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**SUBSIDIARIES' FINANCIALS
2018-19**



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MARICO BANGLADESH LIMITED

BOARD OF DIRECTORS (As on March 31, 2019)

Mr. Saugata Gupta	Chairman
Mr. Sanjay Mishra	Director
Mr. Vivek Karve	Director
Mr. Ashish Goupal	Managing Director
Mr. Barrister Ashraful Hadi	Independent Director
Mr. Masud Khan	Independent Director
Ms. Rokia Afzal Rahman	Independent Director

MANAGEMENT TEAM

Mr. Ashish Goupal	Managing Director
Mr. Elias Ahmed	Chief Financial Officer
Mr. Md. Saiful Alam	Director- Manufacturing
Mr. Prashant Verma	Director-Marketing
Mr. Ashish Mane	Director-HR
Mr. Mohammad Sazzad Hossain	Director-Sales
Mr. Mohammad Hedayet Ullah	Director - Sales Emerging Channel
Mr. Md. Habibur Rahman	Head - Supply Chain and NPD
Ms. Christabel Randolph	Head- Legal & Secretarial

COMPANY SECRETARY

Ms. Christabel Randolph

REGISTERED OFFICE

House-1, Road-1, Sector-1, Uttara, Dhaka-1230, Bangladesh

CORPORATE OFFICE

The Glass House, Floor.06, Plot. 02, Block. SE (B), Gulshan Avenue, Dhaka- 1212,
Telephone: +88 (02) 9897180, Fax: +88 (02) 9897140

OUR FACTORIES

Factory 1: Mouchak, Kaliakoir, Gazipur
Factory 2: Shirirchala, Mahona Bhabanipur, Gazipur

STATUTORY AUDITORS

M/s Rahman & Rahman Huq & Co

PRINCIPAL BANKERS

Standard Chartered Bank
HSBC
BRAC Bank Limited
Islami Bank Limited

STOCK INFORMATION

Dhaka Stock Exchange
Chittagong Stock Exchange
Stock Code: MARICO
ISIN: BD0481MRICO6
Sector: Pharmaceuticals & Chemicals

INVESTOR RELATIONS

Telephone: +88 (02) 9897180, Ext: 661
Fax: +88 (02) 9897140
Email: info@marico.com
Website: www.marico.com/bangladesh

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of Marico Bangladesh Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Marico Bangladesh Limited (the “Company”), which comprise the statement of financial position as at 31 March 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 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 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), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

See note 6 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>Revenue recognition has significant and wide influence on financial statements.</p> <p>Revenue is recognised when the amounts and the related costs are reliably measured, and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognised at the time when the goods are dispatched for delivery to the distributor. The sales of the Company are derived from a large number of distributors located over the country with relatively small amount of transactions. As a result, to obtain sufficient audit evidence, high magnitude of audit work and resource are required.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> - We understood, evaluated and validated the key controls related to the Company’s sales process from end to end, from contracts approval and sign-off, recording of sales, all the way through to cash receipts and customers’ outstanding balances. - We tested the completeness of journal entries compared to financial statements; as well as if there any exception existed that the debit accounts of sales recognition were not related to cash and bank, trade receivable or advances from customers. - We conducted substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents including sales invoices and truck challans. In addition, we confirmed customer balances at the statement of financial position date.

Independent Auditor's Report (continued)

<p>We focused on the proper cut-off of sales to the Company's customers due to the fact that the documents of confirmation of dispatch of goods were provided by numerous transporting agencies based on different locations. There is a risk of differences between the timing of invoicing of products and the dispatch of the products to the company distributors. Accordingly, there could be potential misstatements that these revenue transactions are not recognised in the proper reporting periods.</p>	<p>'- Furthermore, we tested the sales transactions recognised shortly before and after the statement of financial position date, including the sales returns recorded after that date, to test whether sales transactions were recorded in the correct reporting periods.</p>
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2. Tax provisioning and recognition of deferred tax asset

See note 12 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>At year end the Company reported total income tax expense of BDT 726 million. The calculation of the tax expense is a complex process that involves subjective judgments and uncertainties, and requires specific knowledge and competencies.</p> <p>The Company has also recognised deferred tax assets for deductible temporary differences that it believes are recoverable. The recoverability of recognised deferred tax assets is in part dependent on the Company's ability to generate future taxable profits sufficient to utilise deductible temporary differences.</p> <p>We have determined this to be a key audit matter, due to the complexity in income tax provisioning and the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.</p>	<p>Our audit procedures in this area included, among others:</p> <p>Use of our own tax specialists to assess the Company's tax computation. Our tax specialists were also used to evaluate tax strategies that the Company expects will enable the successful recovery of the recognised deferred tax assets taking into account the Company's tax position and our knowledge and experience of the application of relevant tax legislation;</p> <ul style="list-style-type: none"> - To analyse and challenge the assumptions used to determine tax provisions based on our knowledge and experiences of the application of the local legislation; - Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities related to tax and deferred tax.

Independent Auditor's Report (Continued)

3. Valuation of inventory

See note 17 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>Inventory is carried in the statement of financial position at the lower of cost and net realisable value. Sales in the manufacturing industry can be extremely volatile based on significant changes in consumer demand. As a result, there is a risk that the carrying value of inventory exceeds its net realisable value.</p> <p>Moreover, the process of estimating provision for inventories is judgmental and complex. Due to high level of judgement involved and use of some manual process in estimating the provision and net realisable value of inventories, we considered this to be a key audit matter.</p>	<p>Our audit procedures were designed to challenge the adequacy of the Company's provisions against inventory included:</p> <ul style="list-style-type: none"> - Corroborating on a sample basis that items on the stock ageing by items were classified in the appropriate ageing bracket; - Assessing the appropriateness of the provision percentages applied to each item and challenged the assumptions made by the management on the extent to which old inventory can be sold through various channels; - Considering the historical accuracy of provisioning and using the information obtained as evidence for evaluating the appropriateness of the assumptions made in the current period; and - We have also considered the adequacy of the Company's disclosures in respect of the levels of provisions against inventory.

Independent Auditor’s Report (continued)

4. Employee benefits

See note 20 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company maintains defined benefit plan i.e. gratuity. At 31 March 2019, the Company recorded net defined benefit obligation of BDT 57 million out of which BDT 50 million is in non-current liabilities and BDT 7 million is in current liabilities.</p> <p>Key assumptions applied under IAS 19 have a significant impact on the defined benefit obligations, costs incurred and equity. The accounting standard requires the Company to make assumptions regarding parameters such as the discount rate, the rate of benefit increase, future mortality rate etc.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> - Evaluating the assumptions and the methodologies used by the Company; - Testing the disclosure of the employee benefits-gratuity as per IAS 19; and - The impact of IAS 19 on the statement of financial position and statement of profit or loss and other comprehensive income has been disclosed appropriately.

Other Matter

The financial statements of the Company for the year ended 31 March 2018, were audited by another auditor who expressed an unmodified opinion on those statements on 25 April 2018.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor’s report thereon.

The Annual Report is expected to be made available to us after the date of this auditor’s report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 International Financial Reporting Standards, 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 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.

Independent Auditor's Report (continued)

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, 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 these books;
- c) the statement of financial position and the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

The engagement partner on the audit resulting in this independent auditor's report is Mr. M Mehedi Hasan.

STATEMENT OF FINANCIAL POSITION

As at 31 March, 2019

Particulars	Notes	March 31,			
		2019 Taka	2018 Taka	2019 ₹ Crore	2018 ₹ Crore
Assets					
Property, plant and equipment	13	468,716,557	511,585,227	38.76	39.75
Intangible assets	14	3,647,084	6,188,057	0.30	0.48
Deferred tax assets	12	47,513,604	58,510,013	3.93	4.55
Advances, deposits and prepayments	15	51,127,555	34,928,937	4.23	2.71
Other financial assets	16	4,921,872	5,138,448	0.41	0.40
Non-current assets		575,926,672	616,350,682	47.63	47.89
Inventories	17	1,091,494,753	1,717,322,020	90.27	133.44
Advances, deposits and prepayments	15	435,633,515	613,570,086	36.03	47.67
Other financial assets	16	2,090,191,792	1,241,421,832	172.86	96.46
Cash and cash equivalents	18	383,101,877	279,189,737	31.68	21.69
Current assets		4,000,421,937	3,851,503,675	330.84	299.26
Total assets		4,576,348,609	4,467,854,357	378.46	347.15
Equity					
Share capital	19	315,000,000	315,000,000	26.05	24.48
Share premium		252,000,000	252,000,000	20.84	19.58
Retained earnings		735,135,754	925,586,729	60.80	71.92
Total equity		1,302,135,754	1,492,586,729	107.69	115.98
Liabilities					
Employee benefit obligation	20	64,907,949	49,861,763	5.37	3.87
Non-current liabilities		64,907,949	49,861,763	5.37	3.87
Loans and borrowings	21	200,000,000	300,000,000	16.54	23.31
Employee benefit obligation	20	9,665,787	6,984,584	0.80	0.54
Trade and other payables	22	2,539,270,784	2,232,209,497	210.00	173.44
Current tax liabilities	23	460,368,335	386,211,784	38.07	30.01
Current liabilities		3,209,304,906	2,925,405,865	265.41	227.30
Total liabilities		3,274,212,855	2,975,267,628	270.78	231.18
Total equity and liabilities		4,576,348,609	4,467,854,357	378.46	347.15

The notes on pages 10 to 42 are an integral part of these financial statements.

Company Secretary

Director

Managing Director

As per our annexed report of same date.

Chief Financial Officer

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 29 April, 2019

Note: The exchange rate use to convert Taka to ₹ 0.827 (Previous year Taka to ₹ 0.777)

MARICO BANGLADESH LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Particulars	Notes	For the year ended March 31,			
		31 March, 2019 Taka	31 March, 2018 Taka	31 March, 2019 ₹ Crore	31 March, 2018 ₹ Crore
Revenue	6	8,768,160,138	7,814,663,479	725.13	607.20
Cost of sales	7	(4,472,697,423)	(4,229,519,648)	(369.89)	(328.63)
Gross profit		4,295,462,715	3,585,143,831	355.23	278.57
General and administrative expenses	8	(931,650,175)	(875,036,459)	(77.05)	(67.99)
Marketing, selling and distribution expenses	9	(773,733,918)	(579,697,303)	(63.99)	(45.04)
Other income/(expense)	10	1,468,444	5,632,072	0.12	0.44
Operating profit		2,591,547,066	2,136,042,141	214.32	165.97
Net finance income	11	158,197,279	107,703,132	13.08	8.37
Profit before tax		2,749,744,345	2,243,745,273	227.40	174.34
Income tax expense	12	(726,352,523)	(601,117,912)	(60.07)	(46.71)
Profit for the year		2,023,391,822	1,642,627,361	167.33	127.63
Other comprehensive income					
Remeasurement of defined benefit plan	20	(11,721,987)	(205,229)	(0.97)	(0.02)
Related tax	12	2,879,190	2,554,304	0.24	0.20
Other comprehensive income/(loss) for the year, net of tax		(8,842,797)	2,349,075	(0.73)	0.18
Total comprehensive income for the year		2,014,549,025	1,644,976,436	166.60	127.81
Earnings per share					
Basic earnings per share (per value of Tk 10)	24	64.23	52.15	53.12	40.52

The annexed notes 10 to 42 form an integral part of these financial statements.

Company Secretary

Director

Managing Director

As per our annexed report of same date.

Chief Financial Officer

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 29 April, 2019

Note: The exchange rate use to convert Taka to ₹ 0.827 (Previous year Taka to ₹ 0.777)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31 , 2019

Particulars	Share capital	Share premium	Retained earnings	Total	Share capital	Share premium	Retained earnings	Total
	Taka	Taka	Taka	Taka	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Balance at 1 April 2017	315,000,000	252,000,000	1,013,110,293	1,580,110,293	24.48	19.58	78.72	122.77
Net profit for the year ended 31 March 2018	-	-	1,642,627,361	1,642,627,361	-	-	127.63	127.63
Other comprehensive income for the year	-	-	2,349,075	2,349,075	-	-	0.18	0.18
Final dividend for the year ended 2016-2017	-	-	(157,500,000)	(157,500,000)	-	-	(12.24)	(12.24)
First interim dividend for the year 2017-18	-	-	(787,500,000)	(787,500,000)	-	-	(61.19)	(61.19)
Second interim dividend for the year 2018-19	-	-	(787,500,000)	(787,500,000)	-	-	(61.19)	(61.19)
Balance at 31 March 2018	315,000,000	252,000,000	925,586,729	1,492,586,729	24.48	19.58	71.92	115.97
Balance at 1 April 2018	315,000,000	252,000,000	925,586,729	1,492,586,729	26.05	20.84	76.55	123.44
Net profit for the year ended 31 March 2019	-	-	2,023,391,822	2,023,391,822	-	-	167.33	167.33
Other comprehensive income for the year	-	-	(8,842,797)	(8,842,797)	-	-	(0.73)	(0.73)
Final dividend for the year 2017-2018	-	-	(315,000,000)	(315,000,000)	-	-	(26.05)	(26.05)
First interim dividend for the year 2018-19	-	-	(472,500,000)	(472,500,000)	-	-	(39.08)	(39.08)
Second interim dividend for the year 2018-19	-	-	(787,500,000)	(787,500,000)	-	-	(65.13)	(65.13)
Third interim dividend for the year 2018-19	-	-	(630,000,000)	(630,000,000)	-	-	(52.10)	(52.10)
Balance at 31 March 2019	315,000,000	252,000,000	735,135,754	1,302,135,754	26.05	20.84	60.80	107.69

The notes on pages 10 to 42 are an integral part of these financial

Note: The exchange rate use to convert Taka to ₹ 0.827 (Previous year Taka to ₹ 0.777)

STATEMENT OF CASH FLOWS

Particulars	For the year ended March 31,			
	31 March, 2019 Taka	31 March, 2018 Taka	31 March, 2019 ₹ Crore	31 March, 2018 ₹ Crore
Cash flows from operating activities				
Collection from customers	8,822,012,157	7,747,157,796	729.58	601.95
Payment to suppliers and for operating expenses	(5,601,612,652)	(5,751,950,336)	(463.25)	(446.93)
Cash generated from operating activities	3,220,399,505	1,995,207,460	266.33	155.03
Interest paid	(13,791,469)	(3,288,784)	(1.14)	(0.26)
Interest received	160,886,164	134,627,224	13.31	10.46
Income tax paid	(638,320,374)	(576,023,154)	(52.79)	(44.76)
Net cash from operating activities	2,729,173,826	1,550,522,746	225.71	120.48
Cash flows from investing activities				
Acquisition of property, plant and equipment	(88,842,501)	(83,275,325)	(7.35)	(6.47)
Acquisition of intangible assets	-	(871,000)	-	(0.07)
Disposal of property, plant and equipment	1,229,955	5,632,072	0.10	0.44
(Investment in)/encashment of short-term investments	(805,949,140)	72,847,496	(66.65)	5.66
Net cash used in investing activities	(893,561,686)	(5,666,757)	(73.90)	(0.44)
Cash flows from financing activities				
Proceeds from loans and borrowings	200,000,000	300,000,000	16.54	23.31
Repayment of loans and borrowings	(300,000,000)	-	(24.81)	-
Dividend paid	(1,631,700,000)	(1,732,500,000)	(8.27)	(134.62)
Net cash used in financing activities	(1,731,700,000)	(1,432,500,000)	(143.21)	(111.31)
Net increase in cash and cash equivalents	103,912,140	112,355,989	8.59	8.73
Opening cash and cash equivalents	279,189,737	166,833,748	23.09	12.96
Closing cash and cash equivalents	383,101,877	279,189,737	31.68	21.69

The notes on pages 10 to 42 are an integral part of these financial statements.

Note: The exchange rate use to convert Taka to ₹ 0.827 (Previous year Taka to ₹ 0.777)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1 Reporting entity

1.1 Company profile

Marico Bangladesh Limited (hereinafter referred to as “MBL”/” the Company”) is a public limited company incorporated on 6 September 1999, vide the certificate of incorporation number C-38527(485)/99 of 1999 in Bangladesh under the Companies Act 1994 and has its registered address at House # 01, Road # 01, Sector # 01, Uttara Model Town, Dhaka-1230 and corporate address at The Glass House, Level 6-7, Plot 2, Block SE(B), Gulshan 1, Dhaka 1212. The Company was initially registered as a private limited company and subsequently converted into a public limited company on 21 September 2008. The Company was listed with both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 16 September 2009.

