

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, 2019

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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, 2019.

Results

The net loss for the year is amounted to AED 4,106,556 as compared to net loss of AED 1,708,578 in the previous year.

Review of the business

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

During the year, sales decreased by 14.45% to AED 111,155,444 as compared to AED 129,925,657 in the previous year.

Gross profit margin for the current year is 65.49% as compared to 62.08% 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 : April 17, 2019

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, 2019, 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 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, 2019, 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.

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

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

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

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

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



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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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



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

Report on other legal and regulatory requirement

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

- i. we have obtained all the information we considered necessary for the purposes of our audit;
- ii. the financial statements of the Company have been prepared and comply, in all material respects, with the applicable provisions of Hamriyah Free Zone Authority pursuant to Sharjah Emiri Decree No. 6 of 1995.
- iii. the Company has maintained proper books of accounts, and records of the Company are in agreement with it;
- iv. investments in shares during the year ended March 31, 2019 are disclosed in Note 14 to the financial statements.
- v. the financial information included in the director's report is consistent with the Company's books of accounts;
- vi. note 26 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, 2019 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, 2019.

N.R. Doshi
Public Accountants

Dubai, United Arab Emirates

Date : April 17, 2019



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, 2019	Notes	31.03.2019	31.03.2018
All figures are expressed in U.A.E. Dirhams			
<u>Continuing operations</u>			
Revenue from contract with customers	6	111,155,444	129,925,657
Cost of revenue	7	<u>(38,358,302)</u>	<u>(49,268,238)</u>
Gross profit		72,797,142	80,657,419
Other income	8	236,135	274,215
Distribution cost		(49,941,112)	(57,199,128)
Other administrative expenses	10	<u>(26,450,946)</u>	<u>(25,000,113)</u>
Operating Loss		(3,358,781)	(1,267,607)
Finance cost		(1,099,810)	(653,886)
Finance income		352,035	212,915
Loss from continuing operations		<u>(4,106,556)</u>	<u>(1,708,578)</u>
<u>Discontinued operations</u>			
Loss for the year from discontinued operations		0	0
Loss for the year		<u>(4,106,556)</u>	<u>(1,708,578)</u>
Attributable to :			
Shareholder of the Company		(4,106,556)	(1,708,578)
Non-controlling interest		0	0
Loss for the year		<u>(4,106,556)</u>	<u>(1,708,578)</u>
<u>Other comprehensive income</u>			
- Items that will not be reclassified subsequent to profit or loss		0	0
- Items that will be reclassified subsequent to profit or loss		0	0
Total Comprehensive income for the year		<u>(4,106,556)</u>	<u>(1,708,578)</u>
Attributable to:			
Shareholder of the Company		(4,106,556)	(1,708,578)
Non-controlling interest		0	0
		<u>(4,106,556)</u>	<u>(1,708,578)</u>

These financial statements on pages 5 to 36 were authorised for issue on April 17, 2019 by the director and signed by:



Mr. Amitabh Goenka
Director

The accompanying notes 1 to 31 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, 2019	Notes	31.03.2019	31.03.2018
All figures are expressed in U.A.E. Dirhams			
ASSETS			
Non-Current Assets			
Property, plant and equipment	11	313,487	273,115
Intangible assets	12	208,849	0
Investment properties	13	4,867,581	4,958,417
Investments in subsidiaries	14	10,180,109	9,970,139
Financial assets at fair value through other comprehensive income	15	2,071,855	0
Financial assets at amortised cost	16	14,574,010	11,153,520
Total non-current assets		32,215,891	26,355,191
Current Assets			
Inventories	17	732,485	417,512
Trade receivables	18	48,490,981	54,164,741
Cash and bank balances	19	829,009	1,234,480
Financial assets at amortised cost	16	517,522	8,609,222
Other assets	20	6,954,258	279,733
Total current assets		57,524,255	64,705,688
Total assets		89,740,146	91,060,879
EQUITY AND LIABILITIES			
Equity			
Share capital	1.1	150,000	150,000
Retained earnings	21	(2,434,646)	15,842,663
Total equity		(2,284,646)	15,992,663
Non-Current Liabilities			
Employee end of service benefits		1,607,194	1,216,365
Total non-current liabilities		1,607,194	1,216,365

(Continued on next page...)



EMAMI INTERNATIONAL FZE

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Statement of Financial Position (Continued...)

