisement expenses	33,615,427	31,526,491
Distributor sales representative expenses	4,373,684	900,549
Other distribution expenses	266,411	710,284
	<u>38,255,522</u>	<u>33,137,324</u>



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	31.03.2021	31.03.2020
10 Other Administrative Expenses		
Rent expenses	248,099	416,102
Payroll and related expenses	10,943,607	14,397,395
Depreciation and amortisation	188,967	193,030
Forex (gain) / loss (net)	(563,909)	14,728
Foreign travelling	165,636	1,201,961
Retainership charges	94,829	470,944
Bank charges	305,323	368,544
Law and professional charges	666,755	685,277
Rates and taxes	463,180	558,667
Commission expenses	295,225	293,360
Royalty expenses	606,698	536,502
General expenses	567,958	243,667
Telephone charges	48,162	125,987
Professional charges	48,296	206,230
Research and development	118,109	97,228
Conveyance expenses	116,579	90,558
Car expenses	46,485	58,934
Insurance expenses	157,827	75,692
Miscellaneous expenses	371,441	251,670
	<u>14,889,267</u>	<u>20,286,476</u>
11 Impairment Losses / (Reversal) on Financial Assets		
Impairment losses / (reversal) on trade receivables	(244,434)	310,982
Impairment losses on financial assets at amortised cost	0	4,354,976
	<u>(244,434)</u>	<u>4,665,958</u>
12 Finance Cost		
Interest paid to director	47,753	27,059
Interest paid to related party	1,074,180	1,242,159
Interest on bank overdraft	333,407	873,124
	<u>1,455,340</u>	<u>2,142,342</u>



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13 Property, Plant and Equipment

	Furniture and Fixtures	Office Equipment	Vehicles	Total
Rate of depreciation	6.33%	4.75%, 16.21% and 6.33%	9.50%	
Cost				
As at April 1, 2019	36,422	320,729	344,116	701,267
Additions	0	57,379	0	57,379
Disposal	(686)	(136,500)	0	(137,186)
As at March 31, 2020	35,736	241,608	344,116	621,460
Additions	10,275	24,993	0	35,268
Disposal	0	(2,570)	0	(2,570)
As at March 31, 2021	46,011	264,031	344,116	654,158
Depreciation				
As at April 1, 2019	21,652	259,375	106,753	387,780
For the year	3,500	34,401	43,023	80,924
On disposal	(448)	(131,815)	0	(132,263)
As at March 31, 2020	24,704	161,961	149,776	336,441
For the year	3,931	29,907	43,023	76,861
On disposal	0	(480)	0	(480)
As at March 31, 2021	28,635	191,388	192,799	412,822
Net Value				
As at March 31, 2021	<u>17,376</u>	<u>72,643</u>	<u>151,317</u>	<u>241,336</u>
As at March 31, 2020	<u>11,032</u>	<u>79,647</u>	<u>194,340</u>	<u>285,019</u>

14 Intangible Assets

Cost

As at April 1, 2020

212,695

212,695

Additions

0

0

As at March 31, 2021

212,695

212,695

Accumulated amortisation

As at April 1, 2020

25,115

0

Additions

21,270

25,115

As at March 31, 2021

46,385

25,115

Net Value

As at March 31, 2021

166,310

187,580

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



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15 Investment Properties	31.03.2021	31.03.2020
Cost as on April 1, 2020	5,443,467	5,443,467
Less : accumulated depreciation	<u>(757,559)</u>	<u>(666,723)</u>
Balance as at March 31, 2021	<u><u>4,685,908</u></u>	<u><u>4,776,744</u></u>

The movement in accumulated depreciation are as follows:

As at April 1, 2020	666,723	575,886
For the year	<u>90,836</u>	<u>90,837</u>
As at March 31, 2021	<u><u>757,559</u></u>	<u><u>666,723</u></u>

15.1 Details of Company's Investment Properties

Property Number : 1906 in Regal Tower
Property Number : 1905 in Regal Tower

15.2 The above property are recognised at cost.

15.3 All the above property are held under freehold interest.

15.4 The above residential property at Regal Tower, Dubai has been rented out during the period and a rent of AED 107,002 (Previous period AED 138,331) has been accounted during the period.

15.5 The fair value of the above investment properties have been determined by the management to be AED 4,685,908 as on March 31, 2021 (previous year AED 4,127,968). However, the valuation of investment properties by an external independent valuer is not available.

15.6 An amount of AED 36,548 (previous year AED 33,584) has been incurred towards maintenance of the property during the year. These were included in the other administrative expenses.

16 Investment in Subsidiaries

Investments in Subsidiaries	<u>209,970</u>	<u>209,970</u>
Emami Overseas FZE (note 16.1)	0	0
Fravin Pty Ltd (note 16.2 and note 16.4)	0	0
Limited Liability Company "Emami RUS"	91,666	91,666
Crème 21 GmbH	<u>118,304</u>	<u>118,304</u>
	<u><u>209,970</u></u>	<u><u>209,970</u></u>

16.1 Emami Overseas FZE

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



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16.2 Fravin Pty Ltd	31.03.2021	31.03.2020
Cost	0	9,970,139
Less: Impairment	0	(9,970,139)
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.

Step Down Subsidiary of Emami Overseas FZE

Pharmaderm Company S.A.E	Egypt	90.60%	Manufacturing of tools and disinfectants, Cosmetics and Alkimoatz.
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16.4 Investment in Fravin Pty. Ltd. has been disposed off during the year ended March 31, 2021.

16.5 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.

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



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Notes to the Financial Statements

17	Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	31.03.2021	31.03.2020
17.1	Unlisted Securities LOLI Beauty Inc.	Effective Ownership 7.54%	1,984,676
		1,707,473	1,984,676
		<u>1,707,473</u>	<u>1,984,676</u>
17.2	Details of Company's Investment in financial assets and information about the fair value hierarchy as at March 31, 2021.		
	Investment in LOLI Beauty Inc.	1,707,473	Level 2
		Fair Valuation by Independent Valuer	
18	Financial Assets at Amortised Cost		
	Long term		
	Loan to Emami Overseas FZE (note 18.1)	8,978,355	8,951,245
	Loan to Limited Liability Company "Emami RUS"	0	1,156,784
	Loan to Crème 21 GmbH	0	2,136,205
	Loan to Fravin Pty Ltd (note 18.2 and note 18.3)	0	0
		<u>8,978,355</u>	<u>12,244,234</u>
	Short term		
	Deposits	213,846	207,751
	Advances	355,331	347,598
	VAT receivable	6,462	35,620
		<u>575,639</u>	<u>590,969</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 Fravin Pty Ltd. are unsecured, interest bearing @8% p.a. and its repayment terms are not stipulated.		
18.3	Loan to Fravin Pty Ltd		
	Balance as on April 1, 2020	0	5,444,620
	Movement during the year	0	(1,089,644)
	Impairment	0	(4,354,976)
	Balance as at March 31, 2021	<u>0</u>	<u>0</u>
19	Inventories		
	Goods in trade	4,710,055	1,041,611
	Goods in transit	555,456	332,398
		<u>5,265,511</u>	<u>1,374,009</u>



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19.1 Inventories recognised as an expense during the year ended March 31, 2021 amounted to AED 51,475,484 (Previous year AED 43,482,623). These were included in the cost of revenue.

20 Trade Receivables	31.03.2021	31.03.2020
Trade receivables	46,535,860	44,262,222
Less allowance (also refer note below, note 5.11 and note 31.1)	(66,548)	(310,982)
	<u>46,469,312</u>	<u>43,951,240</u>

Note: The closing loss allowances for trade receivables as at March 31, 2021 reconcile to the opening loss allowances as follows:

Balance as at beginning of the year	310,982	0
Increased on loss allowance recognised in profit or loss during the year	0	310,982
Reversal of loss allowance recognised in profit or loss during the year	(244,434)	0
Balance as at end of the year	<u>66,548</u>	<u>310,982</u>

Ageing of trade receivables is as follows :

Not due	33,040,065	25,272,481
0 - 30 days	4,683,249	3,000,784
31 - 90 days	1,086,755	4,985,352
91 - 180 days	2,329,848	3,257,969
Above 180 days	5,395,943	7,745,636
	<u>46,535,860</u>	<u>44,262,222</u>

21 Cash and Bank Balances

Cash in hand	9,208	6,300
Balance with bank in current account	2,662,301	591,878
	<u>2,671,509</u>	<u>598,178</u>

22 Other Assets

Prepayments	168,036	217,769
Advance to suppliers	0	18,363,558
	<u>168,036</u>	<u>18,581,327</u>

23 Borrowings

Bank overdraft (note 23.1)	19,442,387	23,184,665
Loan from director (note 23.2)	3,353,784	1,839,231
Loan from related party (note 23.3)	10,241,680	17,743,659
	<u>33,037,851</u>	<u>42,767,555</u>

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 is unsecured, interest bearing @ 2.75% p.a. and repayment terms are not stipulated.



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Notes to the Financial Statements

23.3 The loan from related party represents loan from Emami Limited which is unsecured and interest bearing @ 8% p.a.

	31.03.2021	31.03.2020
24 Trade and Other Payables		
Trade creditors	22,631,026	32,566,723
Employee benefits	2,924,699	3,128,205
Accruals	20,039,736	20,316,365
Contract liability	8,281,779	8,172,597
	<u>53,877,240</u>	<u>64,183,890</u>
25 Other Current Liabilities		
Advance from customers	<u>4,325,142</u>	<u>1,324,707</u>
26 Retained Earnings		
Balance as at beginning of the year	(25,313,097)	(2,434,646)
Net profit / (loss) for the year	4,047,849	(22,878,451)
Balance as at end of the year	<u>(21,265,248)</u>	<u>(25,313,097)</u>
27 Cash and Cash Equivalents		
Cash in hand	9,208	6,300
Balance with bank in current account	2,662,301	591,878
Bank overdraft	(19,442,387)	(23,184,665)
	<u>(16,770,878)</u>	<u>(22,586,487)</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.



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28.1	Related Party Transactions	31.03.2021	31.03.2020
	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:		
	Sales	11,178,888	11,636,649
	Purchases	38,239,420	31,875,913
	Commission expenses	293,360	293,360
	Royalty expenses	606,698	536,502
	Telephone expenses	0	16,202
	Bank charges	0	78,913
	Interest cost	1,121,933	1,269,218
	Interest income	59,333	455,160
		<u> </u>	<u> </u>
	Directors and key managerial personnel		
	Salary	420,000	420,000
	Rent	60,000	60,000
		<u> </u>	<u> </u>
28.2	Related Party Balances		
	Significant related party balances are as follows:		
	Trade receivables	13,260,519	9,069,749
	Trade creditors	15,170,904	23,550,356
	Loan to Emami Overseas FZE	8,978,355	8,951,245
	Loan to OOO Emami Russia	0	1,156,784
	Loan to Creme 21 GmbH	0	2,136,205
	Loan from director	3,353,784	1,839,231
	Loan from related party	10,241,680	17,743,659
		<u> </u>	<u> </u>
29	Financial Instruments		
	Financial instruments means financial assets and financial liabilities. The Company holds following financial instruments:		
	Financial assets		
	Financial assets as at amortized cost		
	- Cash in hand	9,208	6,300
	- Balance with bank in current account	2,662,301	591,878
	- Trade receivables	46,469,312	43,951,240
	- Other financial assets at amortized cost	9,553,994	12,835,203
	Investment in subsidiaries	209,970	209,970
	Financial assets at fair value through other comprehensive income	1,707,473	1,984,676
		<u> </u>	<u> </u>
		60,612,258	59,579,267



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Notes to the Financial Statements

Financial liabilities	31.03.2021	31.03.2020
Financial liabilities recognized as at amortized cost		
- Employee end of service benefits	1,734,472	1,596,695
- Borrowings	33,037,851	42,767,555
- Trade and other payables	53,877,240	64,183,890
	<u>88,649,563</u>	<u>108,548,140</u>

30.1 Fair Values of Financial Instruments

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

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

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

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

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

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

30.2 Valuation Techniques Used to Determine Fair Values

Specific valuation techniques used to value financial instruments include:

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

31 Financial Risk Management

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

Credit Risk
Liquidity Risk
Market Risk



EMAMI INTERNATIONAL FZE

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

Notes to the Financial Statements

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

31.1 Credit Risk

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

a. Trade Receivables

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

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

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

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

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 month before March 31, 2021 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, 2021, top five customer represents 76.12% of the total value of trade debtors outstanding (As at March 31, 2020: 72.96%).



EMAMI INTERNATIONAL FZE

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

Notes to the Financial Statements

Country-wise breakup of customers in %:

Country	As at 31.03.2021	As at 31.03.2020
KSA	19.38	23.46
UAE	9.37	11.04
RUSSIA	30.61	33.84
KUWAIT	3.83	3.46
IRAQ	19.27	0.95
OMAN	3.05	3.51
KENYA	5.25	7.57
MALAYSIA	0.58	1.07
UKRAINE	1.18	2.21
OTHERS	7.48	12.89
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.



EMAMI INTERNATIONAL FZE

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

Notes to the Financial Statements

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

Year Ended: March 31, 2021	Contractual Cash Flows	12 Months or Less	Above 12 Months
Non-derivative financial liabilities			
- Employee end of service benefits	1,734,472	0	1,734,472
- Borrowings	33,037,851	33,037,851	0
- Trade and other payables	53,877,240	53,877,240	0
Derivative financial liabilities	0	0	0
Total financial liabilities	88,649,563	86,915,091	1,734,472
Year Ended: March 31, 2020	Contractual Cash Flows	12 Months or Less	Above 12 Months
Non-derivative financial liabilities			
- Employee end of service benefits	1,596,695	0	1,596,695
- Borrowings	42,767,555	42,767,555	0
- Trade and other payables	64,183,890	64,183,890	0
Derivative financial liabilities	0	0	0
Total financial liabilities	108,548,140	106,951,445	1,596,695

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.



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

Notes to the Financial Statements

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 at LIBOR + 1.50% p.a. and interest has been paid @ 1.66% p.a. on loan from director and interest has been paid @ 8% on loan from Emami Limited.

b. Exposure to Exchange Rate Risk

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

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

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

31.4 Capital Management

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

32 Forex Contract Outstanding

Type of Contracts	31.03.2021		31.03.2020	
	Quantity	AED	Quantity	AED
EURO / AED - short	2,350,000	10,405,736	0	0

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



EMAMI INDO LANKA (PRIVATE) LIMITED

FINANCIAL STATEMENTS

31 MARCH 2021

SPF/UBJ/MHM

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Emami Indo Lanka (Private) Limited, ("the Company"), which comprise the statement of financial position as at 31 March 2021, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021 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 the Code of Ethics 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.

Other Matters

The financial statements of Emami Indo Lanka (Private) Limited for the year ended 31 March 2020, were audited by another auditor who expressed an unmodified opinion with emphasis of matter paragraph on those statements on 08 June 2020.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs), 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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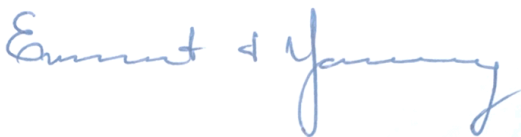
As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.



25 May 2021
Colombo

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 Rs.	2020 Rs.
Revenue	4	335,015,308	290,976,160
Cost of sales		(176,898,877)	(151,284,311)
Gross profit		<u>158,116,431</u>	<u>139,691,849</u>
Other income	5	159,298	54,456
Selling and distribution expenses		(91,930,652)	(82,961,534)
Administrative and other expenses		<u>(33,944,082)</u>	<u>(32,251,786)</u>
Profit from operation	6	32,400,994	24,532,985
Finance expenses	7	(21,051,240)	(22,251,997)
Profit before taxation		<u>11,349,754</u>	<u>2,280,988</u>
Income tax expense	8	(8,159,622)	(7,036,298)
Profit for the year		<u>3,190,132</u>	<u>(4,755,310)</u>
Other comprehensive income / (expense)		-	-
Total comprehensive income for the year		<u><u>3,190,132</u></u>	<u><u>(4,755,310)</u></u>

The accounting policies and notes on pages 7 through 17 form an integral part of the Financial Statements.