1.2 Nature of business

The Company is engaged in manufacturing and marketing of consumer products under the brand name of Parachute, Nihar, Saffola, Hair Code, Livon, Parachute Advanced, Beliphool, Ayurvedic Gold, Extra Care, Parachute Body Lotion, Set-Wet and Bio Oil in Bangladesh. The Company started its commercial operation on 30 January 2000. Subsequently, it started its commercial production at Filling unit, Crushing unit and Refinery unit in 2002, 2012 & 2017 respectively. Its manufacturing plants are located at Mouchak, Kaliakoir, Gazipur and Shirirchala, Mahona, Bhabanipur, Gazipur. The Company sells its products through its own distribution channels comprising of sales depots located in Gazipur, Chittagong, Bogra and Jessore.

2 Basis of preparation

2.1 Statement of compliance

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. The Financial Reporting Council (FRC) under the FRA has been formed in 2017 but the Financial Reporting Standards (FRS) under this council is yet to be issued for public interest entities such as listed entities.

As the FRS is yet to be issued by FRC hence as per the provisions of the FRA (section-69), the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 1994. The title and format of these financial statements follow the requirements of IFRSs which are to some extent different from the requirement of the Companies Act, 1994. However, such differences are not material and in the view of management, IFRS format gives a better presentation to the shareholders.

The Company also complied with the requirements of following laws and regulations from various Government bodies:

- i. Bangladesh Securities and Exchange Rules 1987;
- ii. The Income Tax Ordinance, 1984; and
- iii. The Value Added Tax Act, 1991;

Details of the Company's accounting policies including changes during the year, if any, are included in note 41.

2.2 Authorisation for issue

These financial statements are authorised for issue by the Board of Directors in its 104th Board of Directors meeting held on 29 April 2019

2.3 Reporting period

The financial period of the Company covers 12 months period from 1 April to 31 March.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

3 Functional and presentation currency

These financial statements are presented in Bangladeshi Taka (Taka/TK/BDT) which is the Company's functional and presentation currency. All amounts have been rounded off to the nearest integer.

4 Use of judgements and estimates

In preparing these financial statements, management has made 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 estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in note 28 of lease classification.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ending 31 March 2020 is included in the following notes:

Note 13	Property, plant and equipment
Note 14	Intangible assets
Note 12	Deferred tax asset
Note 17	Inventories
Note 20	Employee benefit obligation
Note 23	Current tax liabilities
Note 30	Contingent liabilities

5. Changes in significant accounting policies

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

The Company has initially adopted IFRS 15 Revenue from Contracts with Customers (see A) and IFRS 9 Financial Instruments (see B) from 1 April 2018.

There is no impact on financial statements on initial application of the standards. (see A and B below)

A. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Company has adopted IFRS 15 Revenue from Contracts with Customers retrospectively to each prior period presented in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors from 1 April 2018. The adoption of this standard had no impact on the Company's financial statements.

B. IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and Other Comprehensive Income (OCI).

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI (Fair Value Through OCI) and FVTPL (Fair Value Through Profit and Loss). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see note 41.5.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 April 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 April 2018 relates solely to the new impairment requirements.

Particulars	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 Taka	New carrying amount under IFRS 9 Taka
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	-	-
Cash and cash equivalents	Loans and receivables	Amortised cost	279,189,737	279,189,737
Total financial assets			279,189,737	279,189,737
Financial liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	2,232,209,497	2,232,209,497
			2,232,209,497	2,232,209,497

In Taka	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 ₹ Crore	New carrying amount under IFRS 9 ₹ Crore
Particulars				
Trade and other receivables	Loans and receivables	Amortised cost	-	-
Cash and cash equivalents	Loans and receivables	Amortised cost	23.09	23.09
Total financial assets			23.09	23.09
Financial liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	184.60	184.60
			184.60	184.60

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. No material impact to the primary financial statements has arisen on the adoption of IFRS 9.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 to 1 April 2018.

Particulars	IAS 39 carrying amount at 31 March, 2018 Taka	Remeasurment Taka	IFRS 9 carrying amount at 1 April, 2018 Taka
Financial assets			
Trade and other receivables			
Brought forward: Loans and receivables	-	-	-
Remeasurement	-	-	-
Carried forward: Amortised cost	-	-	-
Cash and cash equivalents			
Brought forward: Loans and receivables	279,189,737	-	-
Remeasurement	-	-	-
Carried forward: Amortised cost	-	-	279,189,737
Total amortised cost	279,189,737	-	279,189,737

Particulars	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
	₹ Crore	₹ Crore	₹ Crore
Financial assets			
Trade and other receivables			
Brought forward: Loans and receivables	-	-	-
Remeasurement	-	-	-
Carried forward: Amortised cost	-	-	-
Cash and cash equivalents			
Brought forward: Loans and receivables	23.09	-	-
Remeasurement	-	-	-
Carried forward: Amortised cost	-	-	23.09
Total amortised cost	23.09	-	23.09

ii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 – see Note 41.5.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. Credit risk is minimised due to the quality and short-term nature of the Company's trade receivables as well as the fact that the exposure is spread over a large number of customers.

As detailed in note 5, no material impact to the primary financial statements has arisen on the adoption of IFRS 9 and the Company has not restated prior periods on adoption of IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

6 Revenue

See accounting policy in note 41.12

Particulars	For the year ended			
	31 March 2019 Taka	31 March 2018 Taka	31 March 2019 ₹ Crore	31 March 2018 ₹ Crore
Parachute coconut oil	6,053,556,498	5,808,522,439	500.63	451.32
Value added hair oil (VAHO)	2,094,875,868	1,496,713,608	173.25	116.29
Color	55,557,132	48,372,357	4.59	3.76
Saffola - Edible oil	106,828,373	51,343,440	8.83	3.99
Parachute body lotion	50,550,306	69,540,191	4.18	5.40
Others	406,791,961	340,171,446	33.64	26.43
	8,768,160,138	7,814,663,479	725.13	607.20

6.1 Breakup of local/export revenue

Particulars	For the year ended			
	31 March 2019 Taka	31 March 2018 Taka	31 March 2019 ₹ Crore	31 March 2018 ₹ Crore
Revenue from domestic operation	8,716,011,688	7,814,663,481	720.81	607.20
Revenue from export	52,148,450	-	4.31	-
	8,768,160,138	7,814,663,479	725.13	607.20

7. Cost of sales

Particulars	Note	For the year ended			
		31 March 2019 Taka	31 March 2018 Taka	31 March 2019 ₹ Crore	31 March 2018 ₹ Crore
Opening stock of finished goods		174,804,729	152,398,038	14.46	11.84
Cost of goods manufactured	7.1	4,564,101,151	4,251,926,339	377.45	330.37
		4,738,905,880	4,404,324,377	391.91	342.22
Closing stock of finished goods		(266,208,457)	(174,804,729)	(22.02)	(13.58)
		4,472,697,423	4,229,519,648	369.89	328.63

7.1 Cost of goods manufactured

Particulars	Note	For the year ended			
		31 March 2019 Taka	31 March 2018 Taka	31 March 2019 ₹ Crore	31 March 2018 ₹ Crore
Materials consumed	7.1.1	4,330,819,194	3,949,660,726	358.16	306.89
Factory overhead	7.1.2	233,281,957	302,265,613	19.29	23.49
		4,564,101,151	4,251,926,339	377.45	330.37

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

7.1.1 Materials consumed

Particulars	For the year ended			
	31 March 2019 Taka	31 March 2018 Taka	31 March 2019 ₹ Crore	31 March 2018 ₹ Crore
Opening stock of raw materials, packing materials and others	1,542,517,291	1,196,529,063	127.57	92.97
Purchases during the period	3,613,588,200	4,295,648,954	298.84	333.77
Closing stock of raw materials, packing materials and others	(825,286,297)	(1,542,517,291)	(68.25)	(119.85)
	4,330,819,194	3,949,660,726	358.16	306.89

7.1.2 Factory overhead

Particulars	For the year ended			
	31 March 2019 Taka	31 March 2018 Taka	31 March 2019 ₹ Crore	31 March 2018 ₹ Crore
Communication expenses	609,710	602,271	0.05	0.05
Cost of outsourced human resources	47,472,540	40,925,468	3.93	3.18
Depreciation 13(B)	55,649,905	137,941,076	4.60	10.72
Entertainment	4,894,565	4,338,993	0.40	0.34
Power expenses	60,006,003	58,978,247	4.96	4.58
Printing and stationery	1,042,209	866,615	0.09	0.07
Repairs and maintenance	11,918,472	6,596,635	0.99	0.51
Salaries and allowances	38,758,510	42,359,081	3.21	3.29
Security charges	5,289,774	4,456,628	0.44	0.35
Travelling and conveyance	5,526,960	5,016,599	0.46	0.39
Warehouse rent	2,113,309	184,000	0.17	0.01
	233,281,957	302,265,613	19.29	23.49

8. General and administrative expenses

Particulars	Note	For the year ended			
		31 March 2019 Taka	31 March 2018 Taka	31 March 2019 ₹ Crore	31 March 2018 ₹ Crore
Salaries and allowances		393,076,497	336,557,902	32.51	26.15
Gratuity		15,465,392	13,870,850	1.28	1.08
Workers' profit participation and welfare fund		144,723,387	118,091,844	11.97	9.18
Rent, rates and taxes		35,750,862	16,815,546	2.96	1.31
Professional and legal charges		22,803,007	15,509,313	1.89	1.21
Security charges		1,949,736	1,693,760	0.16	0.13
Stamp and license fees		8,014,442	5,954,378	0.66	0.46
Directors' fees		1,006,250	993,474	0.08	0.08

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

Particulars	Note	For the year ended			
		31 March 2019 Taka	31 March 2018 Taka	31 March 2019 ₹ Crore	31 March 2018 ₹ Crore
Directors' remuneration		32,506,329	29,299,253	2.69	2.28
Repair and maintenance		7,087,797	14,497,499	0.59	1.13
Communication expenses		4,285,231	8,962,686	0.35	0.70
Subscription to trade association		207,925	360,970	0.02	0.03
Entertainment		20,614,861	16,374,672	1.70	1.27
Printing and stationery		2,823,526	2,713,463	0.23	0.21
Vehicle running expenses		17,790,994	43,579,672	1.47	3.39
Travelling and conveyance-local		9,259,966	7,363,420	0.77	0.57
Travelling and conveyance-foreign		2,777,990	5,228,279	0.23	0.41
Audit fees		1,339,000	1,302,950	0.11	0.10
Insurance premium		10,564,093	5,807,120	0.87	0.45
Books and periodicals		146,269	110,811	0.01	0.01
Bank charges		2,542,295	1,735,451	0.21	0.13
AGM and public relation		1,244,856	802,088	0.10	0.06
Conference and training		5,101,032	5,036,784	0.42	0.39
Electricity and gas charges		1,915,635	2,714,965	0.16	0.21
Amortisation	14	2,540,973	3,801,365	0.21	0.30
Royalty		83,542,949	74,744,920	6.91	5.81
Depreciation	13(B)	35,667,643	43,094,574	2.95	3.35
General and technical assistance fees		56,883,362	76,822,856	4.70	5.97
Listing fees		315,000	315,000	0.03	0.02
CSR project*		13,587,839	6,286,545	1.12	0.49
(Reversal of) impairment of property, plant and equipment		(3,884,963)	14,594,049	(0.32)	1.13
		931,650,175	875,036,459	77.05	67.99

* Marico Bangladesh Limited (MARICO) undertook two new CSR projects during financial year 2019. Marico and UNDP entered into an agreement to implement project "SWAPNO" from 1 September 2018 to 31 December 2019 as per agreed project proposal and in line with the policies, strategies and guidelines of Government of Bangladesh (GoB) and MARICO. The beneficiaries of the project are underprivileged women. The project is continuing to run as of 31 March 2019. Marico has also entered into an agreement with Adayma Foundation from 1 October 2018 to 31 March 2019. The beneficiaries of this project are the differently abled people who will be facilitated to labor under disabilities into productive work. The project ended at the scheduled time at 31 March 2019 and Marico has no further commitment or plan to extend the project or any of the same kind as of 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

9. Marketing, selling and distribution expenses

Particulars	For the year ended			
	31 March 2019 Taka	31 March 2018 Taka	31 March 2019 ₹ Crore	31 March 2018 ₹ Crore
Advertisement, travelling and communication expense	558,721,525	400,736,422	46.21	31.14
Business promotion expenses	23,416,515	16,770,444	1.94	1.30
Other selling & distribution expenses	77,088,759	59,719,215	6.38	4.64
Entertainment	12,217,976	8,877,285	1.01	0.69
Free sample	6,800,410	11,170,144	0.56	0.87
Freight- outward	69,717,478	59,605,556	5.77	4.63
Market research expenses	25,771,255	22,818,237	2.13	1.77
	773,733,918	579,697,303	63.99	45.04

10. Other income/(expense)

Particulars	For the year ended			
	31 March 2019 Taka	31 March 2018 Taka	31 March 2019 ₹ Crore	31 March 2018 ₹ Crore
Gain on sale of property, plant and equipment	1,229,956	5,632,072	0.10	0.44
Insurance claim	238,488	-	0.02	-
	1,468,444	5,632,072	0.12	0.44

11. Net finance income

Particulars	For the year ended			
	31 March 2019 Taka	31 March 2018 Taka	31 March 2019 ₹ Crore	31 March 2018 ₹ Crore
Interest on fixed deposits	175,413,730	133,653,604	14.51	10.38
Interest on call deposits	6,258,880	2,759,233	0.52	0.21
Interest on overdraft and loans	(13,387,078)	(4,343,175)	(1.11)	(0.34)
Foreign exchange gain/(loss)	(10,088,253)	(24,366,530)	(0.83)	(1.89)
	158,197,279	107,703,132	13.08	8.37

12. Income tax expense

See accounting policy in note 41.11

Amounts recognised in profit or loss

Particulars	For the year ended			
	31 March 2019 Taka	31 March 2018 Taka	31 March 2019 ₹ Crore	31 March 2018 ₹ Crore
Current tax expense				
Current year	712,476,925	603,956,939	58.92	46.93
Adjustment for prior years	-	(23,640,200)	-	(1.84)
	712,476,925	580,316,739	58.92	45.09
Deferred tax expense	13,875,598	20,801,173	1.15	1.62
	726,352,523	601,117,912	60.07	46.71

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

A. Reconciliation of effective tax rate

Particulars	31 March 2019		31 March 2018	
	%	Taka	%	Taka
Profit before income tax		2,749,744,345		2,243,745,273
Income tax using the corporate tax rate	25%	687,436,086	25%	560,936,318
Factors affecting the tax charge for current period:				
Short of fiscal depreciation and amortisation over that of accounting	0.02%	465,067	0.63%	14,140,199
Disallowance for excess perquisites	0.12%	3,255,000	0.17%	3,750,000
Short of gratuity payment over gratuity provision	0.01%	266,473	0.09%	1,913,068
Short of leave encashment payment over provision	0.04%	1,234,877	-0.01%	(131,872)
Disallowance for contribution to not government approved CSR project	0.07%	2,038,176	0.07%	1,571,636
Impairment loss of property, plant and equipment	0.01%	194,745	0.16%	3,648,513
Allowance for exemption of export income	-0.08%	(2,129,093)	0.00%	-
Allowance for deferred revenue expense	0.00%	-	-0.10%	(2,197,911)
Other inadmissible expenses	0.72%	19,715,594	0.91%	20,326,988
Adjustment for prior years	0.00%	-	-1.05%	(23,640,200)
Deferred tax expense	0.50%	13,875,598	0.93%	20,801,173
Total income tax expense	26.42%	726,352,523	26.79%	601,117,912

A. Reconciliation of effective tax rate

Particulars	31 March 2019		31 March 2018	
	%	₹ Crore	%	₹ Crore
Profit before income tax		227		174
Income tax using the corporate tax rate	25%	57	25%	44
Factors affecting the tax charge for current period:				
Short of fiscal depreciation and amortisation over that of accounting	0.02%	0.04	0.63%	1.10
Disallowance for excess perquisites	0.12%	0.27	0.17%	0.29
Short of gratuity payment over gratuity provision	0.01%	0.02	0.09%	0.15
Short of leave encashment payment over provision	0.04%	0.10	-0.01%	(0.01)
Disallowance for contribution to not government approved CSR project	0.07%	0.17	0.07%	0.12
Impairment loss of property, plant and equipment	0.01%	0.02	0.16%	0.28
Allowance for exemption of export income	-0.08%	(0.18)	0.00%	-
Allowance for deferred revenue expense	0.00%	-	-0.10%	(0.17)
Other inadmissible expenses	0.72%	1.63	0.91%	1.58
Adjustment for prior years	0.00%	-	-1.05%	(1.84)
Deferred tax expense	0.50%	1.15	0.93%	1.62
Total income tax expense	26.42%	60.07	26.79%	46.71