As at March 31, 2019	Notes	31.03.2019	31.03.2018
All figures are expressed in U.A.E. Dirhams			
Current Liabilities			
Borrowings	22	29,437,620	26,238,304
Trade and other payables	23	60,929,205	47,548,364
Other liabilities	24	50,773	65,183
Total current liabilities		90,417,598	73,851,851
Total liabilities		92,024,792	75,068,216
Total equity and liabilities		89,740,146	91,060,879

These financial statements on pages 5 to 36 were authorised for issue on April 17, 2019 by the director and signed by:



Mr. Amitabh Goenka
Director

The accompanying notes 1 to 31 form an integral part of these financial statements.



EMAMI INTERNATIONAL FZE

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Statement of Changes in Equity

For the Year Ended March 31, 2019

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

	Share Capital	Retained Earnings	Total
Balance as at April 1, 2017	150,000	17,551,241	17,701,241
Loss for the year	0	(1,708,578)	(1,708,578)
Other comprehensive income	0	0	0
Total comprehensive income for the year	0	(1,708,578)	(1,708,578)
Transaction with shareholder recorded directly in equity	0	0	0
Balance as at March 31, 2018	150,000	15,842,663	15,992,663
Balance as at April 1, 2018	150,000	15,842,663	15,992,663
Adjustments on account of adoption of IFRS 15	0	(14,170,753)	(14,170,753)
Restated Balance as at April 1, 2018	150,000	1,671,910	1,821,910
Loss for the year	0	(4,106,556)	(4,106,556)
Other comprehensive income	0	0	0
Total comprehensive income for the year	0	(4,106,556)	(4,106,556)
Transaction with shareholder recorded directly in equity	0	0	0
Balance as at March 31, 2019	150,000	(2,434,646)	(2,284,646)

The accompanying notes 1 to 31 form an integral part of these financial statements.



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Statement of Cash Flows

For the Year Ended March 31, 2019

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

Notes

31.03.2019

31.03.2018

I. Cash flow from operating activities

Net loss for the year (4,106,556) (1,708,578)

Adjustments for:

Depreciation and amortisation 180,999 188,913
Loss on sale of property, plant and equipment 54,718 2,929
Interest income (352,035) (212,915)
Interest paid 1,099,810 653,886

Cash used in operations before working capital changes (3,123,064) (1,075,765)

Changes in inventories (314,973) 896,397

Changes in trade receivables 5,673,760 (19,027,483)

Changes in financial asset at amortised cost 4,671,210 (11,705,485)

Changes in other assets (6,674,525) (69,441)

Changes in trade and other payables (789,912) 27,153,084

Changes in other current liabilities (14,410) 0

Change in employee end of service benefits 390,829 169,088

Cash generated from / (used in) operations (181,085) (3,659,605)

Interest income 352,035 212,915

Interest paid (1,099,810) (653,886)

Net cash flow from / (used in) operating activities (928,860) (4,100,576)

II. Cash flow from investing activities

Purchase of property, plant and equipment (181,407) (57,059)

Payment for intangible assets (212,695) 0

Change in financial assets at fair value through other comprehensive income (2,281,825) 0

Net cash used in investing activities (2,675,927) (57,059)

III. Cash flow from financing activities

Change in borrowings 146,680 0

Net cash flow from financing activities 146,680 0

Decrease in cash and cash equivalents (I + II + III) (3,458,107) (4,157,635)

Cash and cash equivalents as at beginning of the year (Note 5.12, 25) (25,003,824) (20,846,189)

Cash and cash equivalents as at end of the year (Note 5.12, 25) (28,461,931) (25,003,824)

Non-cash financing and investing activities Nil Nil

The accompanying notes 1 to 31 form an integral part of these financial statements.



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Notes to the Financial Statements

For the Year Ended March 31, 2019

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

1 Legal Status, Business Activities and Management

1.1 Legal Status

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

The Hamriyah Free Zone License Department has issued Commercial License No. 1429 dated November 12, 2005.

The registered office address of the Company is Office No. 20G-07, P.O. Box 42685, Hamriyah Free Zone-Sharjah, U.A.E.

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

Name of the Shareholder	Number of Share	Value
M/s Emami Limited, India	1	150,000

The Share Capital of the Company is AED 150,000 divided into 1 share of AED.150,000 each.