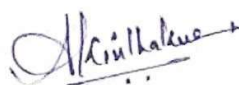
Emami Indo Lanka (Private) Limited

STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

ASSETS	Note	2021 Rs.	2020 Rs.
Non-current assets			
Property and equipment	9	2,002,317	2,250,231
Intangible assets	10	49,686	66,628
Deferred tax assets	16	-	124,648
		<u>2,052,003</u>	<u>2,441,508</u>
Current assets			
Inventory	11	67,504,558	25,006,682
Trade receivables	12.1	116,138,369	80,643,539
Other receivables	12.2	32,275,006	66,754,061
Cash and cash equivalents	13.1	6,682,147	36,177
Total current assets		<u>222,600,080</u>	<u>172,440,459</u>
Total assets		<u>224,652,083</u>	<u>174,881,967</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	14	1,138,500	1,138,500
Accumulated losses		(24,231,541)	(27,439,274)
Total equity		<u>(23,093,041)</u>	<u>(26,300,774)</u>
Non-current liabilities			
Retirement benefit obligations	15	587,525	354,017
Interest bearing borrowings	17	120,679,047	28,267,287
Deferred tax liability	16	120,776	-
Total non current liabilities		<u>121,387,348</u>	<u>28,621,304</u>
Current liabilities			
Trade and other payables	18	102,309,451	65,191,319
Interest bearing borrowings	17	18,675,641	95,508,251
Current tax liabilities		5,372,684	4,173,111
Bank overdraft	13.2	-	7,688,756
Total current liabilities		<u>126,357,776</u>	<u>172,561,437</u>
Total equity and liabilities		<u>224,652,083</u>	<u>174,881,967</u>

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

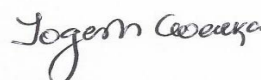


Head of Finance

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 7 through 17 form an integral part of the Financial Statements.

05 May 2021
Colombo



STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Stated Capital	Accumulated Loss	Total
	Rs.	Rs.	Rs.
Balance as at 01 April 2019	1,138,500	(22,683,963)	(21,545,463)
Total Comprehensive Income / (Expense) for the Period	-	(4,755,310)	(4,755,310)
Balance as at 31 March 2020	<u>1,138,500</u>	<u>(27,439,274)</u>	<u>(26,300,774)</u>
Opening balance adjustment	-	17,601	17,601
Total Comprehensive Income / (Expense) for the Period	-	3,190,132	3,190,132
Balance as at 31 March 2021	<u><u>1,138,500</u></u>	<u><u>(24,231,541)</u></u>	<u><u>(23,093,041)</u></u>

The accounting policies and notes on pages 7 through 17 form an integral part of the Financial Statements.



STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Note	2021 Rs.	2020 Rs.
Profit before taxation		11,349,754	2,280,988
Non-cash adjustment to reconcile profit before tax to net cash flows:			
Depreciation and amortization	9 & 10	535,575	513,866
Provision for retirement benefit obligation	15	233,509	(38,564)
Unrealised exchange gain / loss		6,423,545	8,169,688
Finance costs	7	9,654,324	9,437,234
(Reversal) / charge of provision for slow moving inventories		2,088,518	133,654
		<u>30,285,225</u>	<u>20,496,866</u>
Working capital adjustments:			
Increase / (decrease) in trade and other receivables and prepayments		(1,015,775)	(26,448,366)
Decrease/ (increase) in inventories		(44,586,394)	(9,514,820)
Decrease/ (increase) in trade and other payables		32,643,427	(21,855,669)
		<u>(12,958,742)</u>	<u>(37,321,989)</u>
Interest paid		-	(8,615,964)
Income tax paid		(2,721,039)	(6,046,027)
Gratuity paid		-	-
Net cash flows from operating activities		<u>14,605,444</u>	<u>(51,983,980)</u>
Investing activities			
Purchase of property, plant and equipment & intangible assets	9	(270,719)	(128,000)
Net cash flows used in investing activities		<u>(270,719)</u>	<u>(128,000)</u>
Financing activities			
Net cash flows from/(used in) financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		14,334,725	(52,111,980)
Cash and cash equivalents at beginning		(7,652,578)	44,459,402
Cash and cash equivalents at year end	13	<u>6,682,147</u>	<u>(7,652,578)</u>

The accounting policies and notes on pages 7 through 17 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.

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.

1.4 Date of Authorization for Issue

The Financial Statements of Emami Indo Lanka (Private) Limited, for the period ended 31 March 2021 were signed for and on behalf of the board by directors on 05 May 2021.



2.1 BASIS OF ACCOUNTING

2.1.1 Statement of Compliance

The Financial Statements of Emami Indo 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

Management has taken note of the existing and possible effects arising from the COVID-19 pandemic on the Going Concern assessment made. Management implemented many measures during the lock down period experienced in Sri Lanka from in order to sustain its business operations and liquidity positions. From a product development perspective, the Company commenced the manufacture and sale of Hand Sanitizers, Soap and Handwash which was of high demand during the period and which resulted in a continued cashflow. All capital expenditure was temporary halted, cash disbursements were subjected to strict scrutiny and collections closely monitored resulting in the company being able to operate within approved borrowing limits. The Company has since returned to regular operations subsequent to the ceasing of the lockdown but have taken precautionary measures to minimize the risk of the spread of COVID-19 in the organization. The Company does not foresee any indication of impairment of property and equipment and other financial assets as at the reporting date due to COVID-19 pandemic. The Company has carried out an analysis on the closing inventory and has concluded that neither an impairment provision is required as at the reporting date as the products have sufficient shelf-life and are in marketable condition.

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 and cash at bank 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 and deposits in banks 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.

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. REVENUE	2021	2020
	Rs.	Rs.
Sale of goods	335,015,308	290,976,160
	<u>335,015,308</u>	<u>290,976,160</u>
5. OTHER INCOME	2021	2020
	Rs.	Rs.
Insurance Claim	159,298	54,456
	<u>159,298</u>	<u>54,456</u>
6. PROFIT FROM OPERATIONS	2021	2020
	Rs.	Rs.
Trade scheme	20,628,225	17,106,830
Sales incentives	6,581,275	3,302,917
Promotional expenses	10,983,728	9,784,119
Advertisement expenses	51,561,295	49,659,255
Damage and expire provision	1,511,350	1,323,616
Transport charges	1,966,129	1,784,796
Salaries	17,254,880	15,443,978
Employees' Provident Fund	1,026,651	1,156,394
Employees' Trust Fund	256,663	289,098
Performance linked variable remuneration (PLVR)	331,430	563,753
Gratuity	233,509	(38,564)
Secretarial charges	224,317	178,513
Insurance	354,658	471,601
Audit fees	751,550	593,958
Rent expenses	3,982,150	3,685,434
Depreciation and amortization	535,575	513,866
Guarantee commission	1,000,000	591,398
Royalty expenses	6,011,927	4,913,107
	<u>6,011,927</u>	<u>4,913,107</u>
7. FINANCE EXPENSES	2021	2020
	Rs.	Rs.
Interest expense on loans	9,654,324	9,437,234
Bank charges	3,378,869	2,923,374
Foreign exchange loss	8,018,047	9,891,389
	<u>21,051,240</u>	<u>22,251,997</u>
8. INCOME TAX EXPENSE	2021	2020
	Rs.	Rs.
On current year profits (Note 8.1)	8,093,722	7,307,933
Income tax prior year under / (over) provision	(179,525)	-
	<u>7,914,197</u>	<u>7,307,933</u>
<i>Deferred Income Tax :</i>		
Deferred tax (reversal)/charge (Note 16)	245,425	(271,636)
Total Income tax expense reported in Statement of Profit or Loss	<u>8,159,622</u>	<u>7,036,297</u>



Emami Indo Lanka (Private) Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

8. INCOME TAX EXPENSE (Contd...)

8.1 Reconciliation of Accounting Profit to Income Tax Expense	2021	2020
	Rs.	Rs.
Profit before tax	11,349,754	2,280,988
Disallowable expenses	23,305,051	27,122,206
Allowable deductions	(930,959)	(2,414,205)
Non-taxable income	-	-
Taxable business income	33,723,846	26,988,989
Taxable business income	33,723,846	26,988,989
Taxable investments income	-	54,456
Less: Tax Losses transferred to loss carried forward	-	-
Total taxable income	33,723,846	27,043,445
Income tax at @ 28%	-	5,722,546
Income tax at @ 24%	8,093,722	1,585,387
Income tax on current year profits	8,093,722	7,307,933

9. PROPERTY & EQUIPMENT

At Cost

	Balance as at 01.04.2020	Additions	Disposals / Transfers	Balance as at 31.03.2021
	Rs.	Rs.	Rs.	Rs.
Electrical installations	447,794	-	-	447,794
Improvement to leasehold building	340,000	-	-	340,000
Furniture, fittings & equipment	1,386,035	90,720	-	1,476,755
Air conditioners	368,337	-	-	368,337
Computers	615,489	179,999	-	795,488
	<u>3,157,656</u>	<u>270,719</u>	<u>-</u>	<u>3,428,375</u>

Accumulated Depreciation

	Balance as at 01.04.2020	Charged during the year	Disposals / Transfers	Balance as at 31.03.2021
	Rs.	Rs.	Rs.	Rs.
Electrical installations	89,682	44,779	-	134,461
Improvement to leasehold building	48,997	34,000	-	82,997
Furniture, fittings & equipment	295,671	162,857	-	458,528
Air conditioners	151,118	74,516	-	225,634
Computers	321,957	202,481	-	524,438
	<u>907,425</u>	<u>518,633</u>	<u>-</u>	<u>1,426,058</u>

Net book value as at 31.03.2021

2,002,317

Net book value as at 31.03.2020

2,250,231

During the year, company purchased property and equipment worth of Rs. 270,719/= (2020 - Rs. 128,000/=.)

10. INTANGIBLE ASSETS

	Balance as at 01.04.2020	Additions / Amortization for the year	Transfers / Impairment	Balance as at 31.03.2021
	Rs.	Rs.	Rs.	Rs.
Cost				
Computer software	101,650	-	-	101,650
	<u>101,650</u>	<u>-</u>	<u>-</u>	<u>101,650</u>
Amortisation and impairment				
Computer software	35,022	16,942	-	51,964
	<u>35,022</u>	<u>16,942</u>	<u>-</u>	<u>51,964</u>
Net book value	<u>66,628</u>			<u>49,686</u>



11. INVENTORIES		2021	2020		
		Rs.	Rs.		
Finished goods		69,726,730	17,947,863		
Goods in transit		-	7,192,473		
Provision for slow moving inventories		(2,222,172)	(133,654)		
		<u>67,504,558</u>	<u>25,006,682</u>		
12. TRADE AND OTHER RECEIVABLES		2021	2020		
		Rs.	Rs.		
12.1 Trade receivables					
Local trade receivables		116,138,369	80,643,539		
Provision for impairment		-	-		
		<u>116,138,369</u>	<u>80,643,539</u>		
12.2 Other receivables					
Advance payments		30,803,471	65,977,400		
Refundable deposits		342,000	342,000		
Prepaid insurance		579,535	301,513		
Prepaid advertising		550,000	-		
VAT receivable		-	133,148		
		<u>32,275,006</u>	<u>66,754,061</u>		
Total trade and other receivables		<u>148,413,375</u>	<u>147,397,600</u>		
13. CASH AND CASH EQUIVALENTS		2021	2020		
Components of cash and cash equivalents		Rs.	Rs.		
13.1 Favorable cash & cash equivalents balance					
Cash in hand		51,790	36,177		
Cash at bank		6,630,357	-		
		<u>6,682,147</u>	<u>36,177</u>		
13.2 Unfavorable cash & cash equivalents balance					
Bank overdrafts		-	7,688,756		
		<u>-</u>	<u>7,688,756</u>		
Total cash and cash equivalents in the statement of cash flows		<u>6,682,147</u>	<u>(7,652,579)</u>		
14. STATED CAPITAL		2021	2021	2020	2020
		Number of	Value of Shares	Number of	Value of Shares
		Shares	Rs.	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		2021	2020		
		Rs.	Rs.		
Balance as at 01 April		354,017	392,581		
(Reversal) / provision made during the year		233,508	(38,564)		
Balance as at 31 March		<u>587,525</u>	<u>354,017</u>		



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

16. DEFERRED TAX ASSET / LIABILITY	2021	2020
	Rs.	Rs.
Deferred tax asset / (liability) arising from origination of temporary differences from:		
Property and equipment	(289,221)	(330,737)
Retirement benefit obligations, PVLR & LTA	168,445	455,386
Deferred tax asset / (liability)	(120,776)	124,649
Deferred tax charge / (reversal) recorded in the Statement of Comprehensive Income	245,425	(271,636)
17. INTEREST BEARING BORROWINGS	2021	2020
	Rs.	Rs.
Opening balance	123,775,539	114,784,581
Loans obtained during the year	-	-
Exchange loss	5,924,825	8,466,854
Interest payable	9,654,324	9,140,068
Less: Interest paid during the year	-	(8,615,964)
Balance at the end of the year	139,354,688	123,775,539
Loan obligation repayable within one year	18,675,641	95,508,251
Loan obligation repayable after 1 year	120,679,047	28,267,287
	139,354,688	123,775,539
17.1	Interest bearing borrowings represent USD 240,000, USD 215,000 and USD 150,000 loans obtained from Emarni Limited the parent company, for a period of three years on 18 September 2017, 08 December 2017 and 2 April 2018 respectively. The principal amount of the loans are to be paid in full on completion of 3 years and shall be repaid within 15 days from the expiry of the loan period of 3 years from the date of remittance of such loans. The interest on above loans should be accrued at 8% and should be paid within 3 months from the end of each financial year. These loans were obtained to meet working capital requirements.	
During 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.		
18. TRADE AND OTHER PAYABLES	2021	2020
	Rs.	Rs.
18.1 Trade creditors		
Trade payables	56,290,958	41,465,884
	56,290,958	41,465,884
18.2 Other payables		
PAYE payable	27,800	-
Other payables	55,555	-
Audit fees Payable	486,703	245,625
Travelling payable	179,806	103,800
Accruals -Sales and marketing	28,790,832	15,358,376
Electricity charges	18,831	25,520
Accruals -Other operating expenses	3,008,317	1,341,785
Freight and forwarding charges	104,150	166,100
Stamp Duty Payable	375	525
Performance linked variable remuneration (PLVR)	1,232,466	1,118,135
Leave travel allowance (LTA)	-	154,224
VAT payables	1,031,530	-
EPF payable	136,603	195,753
Royalty Payable	10,925,034	4,913,107
ETF payable	20,490	29,361
Tax fees	-	73,125
	46,018,492	23,725,435
Total trade and other payables	102,309,451	65,191,319



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

19. COMMITMENTS

There were no material commitments, financial or other contracted or consented by the Board of Directors as at 31 March 2021.

20. CONTINGENCIES

There were no material contingent liabilities as at 31 March 2021 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.