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

B. Movement in deferred tax balances

2019

Particulars					Balance as at 31 March	
	Net balance at 1 April	Recognised in profit/(loss)	Recognized in OCI	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(42,654,896)	15,744,445	-	(26,910,451)	(26,910,451)	-
Intangible assets	(1,643,530)	(316,189)	-	(1,959,719)	(1,959,719)	-
Provision for gratuity	(11,068,173)	(317,780)	(2,879,190)	(14,265,143)	(14,265,143)	-
Provision for leave encashment	(3,143,414)	(1,234,877)	-	(4,378,291)	(4,378,291)	-
Net deferred tax (assets)/ liabilities	(58,510,013)	13,875,599	(2,879,190)	(47,513,604)	(47,513,604)	-

2018

Particulars					Balance as at 31 March	
	Net balance at 1 April	Recognised in profit/(loss)	Recognized in OCI	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(21,446,383)	(21,208,513)	-	(42,654,896)	(42,654,896)	-
Intangible assets	(1,047,694)	(595,836)	-	(1,643,530)	(1,643,530)	-
Deferred revenue expense	(2,197,911)	2,197,911	-	-	-	-
Provision for gratuity	(9,103,797)	589,928	(2,554,304)	(11,068,173)	(11,068,173)	-
Provision for leave encashment	(3,275,287)	131,873	-	(3,143,414)	(3,143,414)	-
Royalty payable	(34,849,653)	34,849,653	-	-	-	-
General & technical assistance fees payable	(4,836,157)	4,836,157	-	-	-	-
Net deferred tax (assets)/ liabilities	(76,756,882)	20,801,173	(2,554,304)	(58,510,013)	(58,510,013)	-

B. Movement in deferred tax balances

2019

Particulars					Balance as at 31 March	
	Net balance at 1 April	Recognised in profit/(loss)	Recognized in OCI	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(0.00)	(2.23)	-	(2.23)	(2.23)	-
Intangible assets	(0.13)	(0.03)	-	(0.16)	(0.16)	-
Provision for gratuity	(0.86)	(0.08)	(0.24)	(1.18)	(1.18)	-
Provision for leave encashment	(0.24)	(0.12)	-	(0.36)	(0.36)	-
Net deferred tax (assets)/ liabilities	(1.23)	(2.46)	(0.24)	(3.93)	(3.93)	-

2018

Particulars					Balance as at 31 March	
	Net balance at 1 April	Recognised in profit/(loss)	Recognized in OCI	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(1.66)	(1.66)	-	(3.31)	(3.31)	-
Intangible assets	(0.08)	(0.05)	-	(0.13)	(0.13)	-
Deferred revenue expense	(0.17)	0.17	-	-	-	-
Provision for gratuity	(0.70)	0.04	(0.20)	(0.86)	(0.86)	-
Provision for leave encashment	(0.25)	0.01	-	(0.24)	(0.24)	-
Royalty payable	(2.69)	2.69	-	-	-	-
General & technical assistance fees payable	(0.37)	0.37	-	-	-	-
Net deferred tax (assets)/ liabilities	(5.93)	1.59	(0.20)	(4.55)	(4.55)	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

13. Property, plant and equipment

See accounting policies in notes 41.2

A. Reconciliation of carrying amount

In Taka											
Cost	Freehold land	Plant and machinery	Factory building	Office building	Vehicles	Office equipment	Computers	Furniture and fixtures	A.C and refrigerators	Under construction	Total
Balance at 1 April 2017	176,749,959	804,900,756	230,907,921	193,910,204	16,440,910	52,072,851	13,787,836	48,645,321	13,084,533	11,657,174	1,562,157,465
Additions	-	-	-	-	-	-	-	-	-	113,696,672	113,696,672
Transfer from asset under construction	-	50,294,372	742,179	-	-	18,066,687	5,083,583	45,880,400	4,247,800	(124,315,021)	-
Disposals	-	-	-	-	(16,440,910)	(922,541)	(36,000)	(24,000)	-	-	(17,423,451)
Balance at 31 March 2018	176,749,959	855,195,128	231,650,100	193,910,204	-	69,216,997	18,835,419	94,501,721	17,332,333	1,038,825	1,658,430,686
Balance at 1 April 2018	176,749,959	855,195,128	231,650,100	193,910,204	-	69,216,997	18,835,419	94,501,721	17,332,333	1,038,825	1,658,430,686
Additions	-	-	-	-	-	-	-	-	-	44,987,166	44,987,166
Transfer from capital work in progress	-	20,266,610	-	6,347,736	-	5,453,790	3,731,350	3,439,575	644,909	(39,883,970)	-
Disposals/ adjustments	-	(10,129,617)	-	-	-	(17,358,496)	(176,050)	(10,432,887)	(3,332,061)	-	(41,429,111)
Balance at 31 March 2019	176,749,959	865,332,121	231,650,100	200,257,940	-	57,312,291	22,390,719	87,508,409	14,645,181	6,142,021	1,661,988,741
Accumulated depreciation and impairment loss											
Balance at 1 April 2017	-	571,681,981	154,205,268	116,001,479	16,440,910	41,357,134	11,209,699	45,791,952	11,932,787	-	968,621,210
Depreciation for the year	-	96,406,189	33,231,930	21,413,696	-	18,783,471	2,633,025	7,620,678	946,660	-	181,035,650
Impairment loss	-	12,277,774	-	-	-	-	-	2,316,275	-	-	14,594,048
Disposals	-	-	-	-	(16,440,910)	(922,541)	(17,998)	(24,000)	-	-	(17,405,449)
Balance at 31 March 2018	-	680,365,944	187,437,198	137,415,175	-	59,218,064	13,824,726	55,704,905	12,879,447	-	1,146,845,459
Balance at 1 April 2018	-	680,365,944	187,437,198	137,415,175	-	59,218,064	13,824,726	55,704,905	12,879,447	-	1,146,845,459
Depreciation for the year	-	43,010,115	8,677,275	14,860,069	-	7,273,136	3,190,229	12,394,486	1,912,238	-	91,317,548
(Reversal of) impairment loss	-	(3,986,714)	182,631	348,162	-	151,634	(17,113)	25,340	(588,903)	-	(3,884,963)
Disposals	-	(10,127,869)	-	-	-	(17,164,564)	(173,545)	(10,246,337)	(3,293,545)	-	(41,005,860)
Balance at 31 March 2019	-	709,261,476	196,297,104	152,623,406	-	49,478,270	16,824,297	57,878,394	10,909,237	-	1,193,272,184
Carrying amounts											
At 1 April 2017	176,749,959	233,218,775	76,702,653	77,908,725	-	10,715,717	2,578,137	2,853,369	1,151,746	11,657,174	593,536,255
At 31 March 2018	176,749,959	174,829,184	44,212,902	56,495,029	-	9,998,933	5,010,693	38,796,816	4,452,886	1,038,825	511,585,227
At 31 March 2019	176,749,959	156,070,645	35,352,996	47,634,534	-	7,834,021	5,566,422	29,630,015	3,735,944	6,142,021	468,716,557

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In Taka	Cost	Freehold land	Plant and machinery	Factory building	Office building	Vehicles	Office equipment	Computers	Furniture and fixtures	A.C and refrigerators	Under construction	Total
	Balance at 1 April 2017	13.66	62.20	17.84	14.99	1.27	4.02	1.07	3.76	1.01	0.90	120.72
	Additions	-	-	-	-	-	-	-	-	-	8.83	8.83
	Transfer from asset under construction	-	3.91	0.06	-	-	1.40	0.39	3.56	0.33	(9.66)	-
	Disposals	-	-	-	-	(1.28)	(0.07)	(0.00)	(0.00)	-	-	(1.35)
	Balance at 31 March 2018	13.73	66.45	18.00	15.07	-	5.38	1.46	7.34	1.35	0.08	128.86
	Balance at 1 April 2018	13.73	66.45	18.00	15.07	-	5.38	1.46	7.34	1.35	0.08	128.86
	Additions	-	-	-	-	-	-	-	-	-	3.72	3.72
	Transfer from capital work in progress	-	1.68	-	0.52	-	0.45	0.31	0.28	0.05	(3.30)	-
	Disposals/ adjustments	-	(0.84)	-	-	-	(1.44)	(0.01)	(0.86)	(0.28)	-	(3.43)
	Balance at 31 March 2019	14.62	71.56	19.16	16.56	-	4.74	1.85	7.24	1.21	0.51	137.45
	Accumulated depreciation and impairment loss	-	-	-	-	-	-	-	-	-	-	-
	Balance at 1 April 2017	-	44.18	11.92	8.96	1.27	3.20	0.87	3.54	0.92	-	74.85
	Depreciation for the year	-	7.49	2.58	1.66	-	1.46	0.20	0.59	0.07	-	14.07
	Impairment loss	-	0.95	-	-	-	-	-	0.18	-	-	1.13
	Disposals	-	-	-	-	(1.28)	(0.07)	(0.00)	(0.00)	-	-	(1.35)
	Balance at 31 March 2018	-	52.86	14.56	10.68	-	4.60	1.07	4.33	1.00	-	89.11
	Balance at 1 April 2018	-	0.00	0.00	0.00	-	0.00	0.00	0.00	0.00	-	0.00
	Depreciation for the year	-	3.56	0.72	1.23	-	0.60	0.26	1.03	0.16	-	7.55
	(Reversal of) impairment loss	-	(0.33)	0.02	0.03	-	0.01	(0.00)	0.00	(0.05)	-	(0.32)
	Disposals	-	(0.84)	-	-	-	(1.42)	(0.01)	(0.85)	(0.27)	-	(3.39)
	Balance at 31 March 2019	-	58.66	16.23	12.62	-	4.09	1.39	4.79	0.90	-	98.68
	Carrying amounts											
	At 1 April 2017	13.66	18.02	5.93	6.02	-	0.83	0.20	0.22	0.09	0.90	45.87
	At 31 March 2018	13.73	13.58	3.44	4.39	-	0.78	0.39	3.01	0.35	0.08	39.75
	At 31 March 2019	14.62	12.91	2.92	3.94	-	0.65	0.46	2.45	0.31	0.51	38.76

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

B. Allocation of depreciation

Particulars	For the year ended 31 March		For the year ended 31 March	
	2019	2018	2019	2018
	Taka	Taka	₹ Crore	₹ Crore
Cost of sales	55,649,905	137,941,076	4.60	10.72
General and administrative expenses	35,667,643	43,094,574	2.95	3.35
	91,317,548	181,035,650	7.55	14.07

14. Intangible assets

See accounting policies in notes 41.3

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Cost				
Opening balance	22,061,875	21,190,875	1.82	1.65
Additions	-	871,000	-	0.07
Closing balance	22,061,875	22,061,875	1.82	1.71
Accumulated amortisation				
Opening balance	15,873,818	12,072,453	1.31	0.94
Amortisation for the year	2,540,973	3,801,365	0.21	0.30
Closing balance	18,414,791	15,873,818	1.52	1.23
Carrying amounts	3,647,084	6,188,057	0.30	0.48

15. Advances, deposits and prepayments

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Advances				
Advance for capital goods	27,783,879	8,170,635	2.30	0.63
Advance to suppliers and others	323,578,492	567,459,379	26.76	44.09
	351,362,371	575,630,014	29.06	44.73
Deposits				
Security deposits	12,349,428	9,141,470	1.02	0.71
VAT current account	88,710,243	50,630,088	7.34	3.93
Supplementary duty	1,915,385	116,584	0.16	0.01
	102,975,056	59,888,142	8.52	4.65
Prepayments				
Prepaid expenses	32,423,643	12,980,867	2.68	1.01
	486,761,070	648,499,023	40.26	50.39
Current	435,633,515	613,570,086	36.03	47.67
Non-current	51,127,555	34,928,937	4.23	2.71
	486,761,070	648,499,023	40.26	50.39

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

16. Other financial assets

Particulars	Note	31 March 2019	31 March 2018	31 March 2019	31 March 2018
		Taka	Taka	₹ Crore	₹ Crore
Fixed deposits	16.1	2,064,261,503	1,237,525,917	170.71	96.16
Trade receivables		22,521,632	-	1.86	-
Loans to employees		8,330,529	9,034,363	0.69	0.70
		2,095,113,664	1,246,560,280	173.27	96.86
Current		2,090,191,792	1,241,421,832	172.86	96.46
Non-current		4,921,872	5,138,448	0.41	0.40
		2,095,113,664	1,246,560,280	173.27	96.86

16.1 Fixed deposits (maturity more than three months)

Particulars	Credit rating	31 March 2019	31 March 2018	31 March 2019	31 March 2018
		Taka	Taka	₹ Crore	₹ Crore
BRAC Bank Limited	AA1	268,834,779	341,791,399	22.23	26.56
Delta Brac Housing Finance Corporation Ltd.	AAA	202,738,866	163,727,455	16.77	12.72
IPDC Finance Limited	AA1	151,708,333	102,586,111	12.55	7.97
IDLC Finance Limited	AAA	357,489,386	327,887,619	29.56	25.48
Mutual Trust Bank Limited	AA	367,830,694	-	30.42	-
Eastern Bank Limited	AA2	262,021,945	-	21.67	-
Commercial Bank of Ceylon		453,637,500	-	37.52	-
Standard Chartered Bank	AAA	-	301,533,333	-	23.43
		2,064,261,503	1,237,525,917	170.71	96.16

17. Inventories

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Raw materials	580,442,733	1,093,091,743	48.00	84.93
Packing materials	115,323,902	62,093,471	9.54	4.82
Finished goods	266,208,457	174,804,729	22.02	13.58
Stores and spares	19,657,254	18,744,592	1.63	1.46
Materials in transit	109,862,407	368,587,485	9.09	28.64
	1,091,494,753	1,717,322,020	90.27	133.44

Details break-up of inventories could not be given as it is quite difficult to quantify each item in a separate and distinct category due to large variety of items. Information in summarized form may not be useful for the user.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

18. Cash and cash equivalents

Particulars	Note	31 March 2019	31 March 2018	31 March 2019	31 March 2018
		Taka	Taka	₹ Crore	₹ Crore
Cash in hand		173,870	239,770	0.01	0.02
Cash at bank	18.1	259,541,439	50,049,718	21.46	3.89
Fixed deposits	18.2	112,474,533	219,454,284	9.30	17.05
Balance with bank for unclaimed dividend		9,738,138	9,445,965	0.81	0.73
Remittance in transit		1,173,897	-	0.10	-
		383,101,877	279,189,737	31.68	21.69

18.1 Cash at bank

Particulars	Credit rating	31 March 2019	31 March 2018	31 March 2019	31 March 2018
		Taka	Taka	₹ Crore	₹ Crore
BRAC Bank Limited	AA1	7,466,933	7,347,690	0.62	0.57
Citibank N.A.	AAA	514,025	59,692	0.04	0.00
Islami Bank Bangladesh Limited	AA+	7,804,702	1,268,514	0.65	0.10
Sonali Bank Limited	AAA	514,358	514,933	0.04	0.04
Standard Chartered Bank	AAA	190,114,282	26,027,375	15.72	2.02
The Hongkong and Shanghai Banking Corporation Ltd.	AAA	355,510	14,831,514	0.03	1.15
The City Bank Limited	AA2	52,771,629	-	4.36	-
		259,541,439	50,049,718	21.46	3.89

18.2 Fixed deposits (maturity less than three months)

Particulars	Credit rating	31 March 2019	31 March 2018	31 March 2019	31 March 2018
		Taka	Taka	₹ Crore	₹ Crore
IPDC Finance Limited	AA1	112,289,624	-	9.29	-
Standard Chartered Bank	AAA	110,567	219,454,284	0.01	17.05
BRAC Bank Limited	AA1	74,342	-	0.01	-
		112,474,533	219,454,284	9.30	17.05

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

19. Share capital

See accounting policies in notes 41.6

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Authorised	400,000,000	400,000,000	33.08	31.08
40,000,000 ordinary shares of Tk 10 each				
Issued, subscribed and paid up	41,500,000	41,500,000	3.43	3.22
Issued for cash	273,500,000	273,500,000	22.62	21.25
Issued for consideration other than cash	315,000,000	315,000,000	26.05	24.48

19.1 Composition of shareholding

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Marico Limited, India	28,350,000	28,350,000	90	90
Institutions	2,795,277	2,896,169	8.87	9
General Shareholders	354,723	253,831	1.13	1
	31,500,000	31,500,000	100	100

19.2 Composition of shareholding

Holdings	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Less than 500 shares	2822	1800	0.58	0.34
500 to 5,000 shares	150	85	0.63	0.37
5,001 to 10,000 shares	16	13	0.35	0.32
10,001 to 20,000 shares	9	17	0.38	0.71
20,001 to 30,000 shares	1	3	0.06	0.25
30,001 to 40,000 shares	2	0	0.23	0.00
40,001 to 50,000 shares	2	1	0.30	0.16
50,001 to 100,000 shares	4	3	0.86	0.62
100,001 to 1,000,000 shares	9	10	6.61	7.23
Over 1,000,000 shares	1	1	90.00	90.00
	3016	1933	100	100

19.3 Number of share held by the members of the Company's leadership team

Holdings	31 March 2019	31 March 2018
	Taka	Taka
Managing Director	-	1
	-	1

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

20. Employee benefit obligation

See accounting policies in notes 41.8

Particulars	Note	31 March 2019	31 March 2018	31 March 2019	31 March 2018
		Taka	Taka	₹ Crore	₹ Crore
Provision for gratuity	20.2	57,060,572	44,272,692	4.72	3.44
Provision for leave encashment	20.4	17,513,164	12,573,655	1.45	0.98
		74,573,736	56,846,347	6.17	4.42
Current		9,665,787	6,984,584	0.80	0.54
Non-current		64,907,949	49,861,763	5.37	3.87
		74,573,736	56,846,347	6.17	4.42

20.1 Employee benefits - gratuity

Particulars	Note	31 March 2019	31 March 2018	31 March 2019	31 March 2018
		Taka	Taka	₹ Crore	₹ Crore
Net defined benefit liability	20.2	57,060,572	44,272,692	4.72	3.44
Total employee benefit liabilities		57,060,572	44,272,692	4.72	3.44

20.2 Movement in net defined benefit asset and liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset)/liability and its components.