1.2 Business Activities

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

1.3 Management

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

2 Basis of Preparation

2.1 Compliance with International Financial Reporting Standard

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

2.2 Historical Cost Convention

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



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Notes to the Financial Statements

2.3 Functional and Presentation Currency

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

3 Significant Accounting Judgments, Estimates and Assumptions

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

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

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

3.1 Satisfaction of Performance Obligations

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

3.2 Determination of Transaction Price

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

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

3.3 Transfer of Control in Contracts with Customers

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

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



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Notes to the Financial Statements

3.4 Investment Properties

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

3.5 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.

3.6 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.

3.7 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.

3.8 Fair Value Measurement of Financial Instrument

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



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Notes to the Financial Statements

4.1 New Standards, Interpretations and Amendments to Existing Standards

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing from April 1, 2018. 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
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
Amendments to IFRIC 2	Classification and Measurement of Share-based Payment Transactions
Amendments to ISA 40	Transfer of Investment Property
IFRIC 22	Foreign Currency Transactions and Advance Consideration

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, 2019 reporting period and have not been early adopted by the Company.

IAS / IFRS	Effective Date (Annual reporting period commencing from)	Brief Description
IFRS 16	January 1, 2019	Leases

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

5 Summary of Significant Accounting 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).



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Notes to the Financial Statements

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:

Step 1 - Identify the contracts with a customer : A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 - Identify the performance obligations in the contract : A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 - Determine the transaction price : The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 - Allocate the transaction price to the performance obligation in the contract : For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 - Recognise revenue when (or as) the entity satisfies a performance obligation.

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

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to contractual liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

Revenue is recognised in the income statement to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.



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Notes to the Financial Statements

5.2.2 Significant Change in the Current Reporting Period

a. Accounting policies applied until March 31, 2018:

The Company has applied IFRS 15 retrospectively, but has elected not to restate comparative information. As a result the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

b. Until March 31, 2018, the Company follows below mentioned policy:

Revenue was measured at the fair value of the consideration received or receivable. Revenue was reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods was recognized when the goods were delivered and titles had been passed, at which times all the following conditions are satisfied :

- * The Company had transferred to the buyer the significant risks and rewards of ownership of goods.
- * The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- * The amount of revenue can be measured reliably.
- * It is probable that the economic benefits associated with the transaction will flow to the Company.
- * The cost incurred or to be incurred in respect of the transaction can be measured reliably.

5.3 Investments and Other Financial Assets

5.3.1 Classification

From April 1, 2018, 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).

5.3.2 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.



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Notes to the Financial Statements

5.3.3 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.

5.3.4 Subsequent Measurement

For the purpose of subsequent measurement, financial assets are classified in two categories:

a. Debt Instrument

Subsequent measurement of debt instrument depends on the Company's business model for managing the assets and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

i. Amortized 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. 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.

ii. Fair Value Through Other Comprehensive Income (FVCOI)

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 FVCOI. 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.

iii. Fair Value Through Profit or Loss (FVPL)

Financial asset are measured at FVPL unless it is measured at amortised cost or FVCOI. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.



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Notes to the Financial Statements

b. Equity Instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investment in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investment continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

5.3.5 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,
- 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.

5.3.6 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 FVCOI. 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.

5.3.7 Significant Change in the Current Reporting Period

a. Accounting policies applied until March 31, 2018:

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.



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b. Until March 31, 2018, the Company classified its financial assets in the following categories:

Financial assets at fair value through profit or loss,
Loans and receivables,
Held-to-maturity investments, and
Available-for-sale financial assets.

The classification depends on the purpose for which the investments was acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

5.4 Financial Liabilities

5.4.1 Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All 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 and borrowings.

5.4.2 Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

a. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.



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b. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

c. Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and 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.

5.4.3 Derecognition

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.

5.5 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

5.5.1 Company as a Lessor

The Company has entered into leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases. Lease income is recognised in the income statement in accordance with the terms of the lease contracts over the lease term on a systematic basis as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.



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Notes to the Financial Statements

5.6 Property, Plant and Equipment

5.6.1 Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

5.6.2 Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the items if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

5.6.3 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.

5.7 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.

No depreciation is charged on land and capital work-in-progress.



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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.

5.8 Intangible Assets

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is charged on a straight-line basis over the estimated useful lives for period of 10 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

5.9 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.



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5.10 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 365 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

5.11 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.

5.12 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.

5.13 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.

5.14 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.



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5.15 Trade and Other Payables

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

5.16 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.