	2021	2020
	Rs.	Rs.
a) Key management personnel compensation		
Short - Term Employee Benefits - Directors' Remunerations	-	-

22.2 Transaction with the parent and related entities

Name of the Company	Relationship	Nature of Transaction	Transaction Amount (Rs.)	Amounts Due from / (to)
Emami Limited, India	Parent Company	Purchases	(9,572,034)	
		Guarantee commission	(1,000,000)	
		Interest cost	(9,654,324)	
		Royalty	(6,011,927)	
		Loan outstanding	(120,679,048)	
		Paid during the year	20,257,866	(152,705,224)
Emami International FZE	Group Affiliate	Purchases	(13,207,960)	
		Paid during the year	6,006,270	
		Receivable	531,463	(6,670,227)
Amounts due to the parent and related entities			2021	2020
			Rs.	Rs.
Emami Limited, India				
Trade payable			834,104	11,519,936
Royalty payable			10,925,034	4,913,107
Interest payable			18,675,641	9,021,317
Guarantee commission payable			1,591,398	591,398
Loan payable			120,679,048	114,754,222
			<u>152,705,224</u>	<u>140,799,980</u>
Emami International FZE				
Trade payable			7,201,690	-
Receivable during the year			(531,463)	-
			<u>6,670,227</u>	<u>-</u>



EMAMI INDO LANKA (PRIVATE) LIMITED

**DETAILED INCOME STATEMENT
YEAR ENDED 31 MARCH 2021**



Emami Indo Lanka (Private) Limited

DETAILED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2021

		2021 Rs.	2020 Rs.
Revenue	I	335,015,308	290,976,160
Cost of sales	II	(176,898,877)	(151,284,311)
Gross profit		<u>158,116,431</u>	<u>139,691,849</u>
Other income	I	159,298	54,456
Selling and distribution expenses	III	(91,930,652)	(82,961,534)
Administrative and other expenses	IV	<u>(33,944,082)</u>	<u>(32,251,786)</u>
Profit from operation		32,400,994	24,532,985
Finance expenses	V	(21,051,240)	(22,251,997)
Profit/(Loss) before tax		<u><u>11,349,754</u></u>	<u><u>2,280,988</u></u>

Figures in brackets indicate deductions



Emami Indo Lanka (Private) Limited

DETAILED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2021

STATEMENT I

	2021 Rs.	2020 Rs.
REVENUE		
Sale of goods	335,015,308	290,976,160
	<u>335,015,308</u>	<u>290,976,160</u>
OTHER INCOME		
Insurance Claim	159,298	54,456
	<u>159,298</u>	<u>54,456</u>

STATEMENT II

	2021 Rs.	2020 Rs.
COST OF SALES		
Opening inventory as at 01 April	25,006,682	15,625,516
<i>Add: -</i>		
Purchases during the year	219,396,753	160,665,477
<i>Less: -</i>		
Closing inventory as at 31 March	(67,504,558)	(25,006,682)
Total cost of sales	<u>176,898,877</u>	<u>151,284,311</u>

STATEMENT III

	2021 Rs.	2020 Rs.
SELLING AND DISTRIBUTION EXPENSES		
Trade scheme	20,628,225	17,106,830
Sales incentives	6,581,275	3,302,917
Promotional expenses	10,983,728	9,784,119
Advertisement expenses	51,561,295	49,659,255
Damage and expire provision	1,511,350	1,323,616
Transport charges	664,780	1,784,796
	<u>91,930,652</u>	<u>82,961,534</u>



Emami Indo Lanka (Private) Limited

DETAILED EXPENDITURE ANALYSIS

Year ended 31 March 2021

STATEMENT IV

ADMINISTRATIVE EXPENSES	2021	2020
	Rs.	Rs.
Salaries	17,254,880	15,443,978
Employees' Provident Fund	1,026,651	1,156,394
Employees' Trust Fund	256,663	289,098
Performance linked variable remuneration (PLVR)	331,430	563,753
Leave travel allowance (LTA)	154,224	154,224
Gratuity	233,509	(38,564)
Staff welfare expenses	77,609	-
Secretarial charges	224,317	178,513
NMRA consultancy charges	372,900	335,400
Stamp duty	7,309	126,042
Insurance	354,658	471,601
Audit fees	751,550	593,958
Tax fees	-	73,125
Communication charges	50,668	55,847
Printing and stationery	70,198	67,902
Repair and maintenance	-	9,500
Rent expenses	3,982,150	3,685,434
Travelling and fuel charges	152,739	1,265,577
Electricity	165,989	159,232
Depreciation and amortization	535,575	513,866
Product registration and testing charges	401,859	1,196,014
Sundry expenses	478,561	312,733
Postage and courier charge	48,716	-
Provision for inventory	-	133,654
Guarantee commission	1,000,000	591,398
Royalty expenses	6,011,927	4,913,107
	<u>33,944,082</u>	<u>32,251,786</u>

STATEMENT V

FINANCE EXPENSES	2021	2020
	Rs.	Rs.
Interest expense on loans	9,654,324	9,437,234
Bank charges	3,378,869	2,923,374
Foreign exchange loss	8,018,047	9,891,389
	<u>21,051,240</u>	<u>22,251,997</u>



BALANCE SHEET
AS AT March 31, 2021
Amount in Local Currency

ASSETS	Notes	As at 31.03.2021		As at 31.03.2020	
ASSETS					
1. Non-Current Assets					
(a) Property, Plant and Equipment	3,1	714 565		-	
(b) Capital Work-in-Progress	3,1	-		-	
(c) Investment Property	3,2	-		-	
(d) Goodwill on Consolidation	3,3				
(e) Right of Use Assets					
(f) Intangible Assets	3,3	1 000 000		2 000 000	
(g) Intangible Assets under Development	3,3	-		-	
(h) Financial Assets					
(i) Investments	3,4	-		-	
(ii) Loans	3,5	-		-	
(iii) Others	3,6	-		-	
(i) Deferred Tax Assets				201 999	
(j) Other Non-Current Assets	3,7	-	1 714 565	-	2 201 999
2. Current Assets					
(a) Inventories	3,8	60 495 949		20 514 573	
(b) Financial Assets					
(i) Investments	3,4	-		-	
(ii) Trade Receivables	3,9	181 652 644		211 106 115	
(iii) Cash and Cash Equivalents	3,10	15 688 859		31 217 692	
(iv) Bank Balance other than (iii) above	3,11	-		-	
(v) Loans	3,12	-		-	
(vi) Other Financial Assets	3,13	-		-	
(c) Current Tax Assets (Net)	3,14	2 891 423		4 996 243	
(d) Other Current Assets	3,15	9 062 174	269 791 049	839 347	268 673 970
Total Assets			271 505 614		270 875 969
EQUITY AND LIABILITIES					
EQUITY					
(a) Equity Share Capital	3,16	1 500 000		1 500 000	
(b) Other Equity	3,17	(17 493 573)	(15 993 573)	503 040	2 003 040
1. Non-Current Liabilities					
(a) Financial Liabilities					
(i) Borrowings	3,18	-		-	
(ii) Other Financial Liabilities	3,19	-		-	
(b) Provisions	3,20	-		-	
(c) Deferred Tax Liabilities (Net)	3,21	-		-	
(d) Other Non-Current Liabilities	3,22	-	-	-	-
2. Current Liabilities					
(a) Financial Liabilities					
(i) Borrowings	3,23	-		23 329 750	
(ii) Trade Payables	3,24				
Total outstanding dues of Micro, Small & Medium Enterprises (MSME)		-		-	
Total outstanding dues of creditors Other than MSME		282 181 449		236 114 212	
(iii) Other Financial Liabilities	3,25	-		1 088 258	
(b) Other Current Liabilities	3,26	4 677 740		7 330 714	
(c) Provisions	3,27	639 998		1 009 995	
(d) Current Tax Liabilities (Net)					
			287 499 187		268 872 929
Total Equity and Liabilities			271 505 614		270 875 969



Emami RUS LLC
STATEMENT OF PROFIT AND LOSS ACCOUNT

Particulars			
	Three Month March 21	Twelve Months March 21	Twelve Month March '20
Income			
Revenue from Operations	123 425 261	326 942 750	342 489 402
Other Income	-	398 350	833 444
Total Income	123 425 261	327 341 099	343 322 846
Expenses			
Cost of Materials Consumed	91 400 471	244 752 594	221 559 663
Purchases of Stock-in-Trade (Increase)/Decrease in Inventories of Finished Goods, Stock in Trade and Work-in-Progress	(9 692 416)	(39 981 376)	(20 514 573)
Excise duty on sale of Goods	10 231 529	42 193 055	5 789 572
Employee Benefits Expense	32 448 085	93 407 438	132 812 887
Other Expenses	124 387 669	340 371 711	339 647 549
Total Expenses Before Interest, Depreciation, Amortisation and Tax	(962 408)	(13 030 612)	3 675 297
Earning Before Interest, Depreciation, Amortisation and Tax	(A-B)	(C)	(B)
Finance Costs	-	1 138 387	922 957
Depreciation, Amortisation & Impairment Expense:			
a) Amortisation & Impairment of Intangible Assets	250 000	1 000 000	1 000 000
b) Depreciation on Right of use assets	-	212 482	-
c) Depreciation of Tangible Assets	161 895	-	-
Total Expenses	(D)	(E)	(D)
	411 895	1 212 483	1 000 000
	124 799 565	342 722 580	341 570 506
Profit Before tax and exceptional items	(A-E)=F	(G)	(A-E)=F
Exceptional items	(1 374 304)	(15 381 481)	1 752 340
Profit Before tax	(F-G)=H	(H)	(F-G)=H
	(1 374 304)	(15 381 481)	1 752 340
Tax Expense:			
Current Tax (MAT)	(975 494)	2 413 133	350 468
Provision of Earlier Years	-	-	-
MAT Credit Entitlement	201 999	201 999	(201 999)
Deferred Tax charge	-	-	-
Profit for the year	(H-I)=J	(I)	(H-I)=J
	(600 809)	(17 996 613)	1 603 871
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss in subsequent periods			
Equity Instrument through Other Comprehensive Income (net of tax)			
Remeasurement of the net defined benefit liability/asset (net of tax)			
Income Tax Effect			
Total Other Comprehensive Income, net of tax	-	-	-
Total Comprehensive Income for the year	(600 809)	(17 996 613)	1 603 871



3.1 Property Plant & Equipment(Current Year)

Particulars	Gross Block			Depreciation			Net Block		
	As at 1.4.2020	Additions	Disposals/Transfer	As at 31.03.2021	As at 1.4.2020	For the year	Disposals/Transfer	As at 31.03.2021	As at 31.3.2020
Land									
Leasehold									
Freehold									
Building (including roads)									
Plant & Equipment									
Furniture & Fixture									
Office Equipment		181,334.17		181,334.17	11,566.44	11,566.44		169,767.73	
Computer		745,713.33		745,713.33	200,916.04	200,916.04		544,797.29	
Motor Vehicles									
Property, Plant & Equipment Total		927,047.50		927,047.50	212,482.48			714,565.02	
Capital Work- In Progress									
Total		927,047.50		927,047.50	212,482.48			714,565.02	

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

3.2 Investment Property

Particulars	Gross Block			Depreciation			Net Block		
	As at 1.4.2020	Additions	Disposals/Transfer	As at 31.03.2021	As at 1.4.2020	For the year	Disposals/Transfer	As at 31.03.2021	As at 31.3.2020
Land									
Freehold									
Building*									
Total									

3.3 Intangible Assets

Particulars	Gross Block			Amortisation			Net Block		
	As at 1.4.2020	Additions	Disposals/Transfer	As at 31.03.2021	As at 1.4.2020	For the year	Disposals/Transfer	As at 31.03.2021	As at 31.3.2020
Goodwill									
Computer Software									
Brands, Trade Marks & etc.									
Copy Rights									
Know How & Formulation									
Others		3,000,000.00		3,000,000.00	1,000,000.00	1,000,000.00		2,000,000.00	2,000,000.00
Intangible Assets Total		3,000,000.00		3,000,000.00	1,000,000.00	1,000,000.00		2,000,000.00	2,000,000.00
Intangible Assets under Development									
Grand Total	3,000,000.00			3,000,000.00	1,000,000.00	1,000,000.00		2,000,000.00	2,000,000.00



Emami RUS LLC
Notes to Financial Statements

	As at 31.03.2021	As at 31.03.2020
At amortised cost		
Unsecured, Considered Good		
Security Deposits To Related parties		
Security Deposits To Others		
Loans to Related Parties (Refer Note No 3.51)		
Loans to Employees		
Total	-	-

3.6 Other Non-current Financial Assets

	As at 31.03.2021	As at 31.03.2020
At amortised cost		
Unsecured, Considered Good		
Incentives Receivables		
Less: Provision for Doubtful Receivables		
Total	-	-

3.7 Other Non-current Assets

	As at 31.03.2021	As at 31.03.2020
Unsecured, Considered Good unless otherwise stated		
Capital Advances		
Deposit with Government authorities		
Prepaid Expenses		
Advance income tax (Net of Provision)		
Incentives Receivables		
Less: Provision for Doubtful Receivables		
Total	-	-

3.8 Inventories

	As at 31.03.2021	As at 31.03.2020
(At lower of cost and net realisable value)		
Raw and Packing Materials		
Raw Material		
Packing Material		
Work-in-Progress		
Finished Goods		
Traded Goods	60 495 949	20 514 573
Stores and Spares		
Total	- 60 495 949	20 514 573

3.9 Trade Receivables

	As at 31.03.2021	As at 31.03.2020
At amortised cost		
Secured		
Considered Good	99 000 000	65 000 000
Unsecured		
Considered Good	82 652 644	146 106 115
Total	- 181 652 644	211 106 115

3.10 Cash and Cash Equivalents

	As at 31.03.2021	As at 31.03.2020
Cash and Cash Equivalents		
Balances with Banks	15 688 859	31 217 692
Fixed Deposits with Banks (Original Maturity of less than 3 Months)		
Cash on hand		
Cheques in hand		
Total	- 15 688 859	31 217 692

3.11 Other Bank Balances

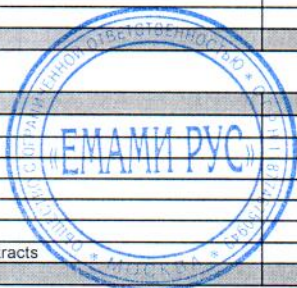
	As at 31.03.2021	As at 31.03.2020
At amortised cost		
Other Bank Balances		
Unpaid Dividend account		
Deposit with Original maturity of more than 3 months but less than 12 months		
Total	-	-

3.12 Loans

	As at 31.03.2021	As at 31.03.2020
At amortised cost		
Unsecured, considered good		
Security deposit		
Loans to Employees		
Total	-	-

3.13 Other Financial Assets

	As at 31.03.2021	As at 31.03.2020
At amortised cost		
Unsecured, considered good		
Interest Receivable on Deposits		
Other Receivables		
Incentives receivable		
At FVTPL		
Foreign Currency Forward & Option Contracts		
Total	-	-



3.14 Current Tax Assets (Net)

	As at 31.03.2021		As at 31.03.2020	
Advance Income Tax (Net of Provision)		2 891 422,91		4 996 243,00
Total		2 891 422,91		4 996 243,00

3.15 Other Current Assets

	As at 31.03.2021		As at 31.03.2020	
Unsecured, considered good				
Advances other than Capital Advances				
For goods and services		4 676 259		839 347
To employees				
Balances with Tax Department for VAT		3 851 782		
MAT Credit Entitlement				
Prepaid Expenses		534 134		
Total		9 062 174		839 347

3.16 Equity Share Capital

	As at 31.03.2021		As at 31.03.2020	
Authorised				
Issued				
Subscribed & Paid up*				
		1 500 000		1 500 000
Total Issued, Subscribed and Fully paid up Share Capital		1 500 000		1 500 000

3.17 Other Equity

	As at 31.03.2021		As at 31.03.2020	
Retained Earnings				
Opening balance				
Net Profit for the Year		334 597		(1 269 274)
Remeasurements of the Net Defined Benefit Plans (net of tax)		(17 996 613)		1 603 871
IND AS 115 Impact				
Income Tax Effect				
Final Dividend#				
Corporate Dividend Tax#				
Closing Balance				
Other Comprehensive Income				
Opening Balance				
Equity Instruments through Other Comprehensive Income				
Income Tax Effect				
Closing Balance				
Other Reserves		168 443		168 443
Capital Reserves				
Securities Premium Reserve				
General Reserve				
Opening Balance				
Transferred from General Reserve on Redemption of Debentures				
Transfer to Statement of Profit & Loss				
Closing Balance				
Debenture Redemption Reserves				
Opening Balance				
Transferred to General Reserve on Redemption of Debentures				
(-) Written Back in Current Year				
Closing Balance				
Other Reserves				
Total		(17 493 573)		503 040