	Defined benefit obligation		Fair value of plan assets		Net defined (asset)/liability	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Balances as at 1 April	44,272,692	36,415,189	-	-	44,272,692	36,415,189
Included in profit or loss						
Current service cost	10,595,396	9,865,179	-	-	10,595,396	9,865,179
Interest cost	4,869,996	4,005,671	-	-	4,869,996	4,005,671
	15,465,392	13,870,850	-	-	15,465,392	13,870,850
Included in OCI						
Actuarial (gain)/loss arising from:						
- demographic assumption	177,859	-	-	-	177,859	-
- financial assumption	-	(2,067,923)	-	-	-	(2,067,923)
- experience adjustment	11,544,128	2,273,152	-	-	11,544,128	2,273,152
Return on plan asset excluding interest income	-	-	-	-	-	-
	11,721,987	205,229	-	-	11,721,987	205,229
Other						
Contribution paid by the employer	-	-	-	-	-	-
Benefits paid	(14,399,499)	(6,218,576)	-	-	(14,399,499)	(6,218,576)
	(14,399,499)	(6,218,576)	-	-	(14,399,499)	(6,218,576)
Balances as at 31 March	57,060,572	44,272,692	-	-	57,060,572	44,272,692

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

	Defined benefit obligation		Fair value of plan assets		Net defined (asset)/liability	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Balances as at 1 April	3.44	2.81	-	-	3.44	2.81
Included in profit or loss	-	-			-	-
Current service cost	0.88	0.78	-	-	0.88	0.78
Interest cost	0.41	0.32	-	-	0.41	0.32
	1.29	1.09	-	-	1.29	1.09
Included in OCI						
Actuarial (gain)/loss arising from:						
-demographic assumption	0.01	-	-	-	0.01	-
-financial assumption	-	(0.16)	-	-	-	(0.16)
-experience adjustment	0.96	0.18	-	-	0.96	0.18
Return on plan asset excluding interest income	-	-	-	-	-	-
	0.98	0.02	-	-	0.98	0.02
Other						
Contribution paid by the employer	-	-	-	-	-	-
Benefits paid	(1.20)	(0.49)	-	-	(1.20)	(0.49)
	(1.20)	(0.49)	-	-	(1.20)	(0.49)
Balances as at 31 March	4.51	3.43	-	-	4.51	3.43

20.3 Defined Benefit obligation

(i) Actuarial assumption

The followings were the principal actuarial assumptions at the reporting date :

	31 March 2019	31 March 2018
Discount rate	10%	11%
Future salary growth	10%	11%

Assumptions regarding future mortality have been used based on published statistics and mortality tables. As there is no published mortality table in Bangladesh and hence the Indian Assured Life Mortality rate (2006-08) ultimate based on the mortality experience of assured lives in India is being used as a reasonable approximation. This table is based on the experience of assured lives in India during the years 2006 to 2008.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

20.4 Provision for leave encashment

Holdings	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Balance as at 1 April 2018	12,573,655	13,101,142	1.04	1.02
Provision made during the year	15,710,730	2,253,708	1.30	0.18
Payment during the year	(10,771,221)	(2,781,195)	(0.89)	(0.22)
	17,513,164	12,573,655	1.45	0.98
Current	3,008,984	2,224,655	0.25	0.17
Non-Current	14,504,180	10,349,000	1.20	0.80
	17,513,164	12,573,655	1.45	0.98

21. Loans and borrowings

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Short term loan	200,000,000	300,000,000	16.54	23.31
	200,000,000	300,000,000	16.54	23.31

The Company has taken a short-term loan of Taka 200,000,000 for a duration of two months on 14 March 2019 from Citibank N.A. Bangladesh.

22. Trade and other payables

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Trade payables				
Payable against raw material	120,281,808	418,464,212	9.95	32.51
Payable against services	126,552,551	168,373,123	10.47	13.08
Payable against packing material	142,499,732	34,730,704	11.78	2.70
Payable against finished goods	59,769,639	98,497,363	4.94	7.65
Other payables	449,103,730	720,065,402	37.14	55.95
Payable against expenses	349,215,303	341,269,908	28.88	26.52
General and technical assistance fees payable	279,205,943	220,299,097	23.09	17.12
Payable against business promotion expense	417,685,440	447,499,151	34.54	34.77
Royalty payable	83,542,949	209,646,298	6.91	16.29
Import duty and related charges payable	68,246,568	96,604,481	5.64	7.51
Withholding tax and VAT payable	79,586,236	36,116,225	6.58	2.81
Workers' profit participation and welfare fund	144,723,386	118,091,844	11.97	9.18
Advance from customers	77,902,717	1,529,067	6.44	0.12
Payable against capital goods	4,619,374	29,284,718	0.38	2.28
Unclaimed dividend	9,738,138	9,445,965	0.81	0.73
Audit fees payable	1,751,000	1,302,950	0.14	0.10
Interest accrued on loans	650,000	1,054,391	0.05	0.08
Dividend payable	573,300,000	-	47.41	-
	2,090,167,054	1,512,144,095	172.86	117.49
	2,539,270,784	2,232,209,497	210.00	173.44

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

23. Current tax liabilities

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Opening balance	386,211,784	381,918,199	31.94	29.68
Provision for current year	712,476,925	603,956,939	58.92	46.93
Provision for prior years	-	-	-	-
Assessment year 2013-2014	-	(23,640,200)	-	(1.84)
	1,098,688,709	962,234,938	90.86	74.77
Payment for current year	(438,453,844)	(388,901,091)	(36.26)	(30.22)
Payment for prior years:				
Assessment year 2018-2019	(171,510,104)	-	(14.18)	-
Assessment year 2017-2018	-	(187,122,063)	-	(14.54)
Assessment year 2013-2014	(28,356,426)	-	(2.35)	-
	460,368,335	386,211,784	38.07	30.01

Year wise break up of provision for current tax and balance of advance income tax for open years

Accounting year/period ended	Assessment year	Provision for income tax (Amount in Taka)	Advance income tax (Amount in Taka)	Status	Provision for income tax ₹ Crore	Advance income tax ₹ Crore
31 March 2019	AY 2019-20	712,476,925	438,453,844		58.92	36.26
31 March 2018	AY 2018-19	603,956,939	560,411,195	Submitted on 15 October 2018	49.95	46.35
31 March 2017	AY 2017-18	511,139,076	482,832,785	Return submitted	42.27	39.93
31 March 2016	AY 2016-17	536,229,894	516,829,134	Open at DCT level	44.35	42.74
31 March 2015	AY 2015-16	502,672,641	438,992,339	Open at DCT level	41.57	36.30
31 March 2014	AY 2014-15	475,304,697	468,166,315	At High Court	39.31	38.72
31 March 2013	AY 2013-14	279,549,372	234,442,800	At TAT*	23.12	19.39
31 March 2012	AY 2012-13	206,588,040	236,519,377	At TAT*	17.08	19.56
30 September 2008	AY 2009-10	9,098,540	-	At TAT*	0.75	-
		3,837,016,124	3,376,647,789		317.32	279.25

*Taxes Appellate Tribunal.

24. Earnings per share

24.1 Basic earnings per share

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Earnings attributable to ordinary shareholders (Net profit after tax)	2,023,391,822	1,642,627,361	167.33	127.63
Weighted average number of ordinary shares outstanding during the year	31,500,000	31,500,000	3.15	3.15
Earnings per share (EPS) in Taka	64.23	52.15	53.12	40.52

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

24.2 Diluted earnings per share

Since there is no dilutive factor, diluted earnings per share is not required to be calculated.

25. Related party transactions

25.1 Parent and ultimate controlling party

Marico Limited, India has 90% shareholding of the Company. As a result, the parent of the Company is Marico Limited, India. The ultimate controlling party of the Company is Marico Limited, India.

25.2 Transactions with key management personnel

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Remuneration, bonus and other benefits	32,506,329	29,299,253	2.69	2.28
Meeting fees	1,006,250	993,474	0.08	0.08
	33,512,579	30,292,727	2.77	2.35

Compensation for the Company's key management personnel includes salaries & meeting fees. These expenses are included in operating expenses.

25.3 Other related party transactions

During the year the Company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The name of related parties, nature of transactions, their total value and closing balance have been set out in accordance with the provisions of IAS 24 Related party disclosures:

25.3.1 Transactions with parent company

Name of the related parties	Relationship	Nature of transaction	Transaction amount 2019	Transaction amount 2018	Balance as at 31 March 2019	Balance as at 31 March 2018
			Taka	Taka	Taka	Taka
Marico Limited, India	Parent company	Purchase of raw materials, packing materials and finished goods	121,469,061	76,634,358	2,530,022	1,531,650
		Asset	1,793,677	-	-	-
		Royalty	83,542,949	74,744,920	83,542,949	209,646,298
		Dividend	1,984,500,000	1,559,250,000	510,300,000	-
		General and technical assistance fees	58,906,846	76,822,856	279,205,943	220,299,097
		Sales of SFG & FG	4,773,818	-	1,173,887	-

25.3.2 Transactions with other related parties

Name of the related parties	Relationship	Nature of transaction	Transaction amount 2019	Transaction amount 2018	Balance as at 31 March 2019	Balance as at 31 March 2018
			Taka	Taka	Taka	Taka
Marico Middle East FZE	Associated company	Purchase of raw materials (RM)	1,591,802,546	2,851,146,491	81,102,073	100,477,183
MEL Consumer Care	Associated company	Purchase of SFG	4,190,633	-	-	-
Marico South East Asia	Associated company	Purchase of FG	20,720,769	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

25.3.1 Transactions with parent company

Name of the related parties	Relationship	Nature of transaction	Transaction amount 2019	Transaction amount 2018	Balance as at 31 March 2019	Balance as at 31 March 2018
			₹ Crore	₹ Crore	₹ Crore	₹ Crore
Marico Limited, India	Parent company	Purchase of raw materials, packing materials and finished goods	10.12	6.04	0.21	0.12
		Asset	0.15	-	-	-
		Royalty	6.96	5.89	6.91	16.29
		Dividend	165.31	122.87	42.20	-
		General and technical assistance fees	4.91	6.05	23.09	17.12
		Sales of SFG & FG	0.40	-	0.10	-

25.3.2 Transactions with other related parties

Name of the related parties	Relationship	Nature of transaction	Transaction amount 2019	Transaction amount 2018	Balance as at 31 March 2019	Balance as at 31 March 2018
			₹ Crore	₹ Crore	₹ Crore	₹ Crore
Marico Middle East FZE	Associated company	Purchase of raw materials (RM)	132.60	224.67	6.71	7.81
MEL Consumer Care	Associated company	Purchase of SFG	0.35	-	-	-
Marico South East Asia	Associated company	Purchase of FG	1.73	-	-	-

26. Disclosures as per BSEC notification no BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018

26.1 Calculation of net asset value per share

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Net asset	1,302,135,754	1,492,586,729	107.69	115.97
Number of shares	31,500,000	31,500,000	3.15	3.15
Net asset value (NAV) per share	41.34	47.38	34.19	36.82

26.2 Calculation of net operating cash flow per share (NOCFPS)

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Net cash from operating activities	2,729,173,826	1,550,522,746	225.70	120.48
No of shares	31,500,000	31,500,000	3.15	3.15
Net operating cash flow per share (NOCFPS)	86.64	49.22	71.65	38.25

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

26.3 Reconciliation of net profit with cash flows from operating activities

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Profit after tax	2,023,391,822	1,642,627,361	167.33	127.64
Adjustment for:				
- Depreciation	91,317,548	181,035,650	7.55	14.07
- Amortization	2,540,973	3,801,365	0.21	0.30
- Interest expense	13,387,078	4,343,175	1.11	0.34
- (Reversal of) impairment expense	(3,884,963)	14,594,049	(0.32)	1.13
- Interest income	(181,672,610)	(136,412,837)	(15.02)	(10.60)
- Gain on sale of property, plant and equipment	(1,229,956)	(5,632,072)	(0.10)	(0.44)
- Tax expense	726,352,523	601,117,912	60.07	46.71
	2,670,202,415	2,305,474,603	220.83	179.40
Changes in operating assets and liabilities:				
Inventories	625,827,267	(368,394,919)	51.76	(28.62)
Financial assets	(21,817,798)	1,415,858	(1.80)	0.11
Other current assets	181,351,195	(419,889,511)	15.00	(32.63)
Employee benefit	6,005,402	7,124,787	0.50	0.55
Trade and other payables	(241,168,977)	469,476,643	(19.94)	36.48
Cash generated from operating activities	3,220,399,504	1,995,207,461	266.33	155.03
Interest paid	(13,791,469)	(3,288,784)	(1.14)	(0.26)
Interest received	160,886,164	134,627,224	13.31	10.46
Income tax paid	(638,320,374)	(576,023,154)	(52.79)	(44.76)
Net cash flows from operating activities	2,729,173,825	1,550,522,747	225.70	123.48

27. Production capacity

Main product	Unit of measure	Installed capacity
PCNO	KL	20,500
VAHO	KL	10,200
Copra	Ton	36,000
Refined oil	Ton	18,000

28. Operating leases - leases as lessee

Non-cancellable operating lease rentals are payable as follows:

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
No later than one year	28,587,197	27,754,560	2.36	2.16
Between two and five years	14,709,917	43,297,114	1.22	3.36
More than five years	-	-	-	-
	43,297,114	71,051,674	3.58	5.52

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

The Company leases corporate office, a number of warehouses, depots and sales office facilities under operating leases. During the year, an amount of BDT 35,748,562 (2018: BDT 14,803,778) was recognised relating to non-cancellable operating lease.

29. Commitment

i) Capital commitment

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Estimated amount of contracts remaining to be executed on capital account	196,877,848	1,500,885	16.28	0.12

ii) Other commitment

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Outstanding L/C	463,236,928	432,496,086	38.31	33.60

L/C amount for import of raw material, packing materials and finished goods which were not received till the reporting date.

30. Contingent liabilities

The Company has contingent liability of BDT 1,103,433,853 (2018: BDT 1,074,416,048) as on 31 March 2019 in respect of indirect tax (VAT) and workers' profit participation & welfare fund. These are being vigorously defended by the Company. The management does not consider that it is appropriate to make provision in respect of any of these claims.

There are contingent liabilities of BDT 129,133,947 (2018: Nil) on account of ordinary letter of credit and BDT 5,361,146 (2018: Nil) on account of shipping guarantee issued by Standard Chartered Bank in favour of the Company.

31. Dividends

The Company remitted the following amounts, net of taxes in foreign currency during the year to Marico Limited, India, a non-resident shareholder of the Company.

Particulars	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Taka	Taka	₹ Crore	₹ Crore
Final dividend for 2017-2018	255,150,000	-	21.10	-
Interim dividend for the period ended 30 June 2018	382,725,000	-	31.65	-
Interim dividend for the period ended 30 September 2018	637,875,000	-	52.75	-
Final dividend for 2016-2017	-	127,575,000	-	9.91
Interim dividend for the period ended 30 September 2017	-	637,875,000	-	49.56
Interim dividend for the period ended 31 December 2017	-	637,875,000	-	49.56
	1,275,750,000	1,403,325,000	105.50	109.04

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

32. Capital management

For the purpose of the company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

To maintain or adjust capital structure, the Company may adjust the amount of dividend, return on capital, issue new share or obtain long term-debt. All major investment and financing decisions, as a part of its capital management, are evaluated and approved by its Board of Directors.