5.17 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	31.03.2019	31.03.2018
Revenue from sale of goods	111,155,444	129,925,657
	<u>111,155,444</u>	<u>129,925,657</u>

Notes:

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

7 Cost of Revenue

Opening inventory	417,512	1,313,909
Purchase and direct expenses	38,673,275	48,371,841
Closing inventory	(732,485)	(417,512)
	<u>38,358,302</u>	<u>49,268,238</u>



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Notes to the Financial Statements

8	Other Income	31.03.2019	31.03.2018
	Rental income from investment property	125,346	271,000
	Profit on sale of Property, plant and equipment	17,802	0
	Other items	92,987	3,215
		<u>236,135</u>	<u>274,215</u>
9	Distribution Cost		
	BTL	21,955,378	20,861,720
	Trade scheme	21,359,322	28,899,782
	Media	3,084,228	4,511,515
	DSR expenses	2,706,025	2,411,852
	Other distribution expenses	836,159	514,259
		<u>49,941,112</u>	<u>57,199,128</u>
10	Other Administrative Expenses		
	Rent expenses	496,180	646,181
	Payroll and related expenses	16,606,611	17,384,984
	Depreciation and amortisation	180,999	188,913
	Forex gain/ (loss)	2,363,474	498,930
	Foreign travelling	1,289,612	987,181
	Retainership charges	1,258,062	1,358,828
	Bank charges	1,005,617	1,039,037
	Law and professional charges	991,697	666,074
	Rates and taxes	879,914	441,457
	Commission	293,367	392,360
	General expenses	200,666	217,411
	Telephone charges	197,586	189,416
	Auditors remuneration	133,477	91,283
	Research and development	104,914	164,541
	Conveyance expenses	97,746	86,278
	Car expenses	83,909	49,553
	Insurance expenses	83,448	45,219
	Miscellaneous expenses	183,667	552,467
		<u>26,450,946</u>	<u>25,000,113</u>



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11 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, 2017	55,667	409,393	345,228	810,288
Additions	0	57,059	0	57,059
Disposal	(8,681)	(110,437)	0	(119,118)
As at March 31, 2018	46,986	356,015	345,228	748,229
Additions	0	27,240	154,167	181,407
Disposal	(10,564)	(62,526)	(155,279)	(228,369)
As at March 31, 2019	36,422	320,729	344,116	701,267
Depreciation				
As at April 1, 2017	29,477	337,501	126,249	493,227
For the year	4,434	49,814	43,829	98,076
On disposal	(6,336)	(109,853)	0	(116,189)
As at March 31, 2018	27,575	277,461	170,078	475,114
For the year	3,532	39,290	43,495	86,317
On disposal	(9,455)	(57,376)	(106,820)	(173,651)
As at March 31, 2019	21,652	259,375	106,753	387,780
Net Value				
As at March 31, 2019	14,770	61,354	237,363	313,487
As at March 31, 2018	19,411	78,554	175,150	273,115

12 Intangible Assets

Cost

As at April 01, 2018	0	0
Additions	212,695	0
As at March 31, 2019	212,695	0

Accumulated amortisation

As at April 01, 2018	0	0
Additions	3,846	0
As at March 31, 2019	3,846	0

Net Value

As at March 31, 2019	208,849	0
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Note: This represents amount paid for acquisition of cosmetic brand.



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Notes to the Financial Statements

13 Investment Properties	31.03.2019	31.03.2018
Cost	5,443,467	5,443,467
Less : Accumulated Depreciation	(575,886)	(485,050)
Balance as at period end	<u>4,867,581</u>	<u>4,958,417</u>

The movement in accumulated depreciation are as follows:

As at beginning	485,050	394,213
For the year	90,836	90,837
As at period end	<u>575,886</u>	<u>485,050</u>

Notes:

Details of Group's Investment Properties (at cost) :-

Property Number : 1906 in Regal Tower

Property Number : 1905 in Regal Tower

- All the above property are held under freehold interest
- The above residential property at Regal tower, Dubai has been rented out during the period and a rent of AED 125,346 (Previous period AED 271,000) has been accounted during the period.
- The fair value of the above investment properties are as below :

Property	Fair Value	Fair Value	Valuation Technique
Regal tower-Flat number 1905	2,015,000	Level 3	Management estimates
Regal tower-Flat number 1906	2,112,968	Level 3	Management estimates

- An amount of AED 35,113 (previous year AED 41,248) has been incurred towards maintainance of the property during the year

14 Investment in Subsidiaries

Subsidiary Companies

Balance as on April 01, 2018	9,970,139	9,970,139
Addition during the year	209,970	0
Balance as at March 31, 2019	<u>10,180,109</u>	<u>9,970,139</u>