3.18 Borrowings

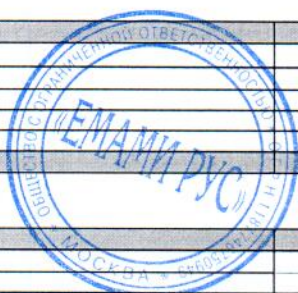
	As at 31.03.2021		As at 31.03.2020	
At amortised cost				
Unsecured				
Total		-		-

3.19 Other Financial Liabilities

	As at 31.03.2021		As at 31.03.2020	
At amortised cost				
Unsecured				
Trade Deposits				
Security Deposits				
Lease liabilities				
Total		-		-

3.20 Provisions

	As at 31.03.2021		As at 31.03.2020	
Provision for Employee Benefits				
Gratuity				
Total		-		-



3.21 Deferred Tax Liabilities (Net)

	As at 31.03.2021		As at 31.03.2020	
Deferred Tax Liabilities				
Tax impact due to difference between tax depreciation and book depreciation				
Investment carried at fair value through Other Comprehensive Income				
Deferred Tax Assets				
Tax Impact of expenses allowable against taxable income in future				
MAT Credit Entitlement				
Total	-	-	-	-

3.22 Other Non-current Liabilities

	As at 31.03.2021		As at 31.03.2020	
Deferred Government grants				
Total	-	-	-	-

3.23 Borrowings

	As at 31.03.2021		As at 31.03.2020	
Financial liabilities carried at amortised cost				
Secured				
From Banks				
Cash Credit (including working capital demand loan)				
Packing Credit				
(Both cash credit & packing credit is Secured by hypothecation of stocks, book debts on first charge basis ranking pari passu amongst lenders)				
Unsecured				
From Banks				
From Emami International FZE				23 319 750
From Others				
Total	-	-		23 329 750

3.24 Trade Payables

	As at 31.03.2021		As at 31.03.2020	
At amortised cost				
Total outstanding dues of Micro, Small & Medium Enterprises (MSME)				
Total outstanding dues of creditors Other than MSME		282 181 449		236 114 212
Total	-	282 181 449		236 114 212

3.25 Other Financial Liabilities

	As at 31.03.2021		As at 31.03.2020	
At amortised cost				
Current Maturities of Long-Term Borrowings				
Interest Accrued but not due on Borrowings				1 088 258
Interest Accrued and due on Trade Deposits				
Creditors for Capital Goods				
Unpaid Dividends				
Employee Benefits				
Lease liabilities				
Security deposit				
Other payables				
Total	-	-		1 088 258

3.26 Other Current Liabilities

	As at 31.03.2021		As at 31.03.2020	
Deferred government grant				
Refund Liabilities				
Advance (Services provided but not yet paid)				
Duties & Taxes		4 677 740		7 330 714
Total	-	4 677 740		7 330 714

3.27 Provisions

	As at 31.03.2021		As at 31.03.2020	
Provision for Employee Benefits				
Provident Fund				
Leave Encashment		639 998		1 009 995
Others				
Provision for Litigation				
Total	-	639 998		1 009 995



Emami RUS LLC
Notes to Financial Statements

3.28 Revenue from operations

	Three Months March 21	Twelve Months March'21	Twelve Month March'20
Sale of Products	123 425 261	326 942 750	342 489 402
Other Operating Revenues			
Total	123 425 261	326 942 750	342 489 402

3.29 Other Income

	Three Months March 21	Twelve Months March'21	Twelve Month March'20
Interest Received on financial assets carried at amortised cost			
Loans & Deposits	-	398 350	113 683
Others	-		719 761
Net foreign exchange gain	-		
Total	-	398 350	833 444

3.30 Cost of Material Consumed

	Three Months March 21	Twelve Months March'21	Twelve Month March'20
Raw materials and Packing materials			
Opening Stock			
Add : Purchases during the year			
Less : Closing Stock			
Total	-	-	-

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

	Three Months March 21	Twelve Months March'21	Twelve Month March'20
(I) Opening Stock			
Work-in-progress			
Finished Goods			
Stock-in-Trade	50 803 534	20 514 573	
(II) Closing Stock			
Work-in-progress			
Finished Goods			
Stock-in-Trade	60 495 949	60 495 949	20 514 573
(I) - (II)	(9 692 416)	(39 981 376)	(20 514 573)

3.32 Employee Benefit Expenses

	Three Months March 21	Twelve Months March'21	Twelve Month March'20
Salaries and Wages	9 931 334	41 892 861	5 789 572
Staff Contribution to Provident and Other Funds	-		
Gratuity Expenses	-		
Welfare Expense	300 194	300 194	
Total	10 231 529	42 193 055	5 789 572

3.33 Finance Cost

	Three Months March 21	Twelve Months March'21	Twelve Month March'20
Interest expenses	-	1 138 387	922 957
Total	-	1 138 387	922 957

3.34 Other Expenses

	Three Months March 21	Twelve Months March'21	Twelve Month March'20
Consumption of Stores and Spare parts	-		
Power and Fuel	-		
Rent	732 581	2 351 054	633 246
Insurance	913 525	3 282 526	1 390 562
Rates and Taxes	-		16 402
Freight & Forwarding	1 141 375	3 314 760	3 004 351
Directors' Fees and Commission	-		
Advertisement & Sales Promotion	18 487 606	44 875 324	25 236 545
Packing Charges	-		
Other Selling Expenses	(1 443 343)	25 264 796	53 763 079
Loss on Sale/Disposal of Property, Plant & Equipments	-		
Sundry Balance Written Off	-		
Legal and Professional Fees	2 507 201	7 567 304	7 961 947
Miscellaneous Expenses	2 234 733	6 377 982	4 533 618
Net foreign exchange loss	7 874 408	373 691	36 273 137
Total	32 448 085	93 407 438	132 812 887

Depreciation, Amortisation & Impairment Expense

	Three Months March 21	Twelve Months March'21	Twelve Month March'20
a. Amortisation & Impairment of Intangible Assets	250 000	1 000 000	1 000 000
b. Depreciation on Right of use assets	-	-	
c. Depreciation of Other Assets	161 895	212 482	
Total	411 895	1 212 483	1 000 000



Details required for Stock Reserve Computation

Particulars	Amount		
	Purchase from Related Party	Purchase from third Party/ OWN Manufacturing	Total Closing Stock as on reporting Date
Raw Material			
Packing Material			
WIP			
Finished Goods	51 344 382,59	9 151 566,87	60 495 949,45
Goods in Transit			

60 495 949



Reporting Company Name	Related Party Name	Nature of Relationship	Transaction Details	Item Type PL / BS	For PL Items Twelve Months March '21	For BS Items As at 31.03.2021
Emami Rus LLC	Emami International FZE	Parent Company	Liability for purchase of Traded Goods	BS		271 076 673
Emami Rus LLC	Emami International FZE	Parent Company	Interest Cost	PL	1 138 387	
Emami Rus LLC	Emami International FZE	Parent Company	Loan Payable	BS		
Emami Rus LLC	Emami International FZE	Parent Company	Incurred interest payable	BS		
Emami Rus LLC	Emami International FZE	Parent Company	Purchases of Stock-in-Trade	PL	215 062 848	



Particulars	Amount
Exchange Gain/Loss as per PL	(373 691)
Realised Portion	(592 689)
Unrealised Portion	308 929
	(283 760)



Notes to Consolidated Financial Statements as at & for the year ended 31st March, 2021

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

Description	As at 31.03.2021	As at 31.03.2020
Opening Balance		
Provisions made during the year		
Payment/reversals during the year		
Closing Balance		

Contingent Liabilities & Commitments

1) Contingent liabilities

(a) Claims against the Company not acknowledged as debt :	As at 31.03.2021	As at 31.03.2020
i) Excise Duty demands		
ii) Sales Tax demands under appeal		
iii) Entry Tax		
iv) Others - Specify the nature		

(b) Guarantees Bank Guarantee	As at 31.03.2021	As at 31.03.2020
----------------------------------	------------------	------------------

ii) Commitments:

(a) Capital Commitments : Estimated amount of commitments [net of advances of Rs. XXX Lacs (31.03.2020 - Rs. XXX lacs)] on capital account not provided for	As at 31.03.2021	As at 31.03.2020
(b) Other Commitments :		



Information regarding income and expenditure of investment property

Particulars	As at 31.03.2021	As at 31.03.2020
Income derived from investment properties		
Less : Direct operating expenses (including repairs and maintenance)generating income from investment property		
Profit arising from investment properties before depreciation and indirect expenses		
Less: Depreciation	-	-
Profit arising from investment properties before indirect expenses		

Reconciliation of fair value :

	2020-21	2019-20
Fair value of opening balance of Investment property		
Fair value adjustment on opening balance of Investment property		
Fair value of transfer in / (out)		
Fair value of closing balance of investment property		

Categorization of Financial Instruments:

Particulars	As at 31.03.2021 Carrying value	As at 31.03.2020 /fair value
(i) Financial Assets Measured at FVTPL		
- Investments in Mutual Funds		
- Investments in Preference Shares		
- Investments in Equity Shares		
- Other Financial Assets (Derivative assets - Forward & Option)		
b) Measured at FVOCI		
- Investments in Equity Shares		
c) Measured at Amortised Cost*		
- Loans		
- Other Financial Assets		
TOTAL	0.00	0.00
(ii) Financial Liabilities		
a) Measured at Amortised Cost*		
- Borrowings (Secured & Unsecured)		23 329 750
- Other Financial Liabilities		1 088 258
TOTAL	0.00	24 418 008

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



Fair Value hierarchy

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

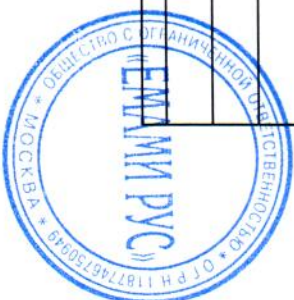
The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2020:

Particulars	Fair value measurement at end of the reporting year using			As at 31.03.2021
	Level 1	Level 2	Level 3	
Assets				
Investments in Mutual Fund units /alternate investment fund	-	-	-	-
Investments in Equity Shares	-	-	-	-
Investments in Preference Shares	-	-	-	-
Derivative financial instruments - Derivative assets - Forward & Option Contracts	-	-	-	-
Total				

Particulars	Fair value measurement at end of the reporting year using			As at 31.03.2020
	Level 1	Level 2	Level 3	
Assets				
Investments in Mutual Fund units /alternate investment fund	-	-	-	-
Investments in Equity Shares	-	-	-	-
Investments in Preference Shares	-	-	-	-
Derivative financial instruments - foreign currency forward and option contracts	-	-	-	-
Total				

Description of significant unobservable inputs to valuation:

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



Income Taxes

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

Particulars	2020-21	2019-20
Profit before Income Taxes	(15 381 481)	1 752 340
Enacted Tax Rate in Respective Country	0	0
Computed expected tax expenses	(3 076 296)	350 468
Expense disallowed	5 691 428	
Reconciliation Item -2 - Give nature & Details		
Reconciliation Item -3 - Give nature & Details		
Reconciliation Item -3 - Give nature & Details		
Reconciliation Item -4 - Give nature & Details		
Income Tax Expense	2 615 132	350 468

Leases

The lease rentals charged during the year is as under:

Particulars	2020-21	2019-20
Lease Rentals recognised during the year	2 351 054	633 246

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

Future minimum lease payable	As at 31.03.2021	As at 31.03.2020
Not later than 1 year		
Later than 1 year and not later than 5 years		
Later than 5 years		

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

Financial risk management

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



Market risk**Foreign Currency risk**

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

The following table analyzes foreign currency risk from financial instruments

Particulars	As at 31.03.2021	As at 31.03.2020
Exposer Currency (USD)		
Trade Receivable		
Exposer Currency (AED)		
Trade Receivable		
Exposer Currency (AUD)		
Trade Receivable		
Exposer Currency (EGP)		
Trade Receivable		
Exposer Currency (EURO)		
Trade Receivable		
Exposer Currency (BDT)		
Trade Receivable		
Exposer Currency (LKR)		
Trade Receivable		

The Company have entire Trade receivable exposure in Local currency hence the above disclosure is not required

Derivative financial instruments

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

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

Particulars	As at 31.03.2021	As at 31.03.2020
Less than 1 year		
Forward Contract (Currency - XXX) - to cover equivalent receivables	-	-
Total derivative financial instruments	-	-

Commodity Price Risk

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

Security Price Risk

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

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

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



Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to XXX and XXX as at 31.03.2021 and 31.03.2020, respectively. Trade receivables includes both secured and unsecured receivables and are derived from revenue earned from domestic and overseas customers. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. An impairment analysis is performed at each reporting date on an individual basis based on historical data of credit losses.

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

Trade Receivable	As at 31.03.2021	As at 31.03.2020
Less than 30 days	181 053 588	211 106 115
31 - 90 Days	599 057	
91 to 180 days		
More than 180 days		
Total	181 652 645	211 106 115

Liquidity Risk

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

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

Particulars	As at 31.03.2021	As at 31.03.2020
Less than 1 year		
Borrowings	-	23 329 750
Interest Payable on Borrowings in future	282 181 449	236 114 212
Trade Payables		1 088 258
Other financial Liabilities	282 181 449	260 532 220
More than 1 year		
Other financial Liabilities	-	-
Total	282 181 449	260 532 220



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

Please refer Related Party disclosure as given along with GRR except for Director given below

Particulars	Associate		Directors, Key Management Personnel & Relatives		Entities / Trust where Key Management Personnel and their relatives have significant influence		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
1. Remuneration and Employee Benefits								
i) EXECUTIVE DIRECTORS								
- Short Term Employee benefits	-	-	-	-	-	-	-	-
- Post Employment benefits	-	-	-	-	-	-	-	-
- Commission	-	-	-	-	-	-	-	-
ii) OTHER DIRECTORS								
- Sitting Fees	-	-	-	-	-	-	-	-
- Commission	-	-	-	-	-	-	-	-
iii) GENERAL DIRECTOR								
- Short Term Employee benefits	-	-	12 059 575	2 400 000	-	-	12 059 575	2 400 000
- Post Employment benefits	-	-	-	-	-	-	-	-
2. Sales								
- Sale of Goods	-	-	-	-	-	-	-	-
- Sale of Export Benefit Licence	-	-	-	-	-	-	-	-
3. Other Income								
- Sale of Property, Plant & Equipment	-	-	-	-	-	-	-	-
- Rent, Maintenance & Other Charges Received	-	-	-	-	-	-	-	-
- Royalty Received	-	-	-	-	-	-	-	-
- Dividend Received	-	-	-	-	-	-	-	-
4. Purchase								
- Purchase of Gift and Promotional Items	-	-	-	-	-	-	-	-
- Purchase of Raw Materials	-	-	-	-	-	-	-	-
5. Other Expenses								
- Rent, Maintenance & Other Charges Paid	-	-	-	-	-	-	-	-
- Donation Paid	-	-	-	-	-	-	-	-
- Commission Paid	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-
6. Dividend Paid	-	-	-	-	-	-	-	-
7. Investment including Commitments	-	-	-	-	-	-	-	-
8. Security Deposit Received	-	-	-	-	-	-	-	-
9. Security Deposit Given	-	-	-	-	-	-	-	-
10. Refund against Security Deposit Paid	-	-	-	-	-	-	-	-
11. Refund against Security Deposit Received	-	-	-	-	-	-	-	-
12. Reimbursement of Expenses	-	-	-	-	-	-	-	-
13. Contribution to Provident Fund	-	-	-	-	-	-	-	-



C. The details of amount due to or due from related parties as at March 31, 2021 and March 31, 2020 as follows :

Particulars	Related Party	As at 31.03.2021	As at 31.03.2020
Investment	Associate (Net of Share of Loss) Entities where Key Management Personnel and their relatives have significant influence		
Trade Receivable	Entities where Key Management Personnel and their relatives have significant influence		
Other Receivable	Associate Entities where Key Management Personnel and their relatives have significant influence		
Trade Payable	Entities where Key Management Personnel and their relatives have significant influence		
Other Payable	Entities where Key Management Personnel and their relatives have significant influence		
Security Deposit Paid	Key Management Personnel & Relatives Entities where Key Management Personnel and their relatives have significant influence		
Security Deposit Received	Entities where Key Management Personnel and their relatives have significant influence		
Remuneration, Sting Fees & Commission Payable	Key Management Personnel & Relatives		



The Company does not have any Long terms leases to which IND AS 116 is applicable Leases

Group as a Lessee

The Group has applied Ind As 116 Leases for the first time . The nature and effect of the changes as a result of adoption of this new Impact on Balance Sheet (Increase/Decrease)

₹ in Lacs

Particulars	31st March 2021	31st March 2020
Assets		
Right of Use Assets (Refer Note No. 3.4)		
Liabilities		
Lease Liabilities		

Impact on Statement of Profit and Loss

₹ in Lacs

Particulars	31st March 2021
Depreciation and Amortisation	
Other Expenses	
Finance Cost	
Income Tax Expenses	
Loss for the period	

Impact on Statement of Cash Flows

₹ in Lacs

Particulars	31st March 2021
Payment of principal portion of lease liabilities	
Payment of Interest portion of lease liabilities	
Net Cash flows used in financial activities	

There is no material impact on other comprehensive income or the basic and diluted earning per share.