No changes were made in the objectives, policies or processes for managing capital during the period ended 31 March 2019.

33. Segment information

The Company essentially provides similar products to customers across the country. Business activities in which it engages and the economic environments in which it operates are of similar nature. Its business is not segmented by products or geographical areas and its operating result is viewed as a whole by its management. Hence, segment information is not relevant for the Company.

34. Number of employees

The number of employees engaged for the whole period or part thereof who received a total salary of Taka 36,000 p.a. and above was 266 (previous year: 256) among them 44 employees left from Marico Bangladesh Limited and total 226 (previous year: 213) employees existed as at 31 March 2019.

35. Subsequent events

The Board of Directors of Marico Bangladesh Limited at its 104th meeting held on 29 April 2019 has declared cash dividend @ 50% i.e Tk 5 per share, amount to total Taka 157,500,000 for the year ended at 31 March 2019.

There is no other significant event after the reporting period that requires either disclosure of or adjustment to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

36. Financial instruments - fair values and financial risk management

36.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2019

Amounts in Taka

Particulars	Note	Carrying amount						Fair value
		Fair value hedging instruments	Manadatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities	
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Fixed deposits	16	-	-	-	-	2,064,261,503	-	2,064,261,503
Loan to employees	16	-	-	-	-	8,330,529	-	8,330,529
Trade receivables	16	-	-	-	-	22,521,632	-	22,521,632
Cash and cash equivalents	18	-	-	-	-	383,101,877	-	383,101,877
		-	-	-	-	2,478,215,541	-	2,478,215,541
Financial liabilities measured at fair value		-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Loans and borrowings	21	-	-	-	-	-	200,000,000	200,000,000
Trade and other payables	22	-	-	-	-	-	2,539,270,784	2,539,270,784
		-	-	-	-	-	2,739,270,784	2,739,270,784

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

Amounts in Taka

Particulars	Note	Carrying amount							Fair value
		Fair value hedging instruments	Manadatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities	Total	
Financial assets measured at fair value		-	-	-	-	-	-	-	-
Financial assets not measured at fair value									
Fixed deposits	16	-	-	-	-	1,237,525,917	-	1,237,525,917	1,237,525,917
Loan to employees	16	-	-	-	-	9,034,363	-	9,034,363	9,034,363
Trade receivables	18	-	-	-	-	279,189,737	-	279,189,737	279,189,737
Cash and cash equivalents	18	-	-	-	-	1,525,750,017	-	1,525,750,017	1,525,750,017
		-	-	-	-	2,478,215,541	-	2,478,215,541	2,478,215,541
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	21	-	-	-	-	-	300,000,000	300,000,000	300,000,000
Trade and other payables	22	-	-	-	-	-	2,232,209,497	2,232,209,497	2,232,209,497
		-	-	-	-	-	2,532,209,497	2,532,209,497	2,532,209,497

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

36. Financial instruments - fair values and financial risk management

36.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2019

Amounts in ₹ in Crore

Particulars	Note	Carrying amount						Fair value
		Fair value hedging instruments	Manadatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities	
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Fixed deposits		-	-	-	-	170.71	-	170.71
Loan to employees		-	-	-	-	0.69	-	0.69
Trade receivables		-	-	-	-	1.86	-	1.86
Cash and cash equivalents		-	-	-	-	31.68	-	31.68
Financial liabilities measured at fair value		-	-	-	-	204.95	-	204.95
Financial liabilities not measured at fair value								
Loans and borrowings		-	-	-	-	-	16.54	16.54
Trade and other payables		-	-	-	-	-	210.00	210.00
		-	-	-	-	-	226.54	226.54

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

Amounts in ₹ in Crore

31 March 2018

Particulars	Note	Carrying amount						Total	Fair value
		Fair value hedging instruments	Manadatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities		
Financial assets measured at fair value		-	-	-	-	-	-	-	-
Financial assets not measured at fair value									
Fixed deposits		-	-	-	-	96.16	-	96.16	96.16
Loan to employees		-	-	-	-	0.70	-	0.70	0.70
Cash and cash equivalents		-	-	-	-	21.69	-	21.69	21.69
		-	-	-	-	118.55	-	118.55	118.55
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings		-	-	-	-	-	23.31	23.31	23.31
Trade and other payables		-	-	-	-	-	173.44	173.44	173.44
		-	-	-	-	-	196.75	196.75	196.75

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

39. Basis of measurement

The financial statements of the Company have been prepared on historical cost basis except for net defined benefit (asset)/liability for which the measurement basis is the fair value of plan assets less the present value of the defined benefit obligation, as explained in note 41.8.

40. Standards issued but not yet effective

In January 2018, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this adoption does not have any impact on the financial statements of the Company for annual periods beginning on or after 1 January 2018.

A number of new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Of those standards that are not yet effective, IFRS 16 is expected to have a material impact on the Company's financial statements in the period of initial application.

A. IFRS 16 Leases

The Company is required to adopt IFRS 16 Leases from 1 April 2019. The Company has assessed the estimated impact that initial application of IFRS 16 will have on its financial statements, as described below. The actual impacts of adopting the standard on 1 April 2019 may change because:

- the new accounting policies are subject to change until the Company presents its first financial statements that include the date of initial application.

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.

i. Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating leases of 1 corporate office and 4 depots. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Company will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Company will include the payments due under the lease in its lease liability.

Based on the information currently available, the Company estimates that it will recognise additional lease liabilities of Taka 71,838,586 as at 1 April 2019

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

ii. Transition

The Company plans to apply IFRS 16 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 April 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

41. Significant accounting policies

The Company has consistently (otherwise as stated) applied the following accounting policies to all periods presented in these financial statements.

Note	Particulars
41.1	Foreign currency transactions
41.2	Property, plant and equipment
41.3	Intangible assets
41.4	Inventories
41.5	Financial instruments
41.6	Share capital
41.7	Dividend to the equity holders
41.8	Employee benefits
41.9	Accruals
41.10	Provisions
41.11	Income tax
41.12	Revenue
41.13	Finance income and finance cost
41.14	Lease
41.15	Impairment
41.16	Contingencies
41.17	Earnings per share
41.18	Events after the reporting period

41.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (BDT) at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are re-translated into Bangladeshi Taka (BDT) at the exchange rates ruling at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into Bangladeshi Taka (BDT) at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

41.2 Property, plant and equipment

i) Recognition and measurement

Property, plant and equipment (PPE) is recognised as an asset if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the item can be measured reliably.

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 assets, bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. Parts of an item of property, plant and equipment having different useful lives, are accounted for as separate items (major components) of property, plant and equipment.

ii) Subsequent cost

Subsequent cost of an item of property, plant and equipment is capitalised only if it is probable that future economic benefits embodied within the item will flow to the Company and its costs can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii) Depreciation

No depreciation is charged on land and asset under construction (AuC) as the land has unlimited useful life and AuC has not yet been placed in service /commissioned.

Other items of property, plant and equipment is depreciated on a straight line basis in profit or loss over the estimated useful lives of each item of property, plant and equipment. Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is charged from the month of acquisition of property, plant and equipment and no depreciation is charged in the month of disposal.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The estimated useful lives of the items of property, plant and equipment for the current and comparative period are as follows:

Assets	Depreciation rate
Plant and machinery	10-33%
Factory equipment	20-33%
Moulds	15-33%
Factory building	5-20%
Laboratory equipment	20-33%
Office equipment	33-50%
Vehicles	20-25%
Computers	33-50%
Furniture and fixtures	20-50%
Office building	10-20%
A.C and refrigerators	20-33%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

iv) Derecognition

An asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Gains or losses arising from the derecognition of an asset are determined as the difference between net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

v) Asset under construction

Asset under construction represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use which is measured at cost. These are transferred to the property, plant and equipment on the completion of the projects.

vi) Capitalisation of borrowing costs

As per the requirements of IAS 23 Borrowing Costs, directly attributable borrowing costs are capitalised during construction period for all qualifying assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

41.3 Intangible assets

i) Recognition and measurement

Intangible assets have finite useful lives and are stated at cost less accumulated amortisation and any impairment losses. Intangible assets are recognised in accordance with IAS 38 Intangible assets. Intangible assets include cost of acquisition of computer software, intellectual property, copyright and other costs incidental to such capital expenditure.

ii) Subsequent costs

Subsequent costs are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognised in profit or loss as incurred.

iii) Amortisation

Amortisation is recognised in profit or loss on straight line basis over the estimated useful lives of intangible assets from the date they are available for use.

Intangible assets are amortised at the rate of 20% to 33%.

iv) Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in profit or loss.

41.4 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Stores and spares and material in transit are measured at cost.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

41.5 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.

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets – Policy applicable from 1 April 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

Financial assets – Business model assessment: Policy applicable from 1 April 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets; how the performance of the portfolio is evaluated and reported to the Company’s management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 April 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets includes cash and cash equivalents, trade and other receivables and short term investment.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all cash deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

(b) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

(c) Short-term investment

Short-term investment consists of fixed deposits with original maturity of more than three months. The Company has the positive intent and ability to hold FDR to maturity, and such financial assets are carried as financial assets at amortised cost. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

ii. Financial liability

All financial liabilities are recognised initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

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

Financial liabilities include trade and other payables etc.

(a) Trade and other payables

The Company recognises a trade and intercompany payables when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

41.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Paid up capital represents total amount contributed by the shareholders and bonus shares, if any, issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

41.7 Dividend to the equity holders

The Company recognises a liability to make cash dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in Bangladesh, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

41.8 Employee benefits

i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

ii) Defined benefit plan (Gratuity)

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its eligible employees. This scheme is qualified as defined benefit plan.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. When the benefits of the plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit and loss on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit and loss. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. Relevant tax impacts of such remeasurements are also recognised under other comprehensive income.

iii) Leave encashment

The Company operates unfunded leave encashment scheme, i.e. if its employees do not avail leave during his/her service, s/he will be entitled to encash privilege leave at the time of separation from the Company subject to maximum 40 days, at the rate of one month's basic pay for 30 days of privilege leave. This scheme is qualified as other long term employee benefits.

The Company's net obligation in respect of leave encashment scheme is the amount of future benefit that employees have earned in return for their service in the current and prior periods and the calculation is performed annually by a qualified actuary.

iv) Workers' profit participation and welfare fund

The Company operates fund for workers as Workers' profit participation and welfare fund ("the Fund") and provides 5% of its profit before tax as per provision of the Bangladesh Labour Act 2006. The Company recognises the contribution to the fund as short term employee benefits.

The Fund is governed by Bangladesh Labour Act, 2006 as amended up to 28 September 2015 and the trust deed.

41.9 Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amongst due to employees. Accruals are reported as part of trade and other payables.

41.10 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate thereof can be made.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits are required to settle the obligation, the provision are reversed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

41.11 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Provision for corporate income tax is made following the rate applicable for companies as per Finance Act 2018 i.e 25% (2017: 25%).

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to 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 realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. 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 realised.

41.12 Revenue

The Company recognises as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, this standard establishes a five-step model as follows:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Considering the five steps model, the Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Goods is considered as transferred when (or as) the customer obtains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

41.13 Finance income and finance cost

i) Finance income

Finance income comprises interest income on funds invested and is recognised as it accrues in profit or loss using the effective interest method.

i) Finance cost

Finance costs comprise interest expense on borrowings and foreign exchange gain or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

41.14 Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are considered as operating leases and not recognised in the Company's statement of financial position. Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

41.15 Impairment

i. Financial assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The Company measures loss allowances at an amount equal to lifetime CLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets (other than inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

41.16 Contingencies

i) Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the statement of financial position of the Company. Moreover, contingencies arising from claims, litigations, assessments, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

ii) Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Company does not recognise contingent asset.

41.17 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

41.18 Events after the reporting period

Events after statement of financial position date that provide additional information about the Company's position at the statement of financial position date are reflected in the financial statements. Events after statement of financial position date that are non-adjusting events are disclosed in the notes when material.

MBL INDUSTRIES LIMITED

**BOARD OF DIRECTORS
(AS ON MARCH 31, 2019)**

Mr. Ashish Goupal (w.e.f. July 18, 2018)
Mr. Elias Ahmed
Mr. Mohammad Hedayet Ullah
Mr. Gaurav Sarda

REGISTERED OFFICE

House-1, Road-1, Sector-1
Uttara, Dhaka-1230, Bangladesh
Telephone: +880 28931202, Fax: +880 28932322

AUDITORS

Ahmed Mashuque & Co.

BANKERS

Citi N.A.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MBL INDUSTRIES LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of MBL Industries Limited, which comprise the statements of financial position as at 31 March 2019, and the statement of profit and 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 true and fair view, in all material respects, 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 International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

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 requirements. 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), 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 also responsible for overseeing the company's financial reporting process.

Auditors' 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 presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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, 29 April, 2019
Dhaka

Ahmed Mashuque & Co.
Chartered Accountants

Note: The exchange rate use to convert Taka to ₹ 0.827 (Previous year Taka to ₹ 0.777)

STATEMENT OF FINANCIAL POSITION

As at 31 March, 2019

Particulars	Note	2019	2018	2019	2018
		Taka	Taka	₹Crore	₹Crore
Assets					
Non current assets		-	-	-	-
Cash and cash equivalents	5	8,032,517	8,035,017	0.66	0.62
Total current assets		8,032,517	8,035,017	0.66	0.62
Total assets		8,032,517	8,035,017	0.66	0.62
Equity & Liabilities					
Equity					
Share capital	6	1,000,000	1,000,000	0.08	0.08
Retained earnings		3,943,933	4,003,933	0.33	0.31
Total equity		4,943,933	5,003,933	0.41	0.39
Liabilities					
Non current liabilities		-	-	-	-
Payable for expenses	7	992,422	934,922	0.08	0.07
Other payable	8	26,250	26,250	0.00	0.00
Current tax liabilities	9	2,069,912	2,069,912	0.17	0.16
Total current liabilities		3,088,584	3,031,084	0.25	0.23
Total liabilities		3,088,584	3,031,084	0.25	0.23
Total equity and liabilities		8,032,517	8,035,017	0.66	0.62

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

Director

Director

As per our annexed report of same date.

Dated, 29 April, 2019
Dhaka

Ahmed Mashuque & Co.
Chartered Accountants

Note: The exchange rate use to convert Taka to ₹ 0.827 (Previous year Taka to ₹ 0.777)

STATEMENT OF PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March, 2019

Particular	Note	2019	2018	2019	2018
		Taka	Taka	₹Crore	₹Crore
Revenue		-	-	-	-
Cost of sales		-	-	-	-
Gross profit		-	-	-	-
General and administrative expenses	10	(60,000)	(123,353)	(0.00)	(0.01)
Net operating profit		(60,000)	(123,353)	(0.00)	(0.01)
Net finance (expense)/income		-	-	-	-
Income tax expense					
Current tax (expense)/income		-	-	-	-
Net profit after income tax		(60,000)	(123,353)	(0.00)	(0.01)

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

Director

Director

As per our annexed report of same date.

Dated, 29 April, 2019
Dhaka

Ahmed Mashuque & Co.
Chartered Accountants

Note: The exchange rate use to convert Taka to ₹ 0.827 (Previous year Taka to ₹ 0.777)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March, 2019

Particulars	Share capital	Retained earnings	Total	Share capital	Retained earnings	Total
	Taka	Taka	Taka	₹ Crore	₹ Crore	₹ Crore
Balance as at 1 April 2017	1,000,000	4,127,286	5,127,286	0.08	0.32	0.40
Addition during the year	-	(123,353)	(123,353)	-	(0.01)	(0.01)
Balance as at 31 March 2018	1,000,000	4,003,933	5,003,933	0.08	0.31	0.39
Balance as at 1 April 2018	1,000,000	4,003,933	5,003,933	0.08	0.33	0.41
Addition during the year	-	(60,000)	(60,000)	-	(0.00)	(0.00)
Balance as at 31 March 2019	1,000,000	3,943,933	4,943,933	0.08	0.33	0.41

STATEMENT OF CASH FLOWS

For the year ended 31 March, 2019

Particulars	2019	2018	2019	2018
	Taka	Taka	₹Crore	₹Crore
Cash flows from operating activities				
Net profit/(loss) before income tax	(60,000)	(123,353)	(0.00)	(0.01)
(Decrease)/Increase in payable for expenses	57,500	(28,750)	0.00	(0.00)
(Decrease)/Increase in other payable	-	26,250	-	0.00
Cash generated from/(used in) operating activities	(2,500)	(125,853)	(0.00)	(0.01)
Income tax paid	-	(264,620)	-	(0.02)
Net cash generated from/(used in) operating activities	(2,500)	(390,473)	(0.00)	(0.03)
Cash flows from investing activities	-	-	-	-
Cash flows from financing activities	-	-	-	-
Net (decrease)/increase in cash and cash equivalents	(2,500)	(390,473)	(0.00)	(0.03)
Opening cash and cash equivalents	8,035,017	8,425,490	0.66	0.65
Closing cash and cash equivalents	8,032,517	8,035,017	0.66	0.62

Note: The exchange rate use to convert Taka to ₹ 0.827 (Previous year Taka to ₹ 0.777)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

1. Reporting entity

1.1 Company profile

MBL Industries Limited ("the Company") is a private limited company incorporated on 2 August 2003 in Bangladesh under the Companies Act 1994 having its registered office at House no -1, Road no -1, Sector no -1, Uttara Model Town, Dhaka - 1230. The Company is a wholly owned subsidiary of Marico Middle East FZE (MME) which is a 100% subsidiary of Marico Limited, India.