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Notes:

i. Details of Subsidiary :

Name of the Subsidiary Company	Incorporated in and Principle Place of Business	Effective Ownership	Principal Activities
Emami Overseas FZE	Sharjah	100%	Trading 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).
Fravin Pty.Ltd.	Australia	85%	Manufacturing of products for health and Beauty Industries
OOO "Emami Rus"	Russia	99.99%	Wholesale, distribution of food products, cosmetic and perfumery goods with exception of soap.
Fentus 113. GmbH	Germany	100.00%	Trading of cosmetics and body care products.
Step Down Subsidiary of Fravin Pty.Ltd			
Diamond Bio-Tech Laboratories Pty Ltd.	Australia	100%	Cosmetics Manufacturing and Retailing
GreenLab Organics Limited	London	100%	Trading in Cosmetics Products
Step Down Subsidiary of Diamond Biotech Laboratories			
Abache PTY Ltd	Australia	100%	Hair Dressing, beauty services and cosmetics manufacturing

- ii. The consolidated financial statements is prepared by the ultimate Parent Company Emami India Ltd and can be obtained from Emami Tower IMD - 5th Floor, 687, Anandapur, E.M.Bypass, Kolkata-700107, West Bengal, India.



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- iii. Details of Company's Investment in financial assets and information about the fair value hierarchy as at March 31, 2019.

In subsidiary Company	Fair Value	Fair Value Hierarchy	Valuation Technique
Investment in Emami Overseas FZE, Hamriyah Free Zone, U.A.E.	Nil	Level 2	Audited financial statements. Company's share in the net worth of subsidiary Company available in audited financial statement of the subsidiary
Investment in Fravin Pty Ltd	9,970,139	Level 3	Management Estimates
Investment in OOO "Emami Rus"	91,666	Level 3	Management Estimates
Investment in Fentus GmbH	118,304	Level 3	Management Estimates

15 Financial Assets at Fair Value Through Other Comprehensive Income

- 15.1 Equity investments at FVCOI comprises the following individual investments

Unlisted Securities

LOLI Beauty Inc.	2,071,855	0
	<u>2,071,855</u>	<u>0</u>

- 15.2 Details of Company's Investment in financial assets and information about the fair value hierarchy as at March 31, 2019.

Company Name	Fair Value	Fair Value Hierarchy	Valuation Technique
Investment in LOLI Beauty Inc.	2,071,855	Level 3	Management Estimates

16 Financial Assets at Amortised Cost

Long term

Loan to related parties	14,574,010	11,153,520
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Short term

Deposits	199,756	203,110
Advances	97,429	187,625
VAT receivable	220,337	28,957
Other receivables (note 15.1)	0	8,189,530
	<u>517,522</u>	<u>8,609,222</u>

- 16.1 These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed six months.



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	31.03.2019	31.03.2018
17 Inventories		
Goods in trade	732,485	417,512
	<u>732,485</u>	<u>417,512</u>
17.1	Inventories recognised as an expense during the year ended March 31, 2019 amounted to AED 36,816,340 (Previous year AED 49,078,184). These were included in the cost of sales.	
17.2	Physical inventory is located in third party warehouse at Jebel Ali free zone.	
18 Trade Receivables		
Trade receivables	48,490,981	54,164,741
	<u>48,490,981</u>	<u>54,164,741</u>
	Ageing of trade receivables is as follows :	
0 - 30 days	39,249,454	45,125,739
31 - 90 days	7,312,421	4,059,999
91 - 180 days	98,366	4,709,408
Above 180 days	1,830,740	269,595
	<u>48,490,981</u>	<u>54,164,741</u>
19 Cash and Bank Balances		
Cash in hand	28,064	47
Balance with bank in current account	800,945	1,234,433
	<u>829,009</u>	<u>1,234,480</u>
20 Other Assets		
Prepayments	178,499	160,326
Advance to suppliers	6,775,759	119,407
	<u>6,954,258</u>	<u>279,733</u>
21 Retained Earnings		
Balance as at beginning of the year	15,842,663	17,551,241
Adjustment on account of IFRS 15	(14,170,753)	0
Net loss for the year	(4,106,556)	(1,708,578)
Balance as at end of the year	<u>(2,434,646)</u>	<u>15,842,663</u>
22 Borrowings		
Bank overdraft	29,290,940	26,238,304
Loan from related party	146,680	0
	<u>29,437,620</u>	<u>26,238,304</u>

Note:

Above loan is secured by a valid standby Letter of credit issued by Citibank, India in favour of Citibank, Dubai.