The Group has lease contracts for warehouse, factory land and office spaces used in its operations. These generally have lease terms



Set out below are the carrying amounts of right-of-use assets recognised and the movement during the period:

₹ in Lacs

As at 1st April 2020	
Addition during the year	
Depreciation Expense	
FCTR	
As at 31st March 2021	-

Set out below are the carrying amounts of lease liabilities and the movements during the year:

₹ in Lacs

	31st March 2020
As at 1st April 2020	0,00
Addition during the year	0,00
Accretion of interest	-
FCTR	0,00
Payments	-
As at 31st March 2021	-
Current	
Non Current	

The effective interest rate for lease liabilities is 8% to 10% , with maturity between 2021-2025

The following are the amounts recognised in Statement of Profit and Loss:

₹ in Lacs

Particulars	31st March 2021	31st March 2020
Depreciation expense of right-of use assets		
Interest expenses on lease liabilities	-	
Expense relating to other leases (including in other expenses)		
Total amount recognised in Statement of Profit and Loss	-	0,00

Group as a Lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an The Group has entered into operating leases on its investment property portfolio consisting of certain office (see Note 3.2). These leases Future minimum rentals receivable under non-cancellable operating leases as at 31 March are as follows:

₹ in Lacs

Particulars	31st March 2021	31st March 2020
Within one year	-	-
After one year but not more than five years	-	-



Not Applicable

Defined Benefit Plan (Gratuity) :

(i) The Group provides for gratuity, a defined benefit retirement plan covering eligible employees. The

(ii) Details as per actuarial valuations recognised in the financial statements in respect of Employees

₹ in Lacs

Particulars	Gratuity Funded	
	As at 31.03.2021	As at 31.03.2020
A Expenses Recognised in the income Statement		
1 Current Service Cost		
2 Past Service Cost		
3 Loss/(Gain) on Settlement		
4 Net Interest Cost/(Income) on the Net Defined		
5 Total Expenses recognised in the Statement of	-	
B Assets and Liability		
1 Present value of Obligation		
2 Fair Value of Plan Assets		
3 Funded Status [Surplus/(Deficit)]		
Effects of Asset Ceiling, if any		
4 Net Asset/(Liability) recognised in Balance Sheet	-	
C Change in Present Value of Obligation		
1 Present value of Obligation as at beginning of	-	
2 Current Service Cost		
3 Interest Expense or Cost		
4 Re-measurement (or Actuarial)(gain)/loss arising		
- Change in demographic assumptions		
- Change in financial assumptions		
- Experience variance (i.e.Actual experience vs		
5 Past Service Cost		
6 Benefits Paid		
7 Acquisition Adjustment	-	
8 Present value of Obligation as at the end of period	-	
D Change in Fair Value of Plan Assets		
1 Fair Value of Plan Assets at beginning of period		
2 Investment Income		
3 Employer's Contribution		
4 Benefits paid		
5 Return on plan assets,excluding amount		
6 Acquisition Adjustment		
7 Fair Value of Plan Assets at end of period	-	
E Other Comprehensive Income		
1 Actuarial (gains)/losses		
- Change in demographic assumptions		
- Change in financial assumptions		
- Experience variance (i.e.Actual experience vs		
2 Return on plan assets,excluding amount	-	
3 Components of defined benefit costs recognised in	-	

(iii) Major categories of Plan Assets (as

Particulars	As at 31.03.2021	As at 31.03.2020
Funds managed by Insurer	100%	100%



(iv) **Assumptions**

Particulars	As at 31.03.2021	As at 31.03.2020
Financial Assumptions		
Discount Rate (%)		
Salary Growth Rate (per annum)		
Demographic Assumptions		
Mortality Rate		
Withdrawal Rate (per annum)		

(v) **Sensitivity Analysis :-**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount
₹ in Lacs

Particulars	As at 31.03.2021	As at 31.03.2020
Defined Benefit Obligation (Base)		

Particulars	As at 31.03.2021		As at 31.03.2020	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 0.50% - 1%) (₹ (% change compared to base due				
Salary Growth Rate (- / + 0.50% - (% change compared to base due				
Attrition Rate (- / + 50% of present (% change compared to base due				
Mortality Rate (- / + 10%) (₹ in (% change compared to base due				

The sensitivity analysis presented above may not be representative of the actual change in the

(vi) **Effect of Plan on Entity's Future**

a) Funding arrangements and Funding Policy

The Group has purchased an insurance policy to provide for payment of gratuity to the employees in

b) Expected Contribution during the next

₹ in Lacs

Particulars	As at 31.03.2021	As at 31.03.2020
The Company's best estimate of Contribution during the next		

c) Maturity Profile of Defined Benefit

Particulars	As at 31.03.2021	As at 31.03.2020
Weighted average duration (based on discounted cashflows)	4 Years	5 Years

₹ in Lacs

Expected cash flows over the next (valued on undiscounted basis):	As at 31.03.2021	As at 31.03.2020
1 Year		
2 to 5 Years		
6 to 10 Years		
More than 10 Years		

(vii) **Description of Risk**

Valuations are performed on certain basic set of pre determined assumptions and other regulatory

Interest Rate risk: The plan exposes the Group to the risk off all in interest rates. A fall in interest

Liquidity Risk: This is the risk that the Group is not able to meet the short-term gratuity pay

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the

Demographic Risk: The Group has used certain mortality and attrition assumptions in valuation of

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of

Asset Liability Mismatching or Market Risk: The duration of the liability is longer compared to

Investment Risk: The probability or likelihood of occurrence of losses relative to the expected



Defined Benefit Plan (Provident Fund) :

(i) In respect of certain employees in India, provident fund contributions are made to a Trust. The defined benefit obligation arises from the possibility that during any time period in the future, the net defined benefit obligation as at the valuation date, thus, represents the excess of accrued

(ii) Details as per actuarial valuations recognised in the financial statements in respect of Employees

Particulars	₹ in Lacs	
	As at 31.03.2021	As at 31.03.2020
Accumulated Account Value of Employee's Fund		
Interest Rate Guarantee Liability		
Present value of benefit obligation at end of the period		
Fair Value of Plan Assets		
Net Asset / (Liability)		

Particulars	₹ in Lacs	
	As at 31.03.2021	As at 31.03.2020
Interest Rate Guarantee Liability		
Interest Rate Guarantee Liability		
Fund Reserve and Surpluses		
Net Liability		

(iii) Major categories of Plan Assets (as percentage of Total)

Particulars	₹ in Lacs	
	As at 31.03.2021	As at 31.03.2020
Government of India securities		
State Government securities		
High quality corporate bonds		
Equity shares of listed companies		
Special Deposit Scheme		
Bank balance		
Other Investments		
Total		

(iv) Assumptions

Particulars	₹ in Lacs	
	As at 31.03.2021	As at 31.03.2020
Discount Rate		
Expected Guarantee Interest Rate		
Average Historic Yield on the Investment (per annum)		
Mortality Rate		
Attrition Rate (for all ages; per annum)		

(v) Liability sensitivity analysis

Significant actuarial assumptions for the determination of the guarantee liability are interest rate. The sensitivity analysis below have been determined based on reasonably possible changes of the

Particulars	₹ in Lacs	
	As at 31.03.2021	As at 31.03.2020
Defined Benefit Obligation (Base)		

Particulars	As at 31.03.2021		As at 31.03.2020	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 1%) (₹ in Lacs)				
(% change compared to base due)				
Interest rate guarantee (-/+ 1%) (₹)				
(% change compared to base due)				



Name of the Component
Trade Receivable Ageing

Name of the Party	Currency	Amount	Over due in Days



**Name of the Component
DETAILS OF GUARANTEE & COUNTER GUARANTEE AS ON 31.03.2021**

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



Name of the Component					
ESTIMATED AMOUNT OF COMMITMENTS (NET OF ADVANCES) ON CAPITAL ACCOUNT NOT PROVIDED FOR AS ON 31ST MARCH, 2021					
NAME OF PARTY	DESCRIPTION	CONTRACT VALUE	BILL BOOKED	ADVANCE GIVEN	VALUE OF BALANCE COMMITMENT



EMAMI OVERSEAS FZE

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

Financial Statements and Auditor's Report

For the Year Ended March 31, 2021

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Director's Report to the Shareholder

The director submits his report and audited financial statements for the year ended March 31, 2021.

Results

The net loss for the year amounted to AED 35,751 as compared AED 43,700 in the previous year.

Review of the business

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

Auditors

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

Amitabh Goenka

Mr. Amitabh Goenka
Director

Date : May 4, 2021



Independent Auditor's Report to the Shareholder of

EMAMI OVERSEAS FZE

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

Report on the audit of the financial statements

We have audited the financial statements of **Emami Overseas FZE** ("the Company"), which comprise the statement of financial position as at March 31, 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year ended and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of opinion

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

Emphasis of Matters

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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



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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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



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

Report on other legal and regulatory requirement

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

- i. we have obtained all the information we considered necessary for the purposes of our audit;
- ii. the financial statements of the Company have been prepared and comply, in all material respects, with the Hamriyah Free Zone Authority pursuant to Emiri Decree No. (6) of 1995.
- iii. the Company has maintained proper books of accounts;
- iv. the Company has not purchased any shares or stocks during the financial year;
- v. the financial information included in the director's report is consistent with the Company's books of accounts;
- vi. note 15 to the financial statements of the Company reflects material related party transactions and the terms under which they were conducted;
- vii. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended March 31, 2021 any of the applicable provisions of the Hamriyah Free Zone Authority pursuant to Emiri Decree No. (6) of 1995 or its Articles of Association which would materially affect its activities or its financial position as at March 31, 2021.

N. R. Doshi
Public Accountants

Dubai, United Arab Emirates

Date : May 4, 2021



EMAMI OVERSEAS FZE

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

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended March 31, 2021

Notes

31.03.2021

31.03.2020

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

Continuing operations

Revenue from contract with customers		0	0
Cost of revenue		0	0
Gross profit		<u>0</u>	<u>0</u>
Other income		0	0
Other administrative expenses	7	(35,751)	(43,700)
Operating Loss		<u>(35,751)</u>	<u>(43,700)</u>
Finance cost		0	0
Finance income		0	0
Loss from continuing operations		<u>(35,751)</u>	<u>(43,700)</u>

Discontinued operations

Loss for the year from discontinued operations		0	0
Loss for the year		<u>(35,751)</u>	<u>(43,700)</u>

Attributable to :

Shareholder of the Company		(35,751)	(43,700)
Non-controlling interest		0	0

Loss for the year

	<u>(35,751)</u>	<u>(43,700)</u>
--	-----------------	-----------------

Other comprehensive income

- Items that will not be reclassified subsequent to profit or loss		0	0
- Items that may be reclassified subsequent to profit or loss		0	0
Other comprehensive Income for the year		<u>0</u>	<u>0</u>

Total comprehensive income for the year

	<u>(35,751)</u>	<u>(43,700)</u>
--	-----------------	-----------------

Attributable to:

Shareholder of the Company		(35,751)	(43,700)
Non-controlling interest		0	0

Total comprehensive income for the year

	<u>(35,751)</u>	<u>(43,700)</u>
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These financial statements on pages 5 to 21 were authorised for issue on May 4, 2021 by the director and signed by:



Mr. Amitabh Goenka
Director



The accompanying notes 1 to 20 form an integral part of these financial statements



EMAMI OVERSEAS FZE

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

Statement of Financial Position

As at March 31, 2021	Notes	31.03.2021	31.03.2020
All figures are expressed in U.A.E. Dirhams			
ASSETS			
Non-Current Assets			
Investments in subsidiaries	8	0	0
Total non-current assets		0	0
Current Assets			
Financial assets at amortised cost	9	6,907,130	6,907,130
Other assets	10	16,833	16,833
Total current assets		6,923,963	6,923,963
Total assets		6,923,963	6,923,963
LIABILITIES			
Non-Current Liabilities			
Borrowings	11	8,978,355	8,951,245
Total non-current liabilities		8,978,355	8,951,245
Current Liabilities			
Trade and other payables	12	24,841	16,200
Total current liabilities		24,841	16,200
Total liabilities		9,003,196	8,967,445
Net assets / (liabilities)		(2,079,233)	(2,043,482)
EQUITY			
Share capital	1.1	25,000	25,000
Retained earnings	13	(2,104,233)	(2,068,482)
Total equity		(2,079,233)	(2,043,482)

These financial statements on pages 5 to 21 were authorised for issue on May 4, 2021 by the director and signed by:



Mr. Amitabh Goenka
Director



The accompanying notes 1 to 20 form an integral part of these financial statements.



Emami Overseas FZE

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

Statement of Changes in Equity**For the Year Ended March 31, 2021**

All figures are expressed in UAE Dirhams

	Share Capital	Retained Earnings	Total
Balance as at April 1, 2019	<u>25,000</u>	<u>(2,024,782)</u>	<u>(1,999,782)</u>
Profit or loss	0	(43,700)	(43,700)
Other comprehensive income	0	0	0
Total comprehensive income for the year	<u>0</u>	<u>(43,700)</u>	<u>(43,700)</u>
Transaction with shareholder recorded directly in equity			
Funds introduced	0	0	0
Balance as at March 31, 2020	<u>25,000</u>	<u>(2,068,482)</u>	<u>(2,043,482)</u>
Profit or loss	0	(35,751)	(35,751)
Other comprehensive income	0	0	0
Total comprehensive income for the year	<u>0</u>	<u>(35,751)</u>	<u>(35,751)</u>
Transaction with shareholder recorded directly in equity			
Funds introduced	0	0	0
Balance as at March 31, 2021	<u>25,000</u>	<u>(2,104,233)</u>	<u>(2,079,233)</u>

The accompanying notes 1 to 20 form an integral part of these financial statements.