1.2 Nature of business

The principal activities of the Company are import trading and local trading, marketing and selling of coconut oil and hair code. The main operation of the entity is discontinued since 2009. No sales has taken place for the year.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (BFRSS), the Companies Act 1994 and other applicable laws and regulations.

2.2 Date of authorisation

The Board of Directors has authorised these financial statements in its Board of Directors Meeting held on 29 April 2019.

2.3 Basis of measurement

The financial statements have been prepared on historical cost basis.

2.4 Functional and presentational currency

These financial statements are presented in Bangladesh 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.

2.5 Reporting period

The Company presented the financial statements for the period covered twelve months from 01 April 2018 to 31 March 2019 (12 Months).

2.6 Use of estimates and judgments

The preparation of the financial statements in conformity with International Financial Reporting Standards, 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 results may differ from these estimates.

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

2.7 Statement of cash flows

Statement of cash flows has been prepared in accordance with the TAS 7: Statement of cash flows under indirect method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

2.8 Going concern

The financial statements have been prepared on a going concern basis, which means the Company will be able to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

MBL Industries Ltd. has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available by it. The directors consider that this will enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Based on this undertakings the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

3. Significant accounting policies

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

3.1 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.

3.1.1 Financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) 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 asset when the contractual rights to 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. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet 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: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and fixed deposits original maturities of three months or less. Cash comprises cash at bank 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

3.1.2 Financial liabilities

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, cancelled or expire.

The Company classifies financial liabilities into the other financial liabilities (liabilities carried at amortised cost) category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities include payable for expenses, payable to holding company, dividend payable and other payable.

3.2 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

3.3 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net off any tax effects.

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.

3.4 Taxation

Income tax expenses comprises of current tax which is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in equity.

Current tax is expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3.5 General

Previous year's figures and account titles in the financial statements have been rearranged, where necessary, to conform to current year's presentation along with the explanatory notes, if material.

4. Comparative information

Comparative information have been disclosed for (for 12 months covering period from 1 April 2017 to 31 March 2018) all numerical information in the financial statements when it is relevant for understanding the current period's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

5. Cash and cash equivalents

Particulars	31-Mar-19	31-Mar-18
	Taka	Taka
Cash at banks:		
Citibank, N.A.	8,032,517	8,035,017
	8,032,517	8,035,017
Cash at banks:		
Citibank, N.A.	0.66	0.62
	0.66	0.62

6. Share capital

Particulars	31-Mar-19	31-Mar-18
	Taka	Taka
Authorised		
1,000,000 Ordinary shares of Tk 10 each	10,000,000	10,000,000
Issued, subscribed and paid-up		
100,000 Ordinary shares of Tk 10 each fully paid up in cash	1,000,000	1,000,000
Shareholding position of the Company is as follows		
Marico Middle East FZE (MME)	999,960	999,960
Directors (as joint holders with MME)	40	40
	1,000,000	1,000,000
	31-Mar-19	31-Mar-18
	₹ Crore	₹ Crore
Authorised		
1,000,000 Ordinary shares of Tk 10 each	0.83	0.78
Issued, subscribed and paid-up		
100,000 Ordinary shares of Tk 10 each fully paid up in cash	0.08	0.08
Shareholding position of the Company is as follows		
Marico Middle East FZE (MME)	0.08	0.08
Directors (as joint holders with MME)	-	-
	0.08	0.08

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

7 Payable for expenses

Particulars	As at March 31,		As at March 31,	
	2019	2018	2019	2018
	Taka	Taka	₹ Crore	₹ Crore
Payable for Audit fees & other services	992,422	934,922	0.08	0.07
	992,422	934,922	0.08	0.07

8 Other payable

Particulars	As at March 31,		As at March 31,	
	2019	2018	2019	2018
	Taka	Taka	₹ Crore	₹ Crore
Withholding tax and VAT payable	26,250	26,250	0.00	0.00

9 Current tax liabilities

Particulars	As at March 31,		As at March 31,	
	2019	2018	2019	2018
	Taka	Taka	₹ Crore	₹ Crore
Provision for income tax (Note 9.1)	5,438,646	5,438,646	0.45	0.42
Advance income tax (Note 9.2)	(3,368,734)	(3,368,734)	(0.28)	(0.26)
	2,069,912	2,069,912	0.17	0.16

9.1 Provision for tax

Opening balance	5,438,646	5,438,646	0.45	0.42
Add: Provision made during the period	-	-	-	-
Less: Adjustment for completed assessments	-	-	-	-
	5,438,646	5,438,646	0.45	0.42

MBL industries limited did not submit last two years (for the year ended 31st March, 2017 and for the year ended 31st march, 2018 and respective assessment year 2017-18 and 2018-19) income tax return to the income tax authority.

9.2 Advance income tax

Opening balance	3,368,734	3,104,114	0.28	0.24
Add: Advance income tax paid during the period	-	264,620	-	0.02
Less: Adjustment for completed assessments	-	-	-	-
	3,368,734	3,368,734	0.28	0.26

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

10 General and administrative expenses

Particulars	As at March 31,		As at March 31,	
	2019	2018	2019	2018
	Taka	Taka	₹ Crore	₹ Crore
Professional charges	-	30,000	-	0.00
Statutory audit fees	57,500	57,500	0.00	0.00
Bank charges	2,500	2,500	0.00	0.00
License fees	-	5,261	-	0.00
Legal fees	-	28,092	-	0.00
	60,000	123,353	0.00	0.01

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

11 Financial risk management

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the Company.

11.1 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, and arises principally from the Company's receivable from customers. .

The maximum exposure to credit risk is represented by the carrying amount of each financial assets in the statement of financial position is as follows:

Particular	Note	As at March 31,			
		2019	2018	2019	2018
		Taka	Taka	₹ Crore	₹ Crore
Cash and cash equivalents	5	8,032,517	8,035,017	0.66	0.62
		8,032,517	8,035,017	0.66	0.62

11.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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 and cash equivalents to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. The requirement is determined in advance through cash flows projections and credit lines facilities with banks are negotiated accordingly.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

The following are the contractual maturities of financial liabilities:

As at 31 March 2019	Note	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
		Taka	Taka	Taka	Taka	Taka	Taka	Taka
Payable for expenses	7	992,422	(992,422)	-	-	(992,422)	-	-
Other payable	8	26,250	(26,250)	26,250	-	-	-	-
		1,018,672	(1,018,672)	(26,250)	-	(992,422)	-	-

As at 31 March 2018	Note	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
		Taka	Taka	Taka	Taka	Taka	Taka	Taka
Payable for expenses	7	934,922	(934,922)	(934,922)	-	-	-	-
Other payable	8	26,250	(26,250)	(26,250)	-	-	-	-
		961,172	(961,172)	(961,172)	-	-	-	-

Particulars	Note	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
		₹Crore	₹Crore	₹Crore	₹Crore	₹Crore	₹Crore	₹Crore
As at 31 March 2019								
Payable for expenses	7	0.08	(0.08)	-	-	(0.08)	-	-
Other payable	8	0.00	0.00	0.00	-	-	-	-
		0.08	0.08	0.08	-	-	-	-

Particulars	Note	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
		₹Crore	₹Crore	₹Crore	₹Crore	₹Crore	₹Crore	₹Crore
As at 31 March 2018								
Payable for expenses	7	0.07	(0.07)	(0.07)	-	-	-	-
Other payable	8	0.00	(0.00)	(0.00)	-	-	-	-
		0.07	(0.07)	(0.07)	-	-	-	-

11.3 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 holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

11.3.1 Currency risk

The Company is not exposed to any currency risk as the payable to holding company is denominated in a currency which is the functional currency of the Company. The Company has not entered into any type of derivatives instrument in order to hedge foreign currency risk as at 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

11.3.2 Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The Company has no loans which may be significantly affected by fluctuations in interest rates.

12 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

13 Accounting classification and fair values

Fair value of financial assets and liabilities together with carrying amount shown in the balance sheet are as follows:

Particulars	As at 31 March 2019		As at 31 March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
Financial assets				
Asset carried at fair value through profit or loss				
	-	-	-	-
Held to maturity assets				
	-	-	-	-
Loans and receivables				
Cash and cash equivalents	8,032,517	8,032,517	8,035,017	8,035,017
Available for sale financial assets				
	-	-	-	-
Financial liabilities				
Liabilities carried at fair value through profit or loss				
	-	-	-	-
Liabilities carried at amortised costs				
Payable for expenses	992,422	N/A*	934,922	N/A*
Other payable	26,250	N/A*	26,250	N/A*

Particulars	As at 31 March 2019		As at 31 March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Financial assets				
Asset carried at fair value through profit or loss				
	-	-	-	-
Held to maturity assets				
	-	-	-	-
Loans and receivables				
Cash and cash equivalents	0.66	0.66	0.62	0.62
Available for sale financial assets				
	-	-	-	-
Financial liabilities				
Liabilities carried at fair value through profit or loss				
	-	-	-	-
Liabilities carried at amortised costs				
Payable for expenses	0.08	N/A*	0.07	N/A*
Other payable	0.00	N/A*	0.00	N/A*

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2019

- Determination of fair value is not required as per the requirements of IFRS 7: Financial Instruments Disclosures (ref: Para 29). However, fair value of such instruments is not likely to be significantly different from the carrying amounts of such instruments.

14 Number of employees

MBL Industries Limited has no employee since July 2009. The employees of Marico Bangladesh Limited provide support for continuing its operations. Preparation and presentation of the financial statements was also done by the employees of Marico Bangladesh Limited.

15 Capital expenditure commitment

There is no such commitment as at 31 March 2019

16 Events after the reporting period

There is no significant event after the reporting period that requires either disclosure of or adjustment to these financial statements.

MARICO MIDDLE EAST FZE

BOARD OF DIRECTORS
(AS ON MARCH 31, 2019)

Mr. Vivek Karve
Mr. Saugata Gupta
Mr. Ashish Modak
Mr. Durgesh Chugh
Mr. Ashish Joshi

SECRETARY & MANAGER

Mr. Venkata Sivaramakrishna (w.e.f. May 17, 2018)

REGISTERED OFFICE

Office No. LB182303 & LB182304, Jebel Ali, Dubai, UAE

AUDITORS

KPMG Lower Gulf Limited, UAE

BANKERS

Standard Chartered Bank
HSBC Bank
Citibank NA
Pt. Bank Mandiri (Persero) TBK, Indonesia

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF MARICO MIDDLE EAST FZE

To the Shareholder of Marico Middle East FZE

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Marico Middle East FZE ("the Company"), which comprise the separate statement of financial position as at 31 March 2019, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements of the Company for the year ended 31 March 2019 are prepared, in all material respects, in accordance with the basis of preparation described in note 2 to the separate financial statements.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements 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 Matter - Basis of Preparation

We draw attention to note 2 to the separate financial statements, which describes the basis of preparation. The separate financial statements are prepared solely for the information of the shareholders of the Company. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the shareholders of the Company and should not be used by parties other than the Company's shareholders. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the basis of preparation as mentioned in note 2 to the financial statements, 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.

Auditors' 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 auditors' 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF MARICO MIDDLE EAST FZE

As part of an audit in accordance with ISAs, 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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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 auditors' 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 auditors' 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.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, UAE
Date:

STATEMENT OF FINANCIAL POSITION

As at 31 March, 2019

Particulars	Note	As at March 31,			
		2019 AED	2018 AED	2019 ₹ Crore	2018 ₹ Crore
Non-current assets					
Equipment and vehicles	9	37,364	35,370	0.07	0.06
Loan to subsidiaries	12	10,538,149	-	19.91	-
Investment in subsidiaries	10	-	-	-	-
		10,575,513	35,370	19.98	0.06
Current assets					
Trade and other receivables	11	29,449,819	30,561,390	55.63	54.23
Loan to subsidiary	12	-	6,791,900	-	12.05
Due from related parties	12	3,552,265	4,551,172	6.70	8.08
Cash at bank and in hand	13	164,919	197,145	0.31	0.35
		33,167,003	42,101,607	62.64	74.71
Current liabilities					
Trade and other payables	14	33,830,292	37,299,816	63.90	66.19
Due to related parties	12	11,845,452	23,455,860	22.38	41.63
Bank borrowings	15	97,473,225	80,230,820	184.12	142.37
		143,148,969	140,986,496	270.40	250.19
Net current liabilities		(109,981,966)	(98,884,889)	(207.74)	(175.47)
Non-current liabilities					
Staff terminal benefits	16	(1,072,690)	(1,080,294)	2.03	1.92
Net liabilities		(100,479,143)	(99,929,813)	(189.80)	(177.33)
Represented by:					
Share capital	17	22,000,000	22,000,000	41.56	39.04
Accumulated losses		(122,479,143)	(121,929,813)	(231.35)	(216.36)
Total equity deficit		(100,479,143)	(99,929,813)	(189.79)	(177.32)

The notes on pages 9 to 33 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on _____ and signed on their behalf by:

Director

Finance Manager

The independent auditors' report is set out on pages 1 to 4.

The exchange rate use to convert AED to ₹ 18.889 (Previous year AED to ₹ 17.745)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March, 2019

Particulars	Note	Year ended March 31,			
		2019	2018	2019	2018
		AED	AED	₹ Crore	₹ Crore
Revenue	6	150,882,621	201,711,593	285.00	357.94
Cost of sales		(114,764,674)	(170,351,910)	(216.78)	(302.29)
Gross profit		36,117,947	31,359,683	68.22	55.65
Administrative, selling and general expenses	7	(33,016,313)	(31,720,786)	62.36	56.29
Finance expense	8	(3,761,826)	(2,835,307)	7.11	5.03
Finance income	8	110,862	140,508	0.21	0.25
Loss for the year		(549,330)	(3,055,902)	(1.04)	(5.42)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		(549,330)	(3,055,902)	(1.04)	(5.42)

The note on pages 9 to 33 are integral part of these financial statements.

The independent auditors' report is set out on page 1 to 4.

The exchange rate use to convert AED to ₹ 18.889 (Previous year AED to ₹ 17.745)

STATEMENT OF CASH FLOWS

For the year ended 31 March, 2019

Particulars	Year ended March 31,			
	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Operating activities				
Loss for the year	(549,330)	(3,055,902)	(1.04)	(5.42)
Adjustments for:				
Impairment of investment in subsidiaries	2,497,850	422,294	4.72	0.75
Depreciation	33,531	90,446	0.06	0.16
Provision for staff terminal benefits	183,485	48,995	0.35	0.09
Interest expense	2,692,363	1,827,459	5.09	3.24
Operating Profit/(loss) before working capital changes	4,857,899	(666,708)	9.18	(1.18)
Changes in inventories	-	241,815	-	0.43
Changes in trade and other receivables	1,111,571	(8,281,065)	2.10	(14.69)
Changes in due from related parties	998,907	(57,616)	1.89	(0.10)
Changes in trade and other payables	(3,469,524)	(1,887,987)	(6.55)	(3.35)
Changes in due to related parties	(11,610,408)	7,153,342	(21.93)	12.69
Staff terminal benefits paid	(191,089)	(427,138)	(0.36)	(0.76)
Net cash used in operating activities	(8,302,644)	(3,925,357)	(15.68)	(6.97)
Investing activities				
Purchase of equipment and vehicles	(35,525)	(31,763)	(0.07)	(0.06)
Net movement in loan to subsidiary	(6,244,099)	(4,774,900)	(11.79)	(8.47)
Net cash from investing activities	(6,279,624)	(4,806,663)	(11.86)	(8.53)
Financing activity				
Net movement in bank borrowings	20,201,500	7,340,000	38.16	13.02
Interest paid	(2,692,363)	(1,827,459)	(5.09)	(3.24)
Net cash from investing activity	17,509,137	5,512,541	33.07	9.78
Net increase/ (decrease) in cash and cash equivalents	2,926,869	(3,219,479)	5.53	(5.71)
Cash and cash equivalents at the beginning of the year	(21,265,675)	(18,046,196)	(40.17)	(32.02)
Cash and cash equivalents at the end of the year	(18,338,806)	(21,265,675)	(34.64)	(37.74)
<i>These comprise:</i>				
Cash in hand	22,588	4,825	0.04	0.01
Cash at bank	142,331	192,320	0.27	0.34
Bank overdraft	(18,503,725)	(21,462,820)	(34.95)	(38.09)
	(18,338,806)	(21,265,675)	(34.64)	(37.74)

The note on pages 9 to 33 are integral part of these financial statements.