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Notes to the Financial Statements

23	Trade and Other Payables	31.03.2019	31.03.2018
	Trade creditors	44,121,094	44,344,394
	Employee benefits	3,965,312	2,917,634
	Refund Liability	12,586,224	0
	Accruals	256,575	286,336
		<u>60,929,205</u>	<u>47,548,364</u>
24	Other Current Liabilities		
	Advance from customers	<u>50,773</u>	<u>65,183</u>
25	Cash and Cash Equivalents		
	Cash in hand	28,064	47
	Balance with bank in current account	800,945	1,234,433
	Bank overdraft	<u>(29,290,940)</u>	<u>(26,238,304)</u>
		<u>(28,461,931)</u>	<u>(25,003,824)</u>

26 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 party or exercise the significant influence over the party 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.

26.1 Related Party Transactions

During the year, the following are the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

Reimbursement of expenses	0	8,504,466
Guarantee commission	293,360	275,025
SBLC charges	383,581	442,887
Interest cost	245,597	0
Interest income	352,035	212,915
Purchases	<u>36,175,007</u>	<u>48,758,318</u>

Directors and key managerial personnel

Salary	420,000	324,000
Rent	<u>60,000</u>	<u>60,000</u>



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Notes to the Financial Statements

26.2 Related Party Balances

Significant related party balances are as follows:	31.03.2019	31.03.2018
Due to Emami Limited for Purchase of Goods	16,697,709	17,240,385
Due to Emami Limited for Guarantee Commission	293,360	275,025
Due to Emami Limited for Reimbursement of Expenses	0	8,504,466
Due to Emami Limited for SBLC charges	247,308	157,945
Due from Emami Overseas FZE	8,875,075	7,874,392
Due from OOO Emami Russia	254,315	0
Due from Fravin Pty Ltd	4,860,561	3,279,128
Loan taken	146,680	0

27 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	28,064	47
- Balance with bank in current account	800,945	1,234,433
- Trade receivables	48,490,981	54,164,741
- Other financial assets at amortized cost	15,091,532	19,762,742
	<u>64,411,522</u>	<u>75,161,963</u>

Financial liabilities

Financial liabilities recognized as at amortized cost

- Employee end of service benefits	1,607,194	1,216,365
- Borrowings	29,437,620	26,238,304
- Trade and other payables	60,929,205	47,548,364
	<u>91,974,019</u>	<u>75,003,033</u>

28.1 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.



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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.

28.2 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.

29 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.

29.1 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.



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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, 2019 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, 2019, top five customer represents 64.21% of the total value of trade debtors outstanding (As at March 31, 2018: 68.80%).

Country-wise breakup of customers in %:

Country	As at 31.03.2019	As at 31.03.2018
KSA	15.92	14.44
UAE	9.87	14.49
KENYA	4.12	6.01
MALAYSIA	4.65	4.09
RUSSIA	34.17	36.16
SUDAN	0.00	0.94
UKRAINE	2.37	1.18
Others	28.90	22.69
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.



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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.

29.2 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 parent of a continuous support in terms of cash flow management.

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

	Contractual cash flows	Less than 1 year	More than 1 year
Year Ended: March 31, 2019			
Non-derivative financial liabilities			
- Employee end of service benefits	1,607,194	0	1,607,194
- Borrowings	29,437,620	29,437,620	0
- Trade and other payables	60,929,205	60,929,205	0
Derivative financial liabilities	0	0	0
Total financial liabilities	91,974,019	90,366,825	1,607,194
	Contractual cash flows	Less than 1 year	More than 1 year
Year Ended: March 31, 2018			
Non-derivative financial liabilities			
- Employee end of service benefits	1,216,365	0	1,216,365
- Borrowings	26,238,304	26,238,304	0
- Trade and other payables	47,548,364	47,548,364	0
Derivative financial liabilities	0	0	0
Total financial liabilities	75,003,033	73,786,668	1,216,365



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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.

29.3 Market Risk

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

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

a. Exposure to Interest Rate Risk

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

Interest on bank borrowings is payable at Libor + 1.50% p.a. and interest cost on loan from related party is @ 4% p.a.

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 Fravin Pty Ltd.	Australian Dollar	9,970,139
Investment in OOO "Emami Rus"	Russian Ruble	91,666
Investment in Fentus GmbH	Euro	118,304



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29.4 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.

30 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.

31 Comparative Figures

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