EMAMI OVERSEAS FZE

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

Statement of Cash Flows

For the Year Ended March 31, 2021	Notes	31.03.2021	31.03.2020
All figures are expressed in U.A.E. Dirhams			
I. Cash flow from operating activities			
Net loss for the year		(35,751)	(43,700)
Changes in other assets		0	0
Changes in trade and other payables		8,641	4,200
Net cash used in operating activities		(27,110)	(39,500)
II. Cash flow from investing activities			
Changes in financial assets at amortised cost		0	(36,670)
Net cash used in investing activities		0	(36,670)
III. Cash flow from financing activities			
Changes in borrowing		27,110	76,170
Net cash flow from financing activities		27,110	76,170
Increase in cash and cash equivalents	(I + II + III)	0	0
Cash and cash equivalents as at beginning of the year	(Note 6.7, 14)	0	0
Cash and cash equivalents as at end of the year	(Note 6.7, 14)	0	0
Non-cash financing and investing activities		Nil	Nil

The accompanying notes 1 to 20 form an integral part of these financial statements.



EMAMI OVERSEAS FZE

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

Notes to the Financial Statements

For the Year Ended March 31, 2021

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

1 Legal Status, Business Activities and Management

1.1 Legal Status

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

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

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

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

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

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

1.2 Business Activities

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

1.3 Management

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

2 Going Concern

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



EMAMI OVERSEAS FZE

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

Notes to the Financial Statements

3 Basis of Preparation

3.1 Compliance with International Financial Reporting Standard

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

3.2 Historical Cost Convention

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

3.3 Functional and Presentation Currency

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

4 Significant Accounting Judgments, Estimates and Assumptions

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

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

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

4.1 Determining the Lease Term

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

4.2 Impairment of Financial Assets

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



EMAMI OVERSEAS FZE

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

Notes to the Financial Statements

4.3 Impairment of Non-Financial Assets

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

4.4 Fair Value Measurement of Financial Instrument

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

5.1 New Standards, Interpretations and Amendments to Existing Standards

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing from January 1, 2020. 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 IFRS 3	Definition of a Business
Amendments to IAS 1 & IAS 8	Definition of Material
Conceptual Framework	Amendments to Reference to the Conceptual Framework in IFRS Standards
Amendments to IFRS 9, IAS 39 and IFRS	Interest Rate Benchmark Reform



EMAMI OVERSEAS FZE

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Notes to the Financial Statements

5.2 Standards and Interpretations Issued but not yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for March 31, 2021 reporting period and have not been early adopted by the Company.

IAS / IFRS	Effective Date (Annual reporting period commencing from)	Brief Description
Amendments to IFRS 16	June 1, 2020	COVID-19 Related Rent Concessions
Amendments to IFRS 3	January 1, 2022	Reference to the Conceptual Framework
Amendments to IAS 16	January 1, 2022	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	January 1, 2022	Onerous Contracts - Cost of Fulfilling a Contract
IFRS 17 and amendments to IFRS 17	January 1, 2023	Insurance Contracts
Amendments to IAS 1	January 1, 2023	Classification of Liabilities as current or Non-current
IFRS 10 and IAS 28	To be determined	Sale or Contribution of Assets between an Investors and its Associate or Joint Venture

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

6 Summary of Significant Accounting Policies

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

6.1 Foreign Currency

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

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



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

6.2 Investment in Subsidiaries

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

6.3 Investments and Other Financial Assets

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 a financial assets at amortised cost at its fair value. 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, when applicable, a part of financial asset of part of group of financial assets) is derecognised when:

- i. The right to receive cash flows from the asset have expired,
- ii. The Company retains the right to receive cash flow from the asset, but has assumed an obligation to pay them in full without material delay to the third party under a 'pass-through' arrangement,



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Notes to the Financial Statements

- iii. The Company has transferred its right to receive cash flow from the asset and either:
- has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

6.4 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 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.

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.

6.5 Leases

6.5.1 Company as a Lessee

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

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

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

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



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Notes to the Financial Statements

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.

6.6 Impairment of Non-Financial Assets

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

6.7 Cash and Cash Equivalents

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

6.8 Provisions

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

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

7 Other Administrative Expenses	31.03.2021	31.03.2020
Rent expenses	25,250	25,250
Other expenses	10,501	18,450
	<u>35,751</u>	<u>43,700</u>



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Notes to the Financial Statements

8 Investments in Subsidiaries	31.03.2021	31.03.2020
Cost		
Opening balance as at April 1, 2020	381,597	381,597
Addition during the year	0	0
Closing balance as at March 31, 2021	(A) 381,597	381,597
Impairment		
As at April 1, 2020	381,597	381,597
For the year	0	0
As at March 31, 2021	(B) 381,597	381,597
Net Value	(A-B) 0	0

Notes:

- These financial statements are standalone financial statements of Emami Overseas FZE, UAE only and does not include results, assets and liabilities of its subsidiary company. The ultimate parent Company Emami India Ltd. prepares consolidated financial statements of the group that comply with Ind AS. The same are available at Emami Tower IMD - 5th Floor, 687, Anandapur, E.M Bypass, Kolkata - 700107, West Bengal, India.
- Investment in subsidiary in these financial statements is recognised at cost.
- Details of Subsidiary :**

Name of the Subsidiary Company	Incorporated in and Principle place of Business	Effective Ownership	Principal Activities
Pharmaderm Company SAE	Egypt	90.60%	Manufacturing of Pharma and Cosmetic products

- Out of the total number of shares held, 2 shares are in the name of related parties. However, the beneficial ownership remains with the Company.

9 Financial Assets at Amortised Cost

Short term financial assets at amortised cost

Due from related party	6,907,130	6,907,130
	6,907,130	6,907,130



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Notes to the Financial Statements

	31.03.2021	31.03.2020
10 Other Assets		
Prepayments	<u>16,833</u>	<u>16,833</u>
11 Borrowings		
Balance as on April 1, 2020	8,951,245	8,875,075
Addition during the year	<u>27,110</u>	<u>76,170</u>
Balance as at March 31, 2021	<u>8,978,355</u>	<u>8,951,245</u>
Note: Above amount is unsecured, interest free and its repayment terms are not stipulated.		
12 Trade and Other Payables		
Accruals	<u>24,841</u>	<u>16,200</u>
13 Retained Earnings		
Balance as at beginning of the year	(2,068,482)	(2,024,782)
Net loss for the year	<u>(35,751)</u>	<u>(43,700)</u>
Balance as at end of the year	<u>(2,104,233)</u>	<u>(2,068,482)</u>
14 Cash and Cash Equivalents		
Cash in hand	<u>0</u>	<u>0</u>
15 Related Party and Transactions with Related Parties		
For the purpose of these financial statements, parties are considered to be related to the Company, if the party has the ability, directly or indirectly, to control the 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.		
15.1 Related Party Balances		
Significant related party balances are as follows:		
Due from related parties	6,907,130	6,907,130
Borrowings	<u>8,978,355</u>	<u>8,951,245</u>



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Notes to the Financial Statements

16 Financial Instruments

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

Financial assets	31.03.2021	31.03.2020
Financial assets as at amortized cost		
- Financial assets at amortized cost	6,907,130	6,907,130
	<u>6,907,130</u>	<u>6,907,130</u>
Financial liabilities		
Financial liabilities recognized as at amortized cost		
- Borrowings	8,978,355	8,951,245
- Trade and other payables	24,841	16,200
	<u>9,003,196</u>	<u>8,967,445</u>

17.1 Fair Values of Financial Instruments

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

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

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

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

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

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



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Notes to the Financial Statements

18 Financial Risk Management

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

Credit Risk
Liquidity Risk
Market Risk

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

18.1 Credit Risk

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

a. Other Financial Assets and Cash and Cash Equivalents

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

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

18.2 Liquidity Risk

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

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



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Notes to the Financial Statements

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

Year Ended: March 31, 2021	Contractual Cash Flows	12 Months or Less	Above 12 Months
Non-derivative financial liabilities			
- Borrowings	8,978,355	0	8,978,355
- Trade and other payables	24,841	24,841	0
Derivative financial liabilities	0	0	0
Total financial liabilities	9,003,196	24,841	8,978,355
Year Ended: March 31, 2020	Contractual Cash Flows	12 Months or Less	Above 12 Months
Non-derivative financial liabilities			
- Borrowings	8,951,245	0	8,951,245
- Trade and other payables	16,200	16,200	0
Derivative financial liabilities	0	0	0
Total financial liabilities	8,967,445	16,200	8,951,245

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

18.3 Market Risk

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

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

a. Exposure to Interest Rate Risk

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



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Notes to the Financial Statements

Borrowings and due from related parties are unsecured, interest free and its repayments are not stipulated.

b. Exposure to Exchange Rate Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's significant monetary assets and liabilities denominated in foreign currencies are in USD. As the AED is currently pegged to the USD, balances in USD are not considered to represent significant currency risk.

18.4 Capital Management

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

19 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.

20 Comparative Figures

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



Pharmaderm Company (SAE)

Financial Statements For The Financial Year Ended March 31, 2021

&

Limited Review Report

Income Statement

	Note	From 1/4/2020 To 31/03/2021 EGP	From 1/4/2019 To 31/3/2020 EGP
Sales		--	--
Rebate		--	--
Retail Scheme		--	--
Cost Of Sales		--	--
Gross Profit		--	--
(Less)			
General And Administrative Expenses	(6)	(348,619)	(2,223,174)
Selling & Distribution Expenses		--	(25,000)
Forex Gain/(Loss)		(976)	--
Credit Interest		43,412	--
Other Revenue		409,659	--
Net Profit (Loss) For The Year		103,476	(2,248,174)

- The accompanying notes form an integral part of these financial statements and are to be read therewith.

Antallah Goni

Chairman

Statement Of Comprehensive Income

	Note	From 1/4/2020 To 31/3/2021 EGP	From 1/4/2019 To 31/3/2020 EGP
Net Profit (Loss) Of The Year		103,476	(2,248,174)
Add:			
Other Comprehensive Income:			
FOREX Gains/(Losses)		118,290	2,865,747
Total Other Comprehensive Income		221,766	617,573

- The accompanying notes form an integral part of these financial statements and are to be read therewith.

Amrallah Gout

Chairman

Statement Of Financial Position

	Note	31/3/2021 EGP	31/3/2020 EGP
Non-Current Assets			
Fixed Assets	(7)	2,501,136	2,593,429
Total Non-Current Assets		2,501,136	2,593,429
Current Assets			
Debtors & Other Debit Balances	(8)	1,229,252	2,078,770
Cash & Cash Equivalents	(9)	1,772,680	671,500
Total Current Assets		3,001,932	2,750,270
Total Assets		5,503,068	5,343,699
Shareholder's Equity			
Paid-Up Capital	(10)	2,126,000	2,126,000
Retained (Losses)		(26,693,026)	(27,310,599)
Profit For The Year		221,766	617,573
Total Shareholders' Equity		(24,345,260)	(24,567,026)
Current Liabilities			
Due To Related Parties	(11)	29,676,548	29,794,838
Creditors & Other Credit Balances	(12)	171,780	115,887
Total Current Liabilities		29,848,328	29,910,725
Total Shareholders' Equity & Current Liabilities		5,503,068	5,343,699

- The accompanying notes form an integral part of these financial statements and are to be read therewith.

Antallah Goul

Chairman

Statement Of Changes In Shareholders' Equity

31/03/2021	Paid-Up Capital	Retained (Losses)	Total
	EGP	EGP	EGP
Balance At 31/3/2021	2,126,000	(26,693,026)	(24,567,026)
Net Profit For The Year	—	221,766	221,766
Balance At 31/03/2021	2,126,000	(26,471,260)	(24,345,260)

31/03/2020	Paid-Up Capital	Retained (Losses)	Total
	EGP	EGP	EGP
Balance At 1/4/2020	2,126,000	(27,310,599)	(25,184,599)
Net Profit For The Year	—	617,573	617,573
Balance At 31/03/2020	2,126,000	(26,693,026)	(24,567,026)

- The accompanying notes form an integral part of these financial statements and are to be read therewith.

Antallah Gouli
 Chairman

Statement Of Cash Flows

	31/03/2021	31/03/2020
	EGP	EGP
Cash Flows From Operating Activities		
Net Profit/ (Losses) For The Year	103,476	(2,248,174)
Other Comprehensive Income	118,290	2,865,747
Adjustments To Reconcile Net Profit/(Loss) With Non-Monetary Items		
Depreciation	92,293	105,376
	314,059	722,949
Change In Debtors & Other Debit Balances	849,518	2,504,936
Change In creditors & Other Credit Balances	55,893	(155,545)
Net Cash Flows Provided From Operating Activities	1,219,470	3,072,340
Net Cash Flows (Used In) Financing Activities		
Proceeds From Shareholder's Current Accounts	(118,289)	(2,526,052)
Net Cash Flows (Used In) Financing Activities	(118,289)	(2,526,052)
Net Change In Cash & Cash Equivalents During The Period	1,101,181	546,288
Cash & Cash Equivalents At Beginning Of The Year	671,500	125,212
Cash & Cash Equivalents At The End Of The Period	1,772,681	671,500

The accompanying notes form an integral part of these financial statements and are to be read therewith.

Anatol Goul

Chairman

Notes To The Financial Statements

1. Company's Background

Pharmaderm Company (SAE) was incorporated on September 6, 1998 according to Law No.8 for the year 1997. The Company was registered in the Commercial Register under No.472 On January 23, 2005.

The company's main activities are manufacturing pharmaceuticals products, disinfectants, cosmetics, & chemicals; the company started operations on April 20, 2008.

2. Significant Accounting Policies

2.1 Statement Of Compliance

The accompanying financial statements have been prepared in accordance with the Egyptian Accounting Standards and the relevant Egyptian Laws & Regulations.

2.2 Basis Of Preparation Of The Financial Statements

The financial statements have been prepared in Egyptian pounds.

2.3 Changes In Accounting Principles

The accounting principles are in line with those adopted in the previous year.

2.4 Foreign Currency Transactions

Foreign currency transactions during the year are recorded according to the prevailing exchange rate at the time of the transaction. At each subsequent balance sheet date, foreign currency monetary amounts are reported using the closing rate at the balance sheet date.

2.5 Fixed Assets

- **Recognition & Preliminary Measurement**

All buildings, constructions, utilities, machinery and equipment are recorded according to their cost less accumulated depreciation as well any reduction in value.

The cost includes direct costs associated with acquiring the assets. Where assets are internally generated, this should include the cost of raw materials, direct wages, and other direct costs that are required for the asset to become operational for the purpose that it was first commissioned.

- **Depreciation**

Fixed assets are carried at historical cost and depreciated using the Declining method according to the following rates:

<u>Asset Type</u>	<u>Depreciation Rate</u>
Buildings	5 %
Machinery & Equipment	25 %
Furniture & Office Equipment	25 %
Other Assets	25 %

2.6 Impairment In The Value Of Non-Financial Assets

The book value of the company's non-financial assets, other than inventory and deferred tax assets is reviewed at the date of each financial position to determine the amount of impairment. The company carries out a regular review to determine if there has been impairment in the value of an asset or if there is an indication of such impairment; the fair value of the asset is compared with the book value. If the book value is above the fair value, then there is impairment in the value of the asset and the asset is reduced to its fair value and the loss is recorded in the income statement. The impairment loss which is previously recognized may be reversed in the case that there is a change in the fair value to the extent that the amount was reduced in the past.

2. Significant Accounting Policies (Continued)

2.7 Impairment In The Value Of Financial Assets

Annually, on each balance sheet date, an impairment test is carried out to ascertain if there is an indication that any of the assets have been impaired. Once there is an impairment in the value of an asset the loss is recorded only if there is evidence that the impairment of the value was due to an incident or more after the initial realization of the asset and that such incident or incidents had an effect that can be valued in a reliable manner for the expected future cash flow from the asset. In the case of financial assets that are recorded according to their amortized cost, the losses due to impairment are represented in the difference between the book value of such asset and the present value of the future cash flows that has been discounted by the original actual interest rate relating to this asset. The book value of the financial asset is usually reduced directly, except in the case of the receivables account. The receivables account is reduced by creating a provision as per customer account. The amounts that are not collected are to be written off from the provision and the amount of the realized loss will be reimbursed either directly or by settling the provisions account. It should be ensured that such reversal will not generate a book value for the asset which is higher than the amortized cost at the date of the writing off the amount of impairment if such impairment has not been recognized. The amount written off will be reflected in the income statement.