The independent auditors' report is set out on page 1 to 4.

The exchange rate use to convert AED to ₹ 18.889 (Previous year AED to ₹ 17.745)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March, 2019

Particulars	Shar	Accumulated	Total	Share	Accumulated	Total
	capital	losses		capital	Losses	
	AED	AED	AED	₹ Crore	₹ Crore	₹ Crore
At 1 April 2017	22,000,000	(118,873,911)	(96,873,911)	39.04	(210.94)	(171.90)
Total comprehensive loss for the year						
Loss for the year	-	(3,055,902)	(3,055,902)	-	(5.42)	(5.42)
Total comprehensive loss for the year	-	(3,055,902)	(3,055,902)	-	(5.42)	(5.42)
As at 31 March 2018	22,000,000	(121,929,813)	(99,929,813)	39.04	(216.36)	(177.33)
At 1 April 2018	22,000,000	(121,929,813)	(99,929,813)	41.56	(230.31)	(188.76)
Total comprehensive loss for the year						
Loss for the year	-	(549,330)	(549,330)	-	(1.04)	(1.04)
Total comprehensive loss for the year	-	(549,330)	(549,330)	-	(1.04)	(1.04)
As at 31 March 2019	22,000,000	(122,479,143)	(100,479,143)	41.56	(231.35)	(189.80)

The note on pages 9 to 33 are integral part of these financial statements.

The exchange rate use to convert AED to ₹ 18.889 (Previous year AED to ₹ 17.745)

NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

1 Reporting entity

Marico Middle East FZE (“the company”) was incorporated in the Jebel Ali Free Zone on 8 November 2005 as a Free Zone Establishment and operates under a trade license issued by the Jebel Ali Free Zone Authority. The registered address of the company is PO Box 50394, Dubai, United Arab Emirates.

The principal activity of the company is the trading of beauty and personal care, hair care, food and health care products, dried vegetables and fruits. The company is a wholly owned subsidiary of Marico Limited (“the Parent Company” or “the Ultimate Holding Company”), a company incorporated in India and listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

2 Basis of preparation

Going concern

These financial statements have been prepared on a going concern basis notwithstanding the fact that the Company incurred a net loss of AED 549,330 (2018: AED 3,055,902) during the year ended 31 March 2019, had net current liabilities amounting to AED 109,981,966 (2018: AED 98,884,889), accumulated losses of AED 122,479,143 (2018: AED 121,929,813) and net liabilities to AED 100,479,143 (2018: AED 99,929,813) as at that date. The continuation of the Company’s operations is dependent upon continued financial support of the Parent Company and the ability of the Company to generate positive cash flows from operations to meet its future obligations as they fall due. The Parent Company has provided an undertaking confirming that they will continue to provide or arrange for such financial support as would be necessary for the Company to meet its obligations as they fall due in the foreseeable future to keep the Company as a going concern.

Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”), and comply, where appropriate with the Implementing Regulations of the Jebel Ali Free Zone Authority (“JAFZA”).

This is the first set of the Company’s annual financial statements in which IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customers have been applied. Changes to the significant accounting policies are described in note 3.

Basis of measurement

These financial statements have been prepared under the historical cost convention.

Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirham (“AED”), which is the Company’s presentation and functional currency.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and 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 recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have most significant effect on the amounts recognised in the financial statements are described in note 20.

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3 Changes in significant accounting policies

The Company has initially applied IFRS 9 and IFRS 15 from 1 January 2018.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services.

Management has done a detailed assessment of the change in accounting policy, following the adoption of IFRS 15, and have concluded that there is no significant impact on the Company's revenue recognition policy. For additional information about the Company's accounting policies with respect to revenue recognition (refer note 4).

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

The following table below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets. There has been no material effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018.

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying value under IAS 39	New carrying value under IFRS 9
Trade and other receivables (excluding advances and prepayments)	Loans and receivables	Amortised cost	30,561,390	30,561,390
Cash balances with banks	Loans and receivables	Amortised cost	197,145	197,145
Due from related parties	Loans and receivables	Amortised cost	4,551,172	4,551,172
Loan to subsidiaries	Loans and receivables	Amortised cost	6,791,900	6,791,900

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities or its carrying values.

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Refer to note 4 for the revised accounting policies for the classification and measurement of financial instruments and details on how the Company accounts for related gains and losses under IFRS 9.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 (refer note 4).

The Company has assessed the application of IFRS 9's impairment requirements at 1 January 2018 on its financial assets and has noted that there is no significant impact on impairment following the remeasurement.

For additional information about the Company's accounting policies with respect to impairment of financial instruments (refer note 4).

Transition

The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the change in accounting policy as mentioned in note 3 to these financial statements.

Revenue from contracts with customers

The effect of initially applying IFRS 15 on the Company's revenue from contracts with customers is described in note 3. Due to transition method chosen in applying IFRS 15, comparative information has not been restated to reflect new requirements.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

Revenue recognition

The effect of initially applying IFRS 15 on the Company's revenue from contracts with customers is described below.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

Sale of goods - policy applicable from 1 January 2018

The Company recognises revenue when it transfers control over a good or service to a customer. Customers obtain control when the goods are delivered and have been accepted by the customers at their premises. Invoices are generated at that point in time. Invoices are usually payable within 30 to 60 days. For contracts that permit the customer to return an item, the Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years. Any discounts and rebates given are recognised as a reduction from revenue.

Sale of goods - policy applicable before 1 January 2018

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant

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risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Transfer of risks and rewards usually occurs at the time of delivery of goods to the customers. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as reduction of revenue as the sales are recognised.

Finance expenses and income

The Company's finance expenses include interest on bank borrowings and bank charges. Finance income includes interest on staff loans and foreign exchange gain.

Interest income and expense is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipt through the expected life of the financial instrument to;

-the gross carrying amount of the financial asset; or

-the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Equipment and vehicles

Recognition and measurement

Items of equipment and vehicles are measured at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Any gain or loss on disposal of an item of equipment and vehicles is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred. Items of equipment and vehicles are depreciated from the date that they are installed and are ready for use.

Depreciation

Depreciation is calculated to write off the cost of items of equipment and vehicles less their estimated residual value using straight-line basis over their estimated useful lives, and is generally recognised in profit or loss.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

The details of the useful lives are as follows:

	Years
Equipment	3
Fixture and fittings	8
Motor vehicles	10

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Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Cost is determined on the weighted average cost method for all inventories and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; fair value through other comprehensive income ("FVOCI") – equity investment; or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL;

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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Financial assets – policy applicable before 1 January 2018

Financial assets at FVTPL were measured at fair value and changes therein, including any interest were recognised in profit or loss.

Held-to-maturity financial assets were measured at amortised cost using the effective interest method.

Loans and receivables were measured at amortised cost using the effective interest method.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii) **Derecognition**

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

Non-derivative financial assets policy applicable from 1 January 2018

The Company recognises loss allowances for ECLs on:

- Financial assets measured at amortized cost.

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The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Other financial assets which include related parties and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

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Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial instruments and contract assets – policy applicable before 1 January 2018

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, the disappearance of an active market for a security and observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (“CGU”).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Staff terminal benefits

The Company’s net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior years. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the year in which they arise.

Operating leases – as lessee

Leases in terms of which the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency (“AED”) at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

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Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2018 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing consolidated financial statements. The new standards which may be relevant to the Company are set out below.

IFRS 16 Leases

The Company is required to adopt IFRS 16 Leases from 1 January 2019. The Company does not expect the application of IFRS 16 to have a significant impact on its financial statements. The actual impacts of adopting the standard on 1 January 2019 may change because:

- the Company has not finalised the testing and assessment of controls over its new IT systems; and
- the new accounting policies are subject to change until the Company presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes 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.

(i) Leases in which the Company is a lessee

The Company will recognize new assets and liabilities for its operating leases of sale offices and warehouses. The nature of expenses related to those leases will then change because the Company will recognize a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized.

In addition, the Company will no longer recognize provisions for operating leases that it assesses to be onerous. Instead, the Company will include the payments due under the lease in its lease liability.

(ii) Leases in which the Company is a lessor

The Company will reassess the classification of leases in which the Company is a lessor.

As at reporting date, the Company is in process of assessing the impact of requirements of IFRS 16 on its accounting for all leases where Company is either lessor or lessee.

Transition

The Company plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of accumulated losses at 1 April 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 April 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

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5. Financial risk management

Overview

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.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management framework is a combination of formally documented policies in certain areas and an informal approach to risk management in others. The Company's senior management is responsible for developing and monitoring the Company's risk management. The Company's senior management reports to the Board of Directors on its activities.

The Company's approach to risk management is established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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 is mainly attributable to trade and other receivables, related party receivables, loan to subsidiaries and cash at bank.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade receivables. The main component of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for group of similar assets in respect of losses that have been incurred but not yet identified.

Amount due from related parties and loan to subsidiaries

Amount due from related parties and loan to subsidiaries are considered recoverable by the management.

Cash at bank

The Company's cash and cash equivalents are held with bank and financial institutions counterparties, which are rated B- to AA+.

Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects the short maturities of the exposure. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or other financial asset. The Company's approach to

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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. 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.

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 optimising the return.

Currency risk

The Company has sales and purchases transactions denominated in United States Dollar ("USD"), a currency to which the AED is currently pegged and accordingly there is currently minimum currency risk on these USD transactions. The Company does not hedge its foreign currency exposure. Management ensures that its foreign currency exposure is kept at an acceptable level by monitoring its purchases and buying and selling foreign currencies at spot rates when necessary to correct short term imbalances.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate exposure on due from a related party is subject to change in bank commercial rates.

Capital management

The Board's policy is to maintain a strong capital base to sustain future development of the business. The Board monitors the return on capital through operating cash flow management. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security offered by a sound capital position. There were no changes in the Company's approach to capital management during the year.

6. Revenue

The effect of initially applying IFRS 15 on the Company's revenue from contracts with customers is described in note 3. Due to the transition method chosen in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

Revenue streams

The Company generates revenue primarily from the sale of clothes and textiles to its customers.

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6 Revenue

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Revenue from contracts with customers	150,882,621	201,711,593	285.00	357.94

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition.

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Primary geographical markets				
Asia	150,882,621	201,711,593	285.00	357.94

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Timing of revenue recognition				
Products transferred at a point in time	150,882,621	201,711,593	285.00	357.94

7 Administrative, selling and general expenses

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Advertising and promotions	15,068,167	16,333,203	28.46	28.98
Staff costs	8,823,519	7,725,025	16.67	13.71
Impairment of investment in subsidiaries (refer note 10)	2,497,850	422,294	4.72	0.75
Royalty charged by Parent Company (refer note 12)	2,014,842	1,787,419	3.81	3.17
Freight, clearing and forwarding expenses	1,155,851	1,096,452	2.18	1.95
Travel expenses	887,492	1,138,383	1.68	2.02
Legal and professional fees	758,835	1,231,232	1.43	2.18
Repair and maintenance	424,424	372,802	0.80	0.66
Rent	419,355	457,598	0.79	0.81
Insurance	295,342	273,798	0.56	0.49
Printing and stationery	245,263	330,148	0.46	0.59
Depreciation (refer note 9)	33,531	90,446	0.06	0.16
Others	391,842	461,986	0.74	0.82
	33,016,313	31,720,786	62.36	56.29

NOTES

(FORMING PART OF THE FINANCIAL STATEMENTS)

8 Finance expense and income

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Finance expense				
Interest on bank borrowings	2,692,363	1,827,459	5.09	3.24
Bank charges	1,069,463	1,007,848	2.02	1.79
	3,761,826	2,835,307	7.11	5.03
Finance income				
Foreign exchange gain - net	110,448	139,243	0.21	0.25
Interest on staff loan	414	550	-	-
Miscellaneous interest income	-	715	-	-
	110,862	140,508	0.21	0.25

9 Plant and Equipment

Particulars	Equipment, fixture and fittings	Motor vehicles	Total	Equipment, fixture and fittings	Motor vehicles	Total
	AED	AED	AED	₹ Crore	₹ Crore	₹ Crore
Cost						
At 1 April 2017	380,116	88,171	468,287	0.67	0.16	0.83
Additions	31,763	-	31,763	0.06	-	0.04
At 31 March 2018	411,879	88,171	500,050	0.73	0.16	0.89
At 1 April 2018	411,879	88,171	500,050	0.73	0.16	0.89
Additions	35,525	-	35,525	0.06	-	0.06
At 31 March 2019	447,404	88,171	535,575	0.85	0.17	1.01
Depreciation						
At 1 April 2017	296,264	77,970	374,234	0.53	0.14	0.66
Charge for the year	80,245	10,201	90,446	0.14	0.02	0.16
At 31 March 2018	376,509	88,171	464,680	0.67	0.16	0.82
At 1 April 2018	376,509	88,171	464,680	0.67	0.16	0.82
Charge for the year	33,531	-	33,531	0.06	-	0.06
At 31 March 2019	410,040	88,171	498,211	0.77	0.17	0.94
Net book value						
At 31 March 2019	37,364	-	37,364	0.07	-	0.07
At 31 March 2018	35,370	-	35,370	0.06	-	0.06

NOTES

(FORMING PART OF THE FINANCIAL STATEMENTS)

10 Investment in subsidiaries

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
MEL Consumer Care Company (refer note (i) below)	1,463,712	162,016	2.60	0.29
Egypt American Investment and Industrial Development Company (EAIIDC) – Gross	12,551,836	12,551,836	22.27	22.27
Marico Malaysia SDN. BHD – Gross	19,084,000	19,084,000	33.86	33.86
MBL Industries Limited	53,971	53,971	0.10	0.10
Marico for Consumer Care Products SAE (refer note (ii) below)	1,196,154	-	2.12	-
	34,349,673	31,851,823	60.95	56.52
Less: provision for impairment of investment in subsidiaries	(34,349,673)	(31,851,823)	(60.95)	56.52
(i) Investment in MEL Consumer Care Company comprise				
Equity shares	162,016	162,016	0.31	0.29
Discounting impact of interest free loan (refer note below)	1,301,696	-	2.46	-
	1,463,712	162,016	2.77	0.29

Investment in Marico for Consumer Care Products SAE comprise:

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Discounting impact of interest free loan (refer note below)	1,196,154	-	2.26	-

The Company has financed unsecured and interest free loans amounting to AED 6.8 million and AED 6.2 million to MEL Consumer Care Company and Marico for Consumer Care Products SAE respectively. The loans represent long term funding by the Company without fixed repayment terms. Since these loans are interest free, the fair value has been computed using the effective interest rate method, based on cash flow projections assuming an estimated repayment period of eight years from the date of disbursement of the respective loan. The fair value of the loans were calculated using a discount rate of 3.47% p.a. and the difference between fair values of the loans to subsidiaries and the notional amounts has been recognised as “investment in subsidiaries” in the statement of financial position. Furthermore, during the year on impairment loss of AED 2.5 million has been recorded against these investments in statement of profit or loss.

Movement in Company's provision for impairment of investments is as follows:

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
At 1 April	31,851,823	31,429,529	60.16	55.77
Provision for during the year (refer note 7)	2,497,850	422,294	4.72	0.75
At 31 March	34,349,673	31,851,823	64.88	56.52

NOTES

(FORMING PART OF THE FINANCIAL STATEMENTS)

11 Trade and other receivables

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Trade receivables	27,315,312	28,709,268	51.60	50.94
Prepayments	199,018	242,880	0.38	0.43
Advances to suppliers	1,044,120	-	1.97	-
Other receivables	891,369	1,609,242	1.68	2.86
	29,449,819	30,561,390	55.63	54.23

12 Related party transactions and balances

The Company, in the normal course of business, carries out transactions with other enterprises that fall within the definition of related party contained in International Accounting Standard 24. The transactions with related parties are entered at mutually agreed terms. Significant transactions with related parties during the year ended were as follows:

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Sales of goods	69,678,116	128,008,667	131.61	227.15
Purchase of goods	43,838,828	47,164,902	82.81	83.69
Royalty charged by parent company (refer note 7)	2,014,842	1,787,419	3.81	3.17
Key management remuneration (including end of service benefits of AED NIL (2018: 69238))	646,069	230,263	1.22	0.41

Compensation to key management personnel:

Key management personnel are employed by a related party and their compensation is not recharged to the Company.

