

**EMAMI INDO LANKA (PVT) LTD**  
**FINANCIAL STATEMENTS**  
**TOGETHER WITH AUDITOR'S REPORT**  
**FOR THE YEAR ENDED**  
**31 MARCH 2019**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EMAMI INDO LANKA (PVT) LTD**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the financial statements of Emami Indo Lanka (Pvt) Ltd which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, the 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 2019, 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 SME's)

#### **Basis for Opinion**

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Code of Ethics issued by CA Sri Lanka (CA Sri Lanka Code), 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.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2.4 in the financial statements, which indicates that the Company incurred an accumulated loss of Rs.22,683,963 as of 31 March 2019 and, as of that date, the Company's net assets are a negative of Rs.21,545,463. As stated in Note 2.4, these events or conditions, along with other matters as set forth in Note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Other Information**

Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. At the date of this auditor's report, other information was not made available to us.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

#### **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 SME's) 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.

## **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 Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, 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. It should be noted that the company's net assets are half of its stated capital and resulted in a negative net assets position and the company faces a serious loss of capital in terms of section 220 of the Companies Act No. 07 of 2007.

  
**SJMS ASSOCIATES**  
Chartered Accountants  
Colombo  
25 April 2019

**EMAMI INDO LANKA (PVT) LTD**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2018/2019 Rs.	10 months period ended 31 March 2018 Rs.
Revenue			
Cost of sales	4	199,891,544	97,764,170
<b>Gross profit</b>	5	<u>(111,574,021)</u>	<u>(64,114,671)</u>
		88,317,523	33,649,499
Selling and distribution expenses			
Administration expenses		(55,199,015)	(27,120,314)
<b>Operating profit/ (loss)</b>		<u>(21,147,431)</u>	<u>(8,380,784)</u>
		11,971,077	(1,851,600)
Finance cost			
<b>Loss before taxation</b>	6	<u>(22,617,819)</u>	5,446,589
	7	<u>(10,646,741)</u>	<u>(7,298,189)</u>
Income tax expense			
<b>Loss for the period</b>	8	<u>(3,728,679)</u>	<u>(1,010,354)</u>
		<u>(14,375,420)</u>	<u>(8,308,543)</u>
<b>Other comprehensive income / (expense), net of income tax</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income / (expense) for the year</b>		<u>(14,375,420)</u>	<u>(8,308,543)</u>

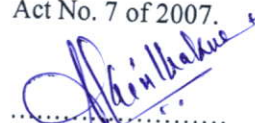
The accounting policies and notes from 1 - 23 form an integral part of these financial statements.



**EMAMI INDO LANKA (PVT) LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019**

	Notes	31.03.2019 Rs.	31.03.2018 Rs.
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	9	2,702,726	2,310,134
		<u>2,702,726</u>	<u>2,310,134</u>
<b>Current assets</b>			
Inventory	11	15,756,170	16,267,054
Trade receivables	12	62,923,669	67,138,485
Other receivables	13	58,025,566	26,862,046
Cash and cash equivalents	14	44,459,402	9,743,922
<b>Total current assets</b>		<u>181,164,807</u>	<u>120,011,507</u>
<b>Total assets</b>		<u>183,867,533</u>	<u>122,321,641</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	15	1,138,500	1,138,500
Accumulated loss		(22,683,963)	(8,308,543)
<b>Total equity</b>		<u>(21,545,463)</u>	<u>(7,170,043)</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations	16	392,581	84,906
Interest bearing borrowings	17	106,168,617	70,967,488
Deferred tax provision	10	146,987	133,530
<b>Total non current liabilities</b>		<u>106,708,185</u>	<u>71,185,924</u>
<b>Current liabilities</b>			
Trade and other payables	18	87,177,643	55,111,492
Interest bearing borrowings	17	8,615,964	2,437,786
Current tax liabilities	19	2,911,204	756,482
<b>Total current liabilities</b>		<u>98,704,811</u>	<u>58,305,760</u>
<b>Total liabilities</b>		<u>205,412,996</u>	<u>129,491,684</u>
<b>Total equity and liabilities</b>		<u>183,867,533</u>	<u>122,321,641</u>

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

  
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Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.  
Signed for and on behalf of the Board by the following on 25 April 2019.

.....  
Director

  
.....  
Director

The accounting policies and notes from 1 - 23 form an integral part of these financial statements.

**EMAMI INDO LANKA (PVT) LTD  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

	Stated capital Rs.	Accumulated loss Rs.	Total equity Rs.
Shares issued during the period	1,138,500	-	1,138,500
Loss for the 10 months period	-	(8,308,543)	(8,308,543)
<b>Total comprehensive income / (expenses) for the year</b>			
Other comprehensive expense	-	-	-
<b>Balance as at 31 March 2018</b>	<u>1,138,500</u>	<u>(8,308,543)</u>	<u>(7,170,043)</u>
Loss for the year	-	(14,375,420)	(14,375,420)
<b>Total comprehensive income / (expenses) for the year</b>			
Other comprehensive expense	-	-	-
<b>Balance as at 31 March 2019</b>	<u><u>1,138,500</u></u>	<u><u>(22,683,963)</u></u>	<u><u>(21,545,463)</u></u>

The accounting policies and notes from 1 - 23 form an integral part of these financial statements.