2.8 Inventory

Inventory is valued at the end of the financial year according to market price or cost, whichever is less.

2.9 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue is recognized if the following conditions are met:

- You can accurately measure the amount of revenue.
- It is widely expected the economic benefits associated with the transaction flow of the business.
- It can be the exact measurement of the degree of completion of the process as well as necessary for the completion costs.
- Revenue is measured at the fair value of the consideration received, or the amount due excluding discounts, rebates, and sales taxes, or duties.
- The specific recognition criteria described below must be met before revenue is recognized.

Sale Of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest Income

Interest income is recognized as interest accrues using effective interest method, and it is included in the income statement under credit interest.

2.10 Provisions

Provisions are recognized once the company has a current legal or realistic obligation due to previous events and it would be prudent to allocate the appropriate economic cash flow to meet this obligation. The amount recognized as a provision should be the best estimate of the amount required to settle the present obligation at the balance sheet date, that is, the amount that an entity would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third part.

2. Significant Accounting Policies (Continued)

2.11 Employee Benefits

- **Insurance & Pension System**

The company contributes in the government owned Social Insurance Employee Benefits Scheme according to Social Insurance Law No.79 for the year 1975 and its amendments. The company and employees both contribute to the scheme according to relevant laws and regulations. The company's contribution is charged in the income statement.

- **Share Of Employees In Profit**

According to the Companies Law No. 159, for the year 1981, the company shall distribute a proportion of 10% of the dividends to the employees as a share of profit. In the case where 10% of the dividends being distributed exceed the amount of total annual salaries, the share of profit is then capped at that amount. The employee share of profit will be recognized as dividend paid in shareholders changes in equity statement and as an obligation for the period after company's shareholders have approved the dividend distribution.

2.12 Taxation

- **Income Tax**

Income tax is a tax on the company's profit and is calculated using the current corporate tax rate in accordance to the relevant laws and regulations. The income tax expense should be reflected in income statement. The company is tax exempted from corporate tax till December 2018.

- **Deferred Tax**

Deferred tax reflects the existence of some temporary differences due to the difference in time frames between the time the asset value is realized and the obligation between the prevailing taxation principles and accounting principles that are adhered to when preparing the financial statement. The deferred tax is calculated according to the prevailing method which is used to ascertain the present value of assets and liabilities. It should be considered that the deferred tax may be considered as an asset if there is a strong possibility that it may be off set against taxation for future years. The amount of the deferred tax should be deducted by the amount that may not be off set against future taxes. The company is tax exempted from corporate tax till December 2018.

2.13 Expenses

All expenses, including administrative and general expenses, are to be presented in the income statement in the period when such expenses were incurred.

2.14 Legal Reserve

According to Law No. 159 for the year 1981, its executive directives, and the company's articles of association 5% of the net profit of the year is transferred to the legal reserve until this reserve is used upon decision from the general assembly meeting based on the proposal of the board of directors. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital.

2.15 Cash Flows Statement

The cash flows statement is prepared under the indirect method.

2.16 Comparative Figures

Comparative figures have been reclassified whenever it is necessary to compensate for the differences in the presentation used for the present period.

3. Financial Instruments

Financial instruments are initially recognized when the company becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument typically amortized cost or fair value.

3.1 Debtors

Customers and other debit balances are recognized with the initial value of the invoice after deducting any provisions for doubtful balances. Debts are valued if there are doubts in their collection. They are written-off if there are no chances in their collection.

3.2 Creditors

The recognition of the trade payables, creditors & notes payable is based on the amounts accrued for payments in the future for the goods & services received whether the invoices are received from the supplier or not. It is recognized with amortized cost by using the effective interest rate.

4. Financial Risks Management

4.1. Financial Risks Items

Financial risks are represented by market risks that include changes in foreign exchange rate, price risk, interest rate risk, credit, and liquidity risks. The company does not use any financial derivatives for hedging specific risks.

Market Risk

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

1. Foreign Exchange Rate Risk

The Company is exposed to the risk of changes in exchange rates because of the various activities using Foreign Currency. The foreign exchange risk arises due to future to the potential fluctuations in exchange rates that may affect commercial transactions, assets, and liabilities in foreign currency at each balance sheet date

2. Price Risk

The Company has no investments in equity instruments, listed and current debit instruments in the money market; it is not exposed to the risk of change in the fair value of investments due to changes in prices.

3. Interest Risk

Interest rate risk is a result of the change in interest and its effects on the company; this risk is not applicable as the company does not depend on credit facilities from banks to finance working capital or long-term assets.

4. Credit Risk

Credit risk arises from customers and individual accounts recorded in the receivables account. For banks, the company deals with banks according to high credit rating and banks with high credit worthiness in case of absence of the separate credit rate. For customers, management evaluates their credit worthiness with their cash position and historical dealings and other relevant matters. Required provisions are formed to face adequacy risk of customers individually.

5. Liquidity Risk

Liquidity risk is the risk that company will not able to meet its financial obligation, in accordance with the Company's policies, appropriate policies are taken to reduce that risk to acceptable level.

4. Financial Risks Management (Continued)

4.2. Capital Risk Management

Credit risk arises from customers and individuals accounts represented in receivables account. As for banks, the company deals with banks according to their high credit rating and banks with high liquidity ratios when credit ratings are not available. Management evaluates customer's credit worthiness with their cash position and historical dealings, and other aspects that may be taken into consideration when assessing each customer. Bad debts provisions are formed when it is expected that a certain customer will have difficulties in settling their debt.

4.3. Fair Value Estimation

The fair value of financial assets and liabilities with maturities of less than one year is assumed to be recorded using their carrying value. The fair value of financial liabilities-for disclosure purposes is estimated by discounting the future cash flow at the current market interest rate that is used by the company for similar financial instruments.

5. Significant Accounting Estimates & Personal Judgments

5.1 Significant Accounting Estimates & Judgments

Estimates and assumptions are evaluated on basis of professional judgment and other factors including expectations about future events that are believed to be reasonable under certain circumstances.

The Company makes future estimates and assumptions, which may not be equal to the actual results. In general, the application of the company's accounting policies does not require from management the use of professional judgment which may have a major impact on the value recognized in the financial statement.

Estimates and assumptions that are used by the company are shown as follows:

a. Income Tax

Income tax is calculated in accordance with Egyptian Tax Law.

Current Income Tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred Income Tax

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the balance sheet (accounting base) using the applicable tax rate. Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will create benefit. Current and deferred tax shall be recognized as an income or an expense and included in the statement of income for the year, except to the extent that the tax arises from a transaction or event which is recognized, in the same or different year, directly in equity.

b. Impairment Of Trade Receivables

Management studies the position and the ability of payments being made by customers. Management makes judgments, estimates, and assumptions about the carrying amounts based on historical experience and other factors that are considered relevant under the circumstances. Typically, with the impairment of trade receivables the company uses the provision matrix as a practical expedient for measuring impairment.

c. Estimated Useful Life Of Assets

The estimated useful life depends on an estimation using professional judgment based on the company's experience with similar fixed assets while taking into consideration the estimated usage of the asset in relation to the number of operating shifts and technical limitations. Residual values and useful lives of assets are reviewed on periodic basis.

d. Inventory Write Off

At each reporting end date, the company reviews the carrying amounts of its inventory to determine whether there is any indication of write off in inventory. If any such indication exists, the recoverable amount of the assets is estimated to determine the extent of the write off if any.

Pharmaderm Company (SAE)
Financial Statements For The Financial Year Ended March 31, 2021

6. General & Administrative Expenses

	From 1/4/2020 To 31/03/2021	From 1/4/2019 To 31/03/2020
	EGP	EGP
Depreciation	92,293	105,376
Salaries & Wages	71,272	138,031
Professional Fees	100,261	190,853
Other Expenses	42,877	1,200,905
Utility Expenses	11,811	10,956
Bank Charges	11,399	11,129
Social Insurance	7,002	7,674
Hospitality & Accommodation	4,310	5,239
Travel & Transport Expenses	4,169	31,549
Fees & Subscriptions	3,225	29,304
Maintenance & Repairs	--	640
Stamp Tax	--	5,000
Rent	--	486,303
Stationary	--	215
Total General & Administrative Expenses	348,619	2,223,174

Pharmaderm Company (SAE)
Financial Statements For The Financial Year Ended March 31, 2021

7. Fixed Assets

31/03/2021	Land	Buildings & Construction & Utilities	Machinery Equipment & Instruments	Furniture & Office Equipment	Other Assets	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Cost At 1/4/2020	1,216,431	2,052,044	291,045	250,175	2,714	3,812,409
Additions During The Year	--	--	--	--	--	--
Cost At 31/03/2021	1,216,431	2,052,044	291,045	250,175	2,714	3,812,409
Accumulated Depreciation At 01/04/2020	--	792,262	281,477	142,624	2,617	1,218,980
Depreciation For the Period	--	62,989	2,392	26,888	24	92,293
Accumulated Depreciation At 31/03/2021	--	855,251	283,869	169,512	2,641	1,311,273
Net Book Value At 31/03/2021	1,216,431	1,196,793	7,176	80,663	73	2,501,136
31/03/2020						
Land	Buildings & Construction & Utilities	Machinery Equipment & Instruments	Furniture & Office Equipment	Other Assets	Total	
EGP	EGP	EGP	EGP	EGP	EGP	
Cost At 1/4/2019	1,216,431	2,052,044	291,045	250,175	2,714	3,812,409
Additions During The Year	--	--	--	--	--	--
Cost At 31/03/2020	1,216,431	2,052,044	291,045	250,175	2,714	3,812,409
Accumulated Depreciation At 01/04/2019	--	725,958	278,288	106,773	2,585	1,113,604
Depreciation For the Period	--	66,304	3,189	35,851	32	105,376
Accumulated Depreciation At 31/03/2020	--	792,262	281,477	142,624	2,617	1,218,980
Net Book Value At 31/03/2020	1,216,431	1,259,782	9,568	107,551	97	2,593,429

8. Debtors & Other Debit Balances

	31/03/2021	31/3/2020
	EGP	EGP
Suppliers	524,379	839,162
Value Added Tax	440,348	440,348
Deposits With The Industrial Development Authority	256,512	256,512
Withholding Tax - With Others	7,122	7,122
Egyptian Tax Authority	480	480
Withholding Tax	400	400
Other Debtors	11	346
Letters Of Guarantee	--	534,400
Total Debtors & Other Debit Balances	1,229,252	2,078,770

9. Cash & Cash Equivalents

	31/03/2021	31/3/2020
	EGP	EGP
Petty Cash	1,150	4,617
Bank - Local Currency	776,480	650,270
Deposits	978,727	--
Bank - Foreign Currency	16,323	16,613
Total Cash & Cash Equivalents	1,772,680	671,500

10. Capital

The issued capital amounted to EGP 2,126,000 (Two Million One Hundred Twenty Six Thousand Egyptian pounds), fully paid and distributed over 2,126 shares a par value per share of EGP 1,000 (One Thousand Egyptian Pounds).

According to Extraordinary General Assembly meeting held on 9th January 2011 which approved to increase capital to EGP 6,500,000 (Six Million Five Hundred Thousand Egyptian Pounds) distributed over 6,500 shares with the par value of being EGP 1,000 (One Thousand Egyptian Pounds). No action has been taken in regards to the above decision as of March 31, 2021.

11. Due To Related Parties

	31/3/2021	31/3/2020
	EGP	EGP
Emami Overseas	29,676,548	29,794,838
Total Due To Related Parties	29,676,548	29,794,838

- The shareholders current account balances are unsecured, interest free, and there are no defined repayment arrangements and are payable only at the option of Emami Overseas.

12. Creditors & Other Credit Balances

	31/3/2021	31/3/2020
	EGP	EGP
Accrued expenses	119,811	115,409
Other Creditors	50,973	–
Social Insurance	912	159
Salary Tax	84	319
Total Creditors & Other Credit Balances	171,780	115,887

13. Taxation

13.1. Corporate Income Tax

- **From The Date Of Incorporation: September 1998 Till December 2004**

The company was inspected by the Egyptian Tax Authorities and there are no issues to note.

- **Financial Years From 2005 To 2008**

The company was inspected by The Egyptian Tax Authorities and there are no issues to note.

- **Financial Year 2009**

The Company has not been selected to the Tax inspection for Year 2009.

- **Financial Years From 2010 To March 2018**

The company is currently being audited by The Egyptian Tax Authority.

- **Financial Years From April 2015 To March 2021**

The Company is applied the Ta reports to the Tax Authority in the legal dates

13.2. Payroll Tax

- **From Date Of Incorporation- FY 2012**

The company has been audited and all tax differences have been paid. There are no issues to note.

- **Financial Years From 2013 To 2016**

The Company is currently being audited by The Egyptian Tax Authority.

- **Financial Years from 2017 To March 2021**

The Company is applied the Tax reports to the Tax Authority in the legal dates

13.3. Withholding Tax

- **From The Date Of Incorporation Till 2012**

The Company was inspected by The Egyptian Tax Authority and The Egyptian Tax Authority estimated a Tax difference was EGP 75,707. The company transferred the matter to The Egyptian Tax Authority's Internal Committee and currently the company is solving the matter.

- **From The Date Of Incorporation Till March 2021**

Tax returns were submitted in accordance with the provisions of the Law 91 for the year 2005; the company has not yet been examined by the Egyptian Tax Authority

13.4. Stamp Duty

- **From The Date Of Incorporation Till March 2021**

The company was inspected for tax purposes by the Egyptian Tax Authority, there were no issues to note.

13. Taxation (Continued)

- **Financial Years From April 2015 To March 2021**

Tax returns were submitted in accordance with the provisions of the law 91 year 2005; the company has not been yet inspected by the Egyptian Tax Authority.

13.5. Value Added Tax

- **From The Date Of Incorporation Till March 2021**

Tax returns were submitted in accordance with the provisions of the Law 11 for the year 1991; The company has not yet been inspected by the Egyptian Tax Authority

14. Going Concern

The company's retained losses on March 31, 2021 have amounted to EGP 26, 472,176 as such the retained losses have exceeded more than of the company's total shareholders' equity. Therefore, according to article (No. 69) of the Companies Law (No.159) for the year 1981 which was amended by Law No. (4) for the year 2018 in which it was stated that when losses exceed more than 50% of the company's shareholders' equity, the company's board of directors must invite the shareholders to an Extraordinary General Assembly (EGM) to affirm their continued financial support and their desire to keep the company operating.

15. Current Events

The coronavirus pandemic continues to spread in many countries, including in Egypt. The World Health Organization and national authorities can be consulted for the health implications on people. This crisis also has significant economic effects on companies, for example due to restrictions in production, trade and consumption or due to travel bans. Global responses to the coronavirus disease 2019 (COVID-19) outbreak continue to rapidly evolve. COVID-19 has already had a significant impact on global financial markets, and it may have accounting implications for many entities. Some of the key impacts include, but are not limited to: Interruptions of production, supply chain disruptions, unavailability of personnel, reductions in sales, earnings, or productivity, closure of facilities and stores, delays in planned business expansions, inability to raise financing, increased volatility in the value of financial instruments, reduced tourism, disruptions in nonessential travel and sports, cultural and other leisure activities. This subsequent pandemic does not affect the financial statements for the period ended December 31, 2020 but its post year end effect and implications on the company is currently unknown.

16. New Accounting Standards

New accounting standards and amendments to current accounting standards:

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards. The Management is currently assessing the potential impact on the financial statements when applying the amendment introduced to the Standard. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments "	The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersede the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues Addressed in the new Standard No. (47) And the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise 2- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or	Management is currently assessing the potential impact of Implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos.(1), (25), (26) and (40) are to be simultaneously applied.

	<p>at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p> <p>3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL)Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>4- Based on the requirements of this standard the following standards were amended :-Egyptian Accounting Standard No. (1)"Presentation of Financial Statements" as amended in 2019]</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (4) -"Statement of Cash Flows". - Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation. - Egyptian Accounting Standard" Financial Instruments: Recognition and Measurement - Egyptian Accounting Standard - EAS No. (40)- "Financial Instruments: Disclosures " 			-These amendments are effective as of the date of implementing Standard No. (47)]
<p>The new Egyptian Accounting Standard No. (48)</p> <p>- "Revenue from Contracts with Customers"</p>	<p>1.The new Egyptian Accounting Standard No. (48)- "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void:</p> <p>2.Egyptian Accounting Standard No. (8)- "Construction Contracts" as amended in 2015.</p> <p>3.Egyptian Accounting Standard No. (11)- "Revenue" as amended in 2015.</p> <p>4.For revenue recognition, Control Model is used instead of Risk and Rewards Model.</p> <p>5.incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met</p> <p>6.the standard requires that contract must have a commercial substance in order for revenue to be recognized</p> <p>7.Expanding in the presentation and disclosure requirements</p>	<p>Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>Standard No (48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted</p>	
<p>The new Egyptian Accounting Standard No. (49) "Lease Contracts</p>	<p>1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015</p> <p>2- The Standard introduces a single</p>	<p>Management is currently assessing the potential impact of implementing the</p>	<p>This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation</p>	

	<p>accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating</p> <p>1 or finance lease contracts.</p> <p>3- As For the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p> <p>4- As for the finance lease , the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract</p> <p>5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.</p>	<p>amendment of the standard on the financial statements.</p>	<p>thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied.</p> <p>Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing " as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.</p>
<p>Egyptian Accounting Standard No. (38) as amended" Employees Benefits"</p>	<p>A number of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans</p>	<p>Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p>
<p>Egyptian Accounting Standard No. (42) as amended" Consolidated Financial Statements"</p>	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows: (EAS 15) Related Party Disclosures (EAS 17) Consolidated and Separate Financial Statements (EAS 18) Investments in Associates (EAS 24) Income Taxes (EAS 29) Business Combinations (EAS 30) Periodical Financial Statements (EAS 44) Disclosure of Interests in Other Entities</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted. -The new or amended paragraphs pertaining to the amend standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard</p>

			No. (42) "Consolidated Financial Statements", as amended and issued in 2019 Financial Statements", as amended and issued in 2019
Issuance of Egyptian Accounting Interpretation No.(I)"Public Service Privileges Arrangements "	This interpretation provides guidance on the accounting by operators of public service privileges arrangements from a public entity to a private entity for the construction, operation and maintenance of the infrastructure for public utilities such as roads, bridges, tunnels, hospitals, airports, water supply facilities, power supplies and communications networks...,etc This interpretation gives the option of continuing to apply the prior treatment of public service privileges arrangements that prevailed prior to January 1st,2019 on entities that used to recognize and measure the assets of these arrangements as fixed assets in accordance with Egyptian Accounting Standard No. 10 "Fixed Assets and Depreciation "until their useful lives are expired.	Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Interpretation No.(1) applies to financial periods beginning on or after January 1st, 2019
Egyptian Accounting Standard No. (22) as ammended " Earnings per Share "	The scope of implementation of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (34) as ammended " Real Estate Investment	The Fair Value Model option for all enterprises is no longer used when the subsequent measurement of their real estate investments is made and compliance shall apply only to the Cost Model. While only real estate investment funds are obliged to use the Fair Value Model, upon the subsequent measurement of all their real estate assets. Based on this amendment, the following standards were amended Egyptian Accounting Standard No. (32) Non-current Assets Held for Sale and Discontinued Operation Egyptian Accounting Standard No. (30) Impairment of Assets	Management is currently assessing the potential impact of implementing	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (4) as ammended" Statement of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .	Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.

Creme 21 GMBH
BALANCE SHEET
As at 31st March 2021
Amount in Local Currency

Amount in Euro

ASSETS	Notes	As at 31st March 2021		As at 31st March 2020	
ASSETS					
1. Non-Current Assets					
(a) Property, Plant and Equipment	3.1	7,652		12,292	
(b) Capital Work-in-Progress	3.1	-		-	
(c) Investment Property	3.2	-		-	
(d) Goodwill on Consolidation	3.3	-		-	
(e) Intangible Assets	3.3	6,923		9,259	
(f) Intangible Assets under Development	3.3	-		-	
(g) Financial Assets					
(i) Investments	3.4	-		-	
(ii) Loans	3.5	3,000		7,000	
(iii) Others	3.6	-		-	
(h) Other Non-Current Assets	3.7	-	17,575	-	28,551
2. Current Assets					
(a) Inventories	3.8	88,668		2,20,530	
(b) Financial Assets					
(i) Investments	3.4	-		-	
(ii) Trade Receivables	3.9	4,07,790		3,11,625	
(iii) Cash and Cash Equivalents	3.10	56,885		1,26,491	
(iv) Bank Balance other than (iii) above	3.11	-		-	
(v) Loans	3.12	-		-	
(vi) Other Financial Assets	3.13	-		679	
(c) Current Tax Assets (Net)	3.14	-		-	
(d) Other Current Assets	3.15	74,119	6,27,462	1,46,127	8,05,452
Total Assets			6,45,037		8,34,004
EQUITY AND LIABILITIES					
EQUITY					
(a) Equity Share Capital	3.16	25,000		25,000.00	
(b) Other Equity	3.17	29,638	54,638	(47,135)	(22,135)
1. Non-Current Liabilities					
(a) Financial Liabilities					
(i) Borrowings	3.18	-		5,25,000	
(ii) Other Financial Liabilities	3.19	-		-	
(b) Provisions	3.20	-		-	
(c) Deferred Tax Liabilities (Net)	3.21	-		-	
(d) Other Non-Current Liabilities	3.22	-	-	-	5,25,000
2. Current Liabilities					
(a) Financial Liabilities					
(i) Borrowings	3.23	-		-	
(ii) Trade Payables					
Total outstanding dues of Micro, Small & Medium Enterprises (MSME)	3.24	-		-	
Total outstanding dues of creditors Other than MSME		5,77,114		3,27,751	
(iii) Other Financial Liabilities	3.25	-		3,388	
(b) Other Current Liabilities	3.26	-		-	
(c) Provisions	3.27	-		-	
(d) Current Tax Liabilities (Net)		13,285			
Total Equity and Liabilities			5,90,399		3,31,139
			6,45,037		8,34,004

Date: 21 April 2021

Creme 21 GmbH
Kaiser-Friedrich-Promenade 28
61348 Bad Homburg v.d.H.
GERMANY

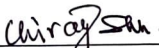

Chirag Sheth
Managing Director

Creme 21 GMBH
 STATEMENT OF PROFIT AND LOSS ACCOUNT
 For the Twelve month ended Mar 21

Amount in Euro

Particulars	Twelve month ended Mar 21	Twelve month ended Mar 20
Income		
Revenue from Operations	20,77,413	13,58,938
Other Income	2,117	2,188
Total Income	20,79,530	13,61,126
Expenses		
Cost of Materials Consumed	-	-
Purchases of Stock-in-Trade	10,63,317	9,30,117
(Increase)/Decrease in Inventories of Finished Goods, Stock in Trade and Work-in-Progress	1,31,862	(2,20,530)
Excise duty on sale of Goods	1,88,101	1,60,038
Employee Benefits Expense	5,94,994	5,28,305
Other Expenses		
Total Expenses Before Interest, Depreciation, Amortisation and Tax	19,78,274	13,97,930
Earning Before Interest, Depreciation, Amortisation and Tax	1,01,256	(36,804)
Finance Costs	2,077	3,388
Depreciation, Amortisation & Impairment Expense:		
a) Amortisation & Impairment of Intangible Assets	4,483	1,912
b) Depreciation of Tangible Assets	4,638	5,030
	9,121	6,943
Total Expenses	19,89,471	14,08,261
Profit Before tax and exceptional items	90,058	(47,135)
Exceptional items	90,058	(47,135)
Profit Before tax		
Tax Expense:		
Current Tax (MAT)	13,285	
Provision of Earlier Years		
MAT Credit Entitlement		
Deferred Tax charge		
	76,773	(47,135)
Profit for the year		
Other Comprehensive Income		
Items that will not be reclassified to Profit or Loss in subsequent periods		
Equity Instrument through Other Comprehensive Income (net of tax)		
Remeasurement of the net defined benefit liability/ asset (net of tax)		
Income Tax Effect		
Total Other Comprehensive Income, net of tax	-	-
Total Comprehensive Income for the year	76,773	(47,135)

Date: 21 April 2021


 Chirag Sheth
 Managing Director

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Notes to Financial statements

3.1 Property Plant & Equipment(Current Year)

Particulars	Gross Block					Depreciation					Net Block	
	As at 1st April 2020	Additions	Disposals/ Transfer	Exchange Fluctuation	As at 31st March 2021	As at 1st April 2020	For the year	Disposals/ Transfer	Exchange Fluctuation	As at 31st March 2021	As at 31st March 2021	As at 31st March 2020
Furniture & Fixture	735		735	-	-	733		733	-	-	-	2
Office Equipment	3,834		-	-	3,834	628	547	-	-	1,175	2,660	3,207
Computer	12,753		-	-	12,753	3,670	4,091	-	-	7,761	4,992	9,083
Property, Plant & Equipment Total	17,323	-	735	-	16,588	5,030	4,638	733	-	8,935	7,652	12,292
Total	17,323	-	735	-	16,588	5,030	4,638	733	-	8,935	7,652	12,292

3.3 Intangible Assets

Particulars	Gross Block					Amortisation					Net Block	
	As at 1st April 2020	Additions	Disposals/ Transfer	Exchange Fluctuation	As at 31st March 2021	As at 1st April 2020	For the year	Disposals/ Transfer	Exchange Fluctuation	As at 31st March 2021	As at 31st March 2021	As at 31st March 2020
Computer Software	3,796.56	2,147.07	-	-	5,943.63	990.58	3,745.22	-	-	4,735.81	1,207.82	2,805.98
Others	7,375.00		-	-	7,375.00	921.88	737.50	-	-	1,659.38	5,715.63	6,453.13
Intangible Assets Total	11,171.56	2,147.07	-	-	13,318.63	1,912.46	4,482.72	-	-	6,395.18	6,923.45	9,259.11
Grand Total	11,171.56	2,147.07	-	-	13,318.63	1,912.46	4,482.72	-	-	6,395.18	6,923.45	9,259.11

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As at 31st March 2021

3.5 Loans

	As at 31st March 2021		As at 31st March 2020	
At amortised cost				
Security Deposits To Others		3,000		7,000
Total		3,000		7,000

3.8 Inventories

	As at 31st March 2021		As at 31st March 2020	
(At lower of cost and net realisable value)				
Traded Goods		88,668		2,20,530
Total		88,668		2,20,530

3.9 Trade Receivables

	As at 31st March 2021		As at 31st March 2020	
At amortised cost				
Secured				
Considered Good - Covered under Credit insurance and LC		2,35,222		2,59,199.39
Unsecured				
Considered Good		1,72,953		52,425
Provision for Doubtful Debts		(386)		
Total		4,07,790		3,11,625

3.10 Cash and Cash Equivalents

	As at 31st March 2021		As at 31st March 2020	
Cash and Cash Equivalents				
Balances with Banks		56,581		1,26,058
Cash on hand		304		433
Total		56,885		1,26,491

3.13 Other Financial Assets

	As at 31st March 2021		As at 31st March 2020	
At amortised cost				
Unsecured, considered good				
Other Receivables		-		679
Total		-		679

3.15 Other Current Assets

	As at 31st March 2021		As at 31st March 2020	
Unsecured, considered good				
Balances with Excise and Sales Tax Department		74,119		1,44,881
Prepaid Expenses		-		1,246
Total		74,119		1,46,127

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3.16 Equity Share Capital

	As at 31st March 2021		As at 31st March 2020	
Authorised				
Issued				
Subscribed & Paid up*				
		25,000		25,000
Total Issued, Subscribed and Fully paid up Share Capital		25,000		25,000

3.17 Other Equity

	As at 31st March 2021		As at 31st March 2020	
Retained Earnings				
Opening balance	(47,135)			-
Net Profit for the Year	76,773			(47,135)
Remeasurements of the Net Defined Benefit Plans (net of tax)				
IND AS 115 Impact				
Income Tax Effect				
Final Dividend#				
Corporate Dividend Tax#				
Closing Balance		29,638		-
Total		29,638		(47,135)

3.18 Borrowings

	As at 31st March 2021		As at 31st March 2020	
At amortised cost				
Unsecured		-		5,25,000.00
From Related Party				
Total		-		5,25,000.00

3.24 Trade Payables

	As at 31st March 2021		As at 31st March 2020	
At amortised cost				
Total outstanding dues of Micro, Small & Medium Enterprises (MSME)				
Total outstanding dues of creditors Other than MSME		5,77,114		3,27,751
Total		-		3,27,751

3.25 Other Financial Liabilities

	As at 31st March 2021		As at 31st March 2020	
At amortised cost				
Current Maturities of Long-Term Borrowings				
Interest Accrued and due on Borrowings form Related Party		-		3,388
Total		-		3,388

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For the Twelve month ended Mar 21

3.28 Revenue from operations

	Twelve month ended Mar 21	Twelve month ended Mar 20
Sale of Products	20,77,413	13,58,938
Other Operating Revenues	-	-
Total	20,77,413	13,58,938

3.29 Other Income

	Twelve month ended Mar 21	Twelve month ended Mar 20
Interest Received on financial assets carried at amortised cost		
Loans & Deposits	-	772
Others	1,063	-
Profit/ (loss) on Sales of Property, Plant & Equipments	713	-
Sundry Balances Written Back	-	-16
Miscellaneous Receipts	-	1,432
Net foreign exchange gain	342	-
Total	2,117	2,188

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

	Twelve month ended Mar 21	Twelve month ended Mar 20
(II) Opening Stock		
Work-in-progress	-	-
Finished Goods	2,20,530	-
Stock-in-Trade	-	-
(II) Closing Stock		
Work-in-progress	-	-
Finished Goods	88,668	2,20,530
Stock-in-Trade	-	-
(I) - (II)	1,31,862	(2,20,530)

3.32 Employee Benefit Expenses

	Twelve month ended Mar 21	Twelve month ended Mar 20
Salaries and Wages	1,53,812	1,60,038
Contribution to others	34,289	
Total	1,88,101	1,60,038

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For the Twelve month ended Mar 21

3.33 Finance Cost

	Twelve month ended Mar 21	Twelve month ended Mar 20
Interest expenses	2,077	3,388
Total	2,077	3,388

3.34 Other Expenses

	Twelve month ended Mar 21	Twelve month ended Mar 20
Rent	37,335	33,703.00
Electric Charges	1,496	1,285.88
Postage & Telegram	1,980	2,743.61
Provision for Doubtful Debts	386	-
Telephone Charges	1,663	1,323.85
Insurance	2,514	2,672.83
Rates and Taxes	7,645	12,812.95
Freight & Forwarding	83,803	62,597.53
Recruitment Expenses	-	3,920.00
Advertisement & Sales Promotion	2,82,077	2,81,342.71
Maint & Service Charges	12,543	13,630.96
Legal and Professional Fees	72,910	64,373.17
Travelling and Conveyance	289	10,302.61
Miscellaneous Expenses	84,979	34,683.22
Bank Charges	5,374	2,913.14
Total	5,94,994	5,28,305.46

Depreciation, Amortisation & Impairment Expense

	Twelve month ended Mar 21	Twelve month ended Mar 20
a. Amorisation & Impairment of Intangible Assets	4,483	1,912
b. Depreciation of Other Assets	4,638	5,030
Total	9,121	6,943

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