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Due to related parties				
Marico Bangladesh Limited	3,549,665	4,398,721	6.70	7.81
Pyramid for Modern Industries	-	152,451	-	0.27
International Consumer Products	2,600	-	0.00	-
	3,552,265	4,551,172	6.70	8.08
Due to related parties				
Marico Limited	11,614,566	23,114,014	21.94	41.02
MEL Consumer Care Company	10,180	305,215	0.02	0.54
Marico Consumer Care Limited	220,688	36,631	0.42	0.07
Pyramid for Modern Industries	18	-	-	-
	11,845,452	23,455,860	22.38	41.63
Loan to subsidiaries				
MEL Consumer Care Company	6,791,900	6,791,900	12.83	12.05
Marico Consumer Care Product SAE	6,244,099	-	11.79	-
	13,035,999	6,791,900	24.62	12.05
Less: discounting impact of interest free loan (refer note 10)	(2,497,850)	-	(4.72)	-
	10,538,149	6,791,900	19.91	12.05

NOTES

(FORMING PART OF THE FINANCIAL STATEMENTS)

The Company has financed unsecured and interest free loans amounting to AED 6.8 million and AED 6.2 million to MEL Consumer Care Company and Marico for Consumer Care Products SAE respectively. Also refer note 10.

13 Cash at bank and in hand

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Cash in hand	22,588	4,825	0.04	0.01
Cash at bank	142,331	192,320	0.27	0.34
	164,919	197,145	0.31	0.35

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Cash and bank balances	164,919	197,145	0.31	0.35
Bank overdrafts (refer note 15)	(18,503,725)	(21,462,820)	(34.95)	(38.09)
	(18,338,806)	(21,265,675)	(34.64)	(37.74)

14 Trade and other payables

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Trade payables	3,506,823	7,747,138	6.62	13.75
Other payables and accruals	30,323,469	29,552,678	57.28	52.44
	33,830,292	37,299,816	63.90	66.19

15 Bank borrowings

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Term loans	78,969,500	58,768,000	149.17	104.28
Bank overdrafts (refer note 13)	18,503,725	21,462,820	34.95	38.09
	97,473,225	80,230,820	184.12	142.37

Bank borrowings represent term Loans and overdrafts availed from the banks for the purchases made by the Company and these are repayable within 365 days from the date of issue. During the year, the interest rate on these bank borrowings ranged from LIBOR+0.7% to LIBOR+ 0.8 % per annum (2018: LIBOR+0.6% to LIBOR+0.9% per annum). These bank borrowings are secured by corporate guarantee of the parent company.

16 Staff terminal benefits

The movement in staff terminal benefits was as follows:

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
As at 1 April	1,080,294	1,458,437	2.04	2.59
Provision during the year	183,485	48,995	0.35	0.09
Payments during the year	(191,089)	(427,138)	(0.36)	(0.76)
As at 31 March	1,072,690	1,080,294	2.03	1.92

NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

17 Share capital

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Authorised, issued and fully paid up:				
22 shares of AED 1,000,000	22,000,000	22,000,000	41.56	39.04

18 Contingent liabilities and capital commitments

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Financial guarantees	50,000	50,000	0.09	0.09

The company had contracted to lease office premises under non-cancellable operating lease agreements. Minimum lease payments under the leases are as follows:

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Not later than 1 year	98,677	303,718	0.19	0.54

19 Financial instruments

Exposure to credit risk, liquidity risk and market risk arises in the normal course of the Company's business.

a) Credit risk

Exposure to credit risk

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

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Trade receivables	27,315,312	28,709,268	51.60	50.94
Other receivables	891,369	1,609,242	1.68	2.86
Loans to subsidiaries	10,538,149	6,791,900	19.91	12.05
Due from Related parties	3,552,265	4,551,172	6.71	8.08
Cash at bank	142,331	192,320	0.27	0.34
	42,439,426	41,853,902	80.17	74.27

The ageing of trade receivables at the reporting date was:

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Not past due	23,118,044	21,001,181	43.67	37.27
Past due (0-60 days)	4,197,268	7,708,087	7.93	13.68
	27,315,312	28,709,268	51.60	50.94

At 31 March 2019, the Company does not have any provision for impairment loss on its trade receivables (2018: Nil). Based on historic default rates, the Company believes that no impairment allowance is necessary in respect of trade receivables.

NOTES

(FORMING PART OF THE FINANCIAL STATEMENTS)

b) Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements:

Particulars	31 March, 2018							
	AED				₹ Crore			
	Carrying amount	Contractual cash flow	6 month or less	More than 1 year	Carrying amount	Contractual cash flow	6 month or less	More than 1 year
Non-derivative financial liabilities								
Trade and other payables	33,830,292	33,830,292	33,830,292	-	63.90	63.90	63.90	-
Due to related parties	11,845,452	11,845,452	11,845,452	-	22.37	22.37	22.37	-
Bank borrowings	97,473,225	97,473,225	97,473,225	-	184.12	184.12	184.12	-
	143,148,969	143,148,969	143,148,969	-	270.39	270.39	270.39	-

Particulars	31 March, 2017							
	AED				₹ Crore			
	Carrying amount	Contractual cash flow	6 month or less	More than 1 year	Carrying amount	Contractual cash flow	6 month or less	More than 1 year
Non-derivative financial liabilities								
Trade and other payables	37,299,816	37,299,816	37,299,816	-	66.19	66.19	66.19	-
Due to related parties	23,455,860	23,455,860	23,455,860	-	41.62	41.62	41.62	-
Bank borrowings	80,230,820	82,637,745	82,637,745	-	142.37	146.64	146.64	-
	140,986,496	143,393,421	143,393,421	-	250.18	254.45	254.45	-

c) Market risk

Exposure to currency risk

The Company does not have significant exposure to currency risk as the majority of its transactions are in AED which is the Company's functional currency and in USD which is pegged to AED.

Interest rate risk

Profile

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

Variable interest rate instruments

NOTES

(FORMING PART OF THE FINANCIAL STATEMENTS)

Particulars	2019	2018	2019	2018
	AED	AED	₹ Crore	₹ Crore
Bank borrowings	97,473,225	80,230,820	184.12	142.37

Financial instruments

Particulars	Profit or loss			
	100 bp	100 bp	100 bp	100 bp
	Increase	Decrease	Increase	Decrease
	AED	AED	₹ Crore	₹ Crore
31-Mar-2019				
Bank borrowings	(974,732)	974,732	(1.84)	1.84
31-Mar-2018				
Bank borrowings	(802,308)	802,308	(1.52)	1.52

d) Fair values

The Company's management believes that fair value of its financial assets and liabilities are not materially different from the carrying amount at the reporting date.

20 Accounting estimates and judgments

The Company makes estimations and assumptions that affect the reported amount of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment losses on trade receivables

The Company recognises impairment loss for ECLs on its financial assets. The Company measures impairment loss for financial assets at an amount equal to lifetime ECLs for its trade receivables and at an amount equal to 12 months ECL for its due from related parties and cash at banks balances. When estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Going Concern

A principal assumption underlying the preparation of these financial statements is the existence of the continued financial support being provided by the Parent Company of the Company. On the basis of such support, the Company's management is of the opinion that the Company will be able to continue its operations for the next twelve months from the reporting date and that going concern assumption used in the preparation of these financial statements is appropriate. The appropriateness of the going concern assumption shall be reassessed next year.

MEL CONSUMER CARE S.A.E.

BOARD OF DIRECTORS
(AS ON MARCH 31, 2019)

Mr. Padmanabh Maydeo
Mr. Ashish Modak
Mr. Durgesh Chugh
Mr. Ashish Joshi

REGISTERED OFFICE

Building 3, Section 1141, 34,
IBAD Elrahman Street, Masaken Sheraton,
Nozha District-Cairo-Egypt

AUDITORS

KPMG Hazem Hassan

BANKERS

HSBC

LEGAL ADVISORS

Yasser Maharem Office for Accounting & Auditing,
Nassef Law Firm

INDEPENDENT AUDITOR'S REPORT

To the shareholders of MEL Consumer Care

Report on the Financial Statement

We have audited the accompanying separate financial statement of MEL Consumer Care S.A.E., which comprise the separate statement of financial position as at 31 March 2019, the separate statement of income, comprehensive income, changes in shareholders' equity and cash flows for the financial year then ended, and a summary of significant accounting policies other explanatory notes.

Management's Responsibility for the Financial Statement

These financial statements are the responsibility of the company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statement that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statement based on our audit. We conducted our audit in accordance with the Egyptian Standard on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statement are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risks assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statement.

Opinion

In our opinion the separate financial statement referred to above present fairly, in all material respects, the unconsolidated financial position of MEL Consumer Care S.A.E. as at 31 March 2019, and of its unconsolidated financial performance and its unconsolidated cash flow for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulation relating to the preparation of these financial statement.

Emphasis of a matter

Without qualifying our opinion, as indicated in note No. (9) of the notes to separate financial statement, the Company has subsidiadires and in accordance with the Egyptian accounting Standard no (42) (Separate Financial statements) and article 188 of executive regulation of law 159 of 1981, the Company has to prepare consolidate financial statments for the group that could be referred to for a better understanding of the financial position, results of operation and cash flows for the Group as a whole.

Report On Other Legal Regulatory Requirements

The company maintains proper books of account, which include all that is required by law and by Law and by the statutes of the company; the separate financial statement are in agreement thereto.

As explained in note no. (18) Of the note of the financial statement which indicate that the company incurred loss amounted to LE 22 755 427 for the year ended March 31, 2019, and cumulative losses reached to L.E 123 210 707 as of March 31, 2019 which exceeded the half of the company's equity amounting to LE 227 155. In such cases the Egyptian companies law No. 159 for 1981 and it's executive regulations and the company's Article of Incorporation requires the company's management should promptly convoke the Extra-Ordinary Meeting for consideration of the continuance company.

The financial information included in Board Of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive, is in agreement with the Company's books of account.

Cairo 30 May 2019

KPMG Hazem Hassan
Public Accountants & Consultants

BALANCE SHEET

As at 31 March, 2019

Particulars	Note No.	As at March 31,			
		2019 EGP	2018 EGP	2019 ₹ Crore	2018 ₹ Crore
Assets					
Non current assets					
Fixed assets	(19 - 6,8)	9	9	0.00	0.00
Investments in subsidiaries	(19 - 12,9)	1,506,718	1,506,718	0.60	0.56
Total Non current assets		1,506,727	1,506,727	0.60	0.56
Current assets					
Debit balances	(19 - 13,10)	556,445	556,445	0.22	0.22
Due from related parties	(19 -13,11A)	-	11,964,619	-	4.41
Cash and cash equivalents	(19 -14,12)	788	11 193	0.00	0.00
Total current assets		557,233	12,532,257	0.22	4.63
Total Assets		2,063,960	14,038,984	0.82	5.19
Equity					
Issued & paid-up capital	(13)	250,000	250,000	0.09	0.10
Legal reserve	(19 -11)	204,310	204,310	0.08	0.08
Retained (Losses)		(123,210,707)	(100,455,280)	(49.31)	(37.10)
Total Equity		(122,756,397)	(100,000,970)	(49.14)	(36.92)
Current liabilities					
Credit balances	(19 -15,15)	82,866	78,844	0.03	0.03
Due to related parties	(19 -15,11B)	124,539,458	113,763,077	49.84	42.01
Provisions	(19 -10,14)	198,033	198,033	0.09	0.07
Total current liabilities		124,820,357	114,039,954	49.96	42.11
Total liabilities		124,820,357	114,039,954	49.96	42.11
Total equity and liabilities		2,063,960	14,038,984	0.82	5.19

The accompanying notes from page (8) to page (28) form an integral part of these financial statements.

Head of Finance
Mohamed El-Arabi

Chairman
Durgesh Chugh

(Auditor's report "attached")

Note: The exchange rate use to convert EGP to ₹ 4.002 (Previous year EGP to ₹ 3.693)

SEPARATE INCOME STATEMENT

For the financial year ended 31 March 2019

Particulars	Note No.	For the year ended March 31,			
		2019 EGP	2018 EGP	2019 ₹ Crore	2018 ₹ Crore
General and administrative expenses	(3)	(134,735)	(128,886)	(0.05)	(0.06)
Other expenses	(4)	(29,353,370)	(82,506,000)	11.75	9.76
Operating losses		(29,488,105)	(82,634,886)	11.70	9.70
Finance income	(18-4,5)	6,142,391	219,032	2.46	0.08
Finance cost	(18-4)	590,287	-	0.24	-
Net finance income		6,732,678	219,032	2.70	0.08
Loss for the year		(22,755,427)	(82,415,854)	14.40	9.78

-The accompanying notes from (8) to (28) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 4.002 (Previous year EGP to ₹ 3.693)

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

Particulars	For the year ended March 31,			
	2019	2018	2019	2018
	EGP	EGP	₹ Crore	₹ Crore
Net losses for the year	(22,755 427)	(82,415,854)	(9.11)	(30.44)
Other comprehensive income	-	-	-	-
Total Comprehensive losses for the year	(22,755,427)	(82,415,854)	(9.11)	(30.44)

The accompanying notes from page (8) to page (28) form an integral part of these financial statements.

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the financial year ended 31 March 2019

Description	Share capital	Legal reserve	Retained (losses)	Total
	EGP	EGP	EGP	EGP
Balance as at 1 April 2017	250,000	204,310	(18,039,426)	(17,585,116)
Total comprehensive income				
Net (loss) for the year	-	-	(82,415,854)	(82,415,854)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(82,415,854)	(82,415,854)
Total transactions with shareholders	-	-	(82,415,854)	(82,415,854)
Balance as at 31 March 2018	250,000	204,310	(100,455,280)	(100,000,970)
Balance as at 1 April 2018	250,000	204,310	(100,455,280)	(100,000,970)
Total comprehensive income				
Net (loss) for the year	-	-	(22,755,427)	(22,755,427)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(22,755,427)	(22,755,427)
Total transactions with shareholders	-	-	-	-
Balance as at 31 March 2019	250,000	204,310	(123,210,707)	(122,756,397)

Description	Share capital	Legal reserve	Retained (loss)	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Balance as at 1 April 2017	0.09	0.08	(6.66)	(6.49)
Total comprehensive income				
Net (loss) for the year	-	-	(30.44)	(30.44)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(30.44)	(30.44)
Total transactions with shareholders	-	-	(30.44)	(30.44)
Balance as at 31 March 2018	0.09	0.08	(37.10)	(36.93)
Balance as at 1 April 2018	0.10	0.08	(40.20)	(36.93)
Total comprehensive income				
Net (loss) for the year	-	-	(9.11)	(8.40)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(9.11)	(9.11)
Total transactions with shareholders	-	-	-	-
Balance as at 31 March 2019	0.10	0.08	(49.31)	(49.13)

-The accompanying notes from (8) to (28) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 4.002 (Previous year EGP to ₹ 3.693)

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

Particulars	Note No.	Year ended March 31,			
		2019 EGP	2018 EGP	2019 ₹ Crore	2018 ₹ Crore
Cash Flows From Operating Activities :					
Net (Loss) for the year		(22,755,427)	(82,415,854)	(8.40)	(30.44)
Adjustments for:					
Impairment on related parties		29,353,370	26,427,985	10.84	9.76
Impairment on investment in subsidiaries		-	56,078,015	-	20.71
Present value loan interest		(6,142,391)	-	(2.27)	-
Changes In					
Debit balances		-	(549,753)	-	(0.20)
Credit balances		4,022	46,981	-	0.02
Related parties		(469,979)	399,664	(0.17)	0.15
Net Cash (used in) operating activities		(10,405)	(12,962)	(0.00)	(0.00)
Net (decrease) in cash and cash equivalents		(10,405)	(12,962)	(0.00)	(0.00)
Cash and cash equivalents at the beginning of the year (19-14,12)		11,193	24,155	0.00	0.01
Cash and cash equivalents at the end of the year (19-14,12)		788	11,193	0.00	0.00

-The accompanying notes from (8) to (28) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 4.002 (Previous year EGP to ₹ 3.693)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2019

1- General

1-1 Reporting entity

MEL Consumer Care Company . An Egyptian Joint Stock Company – was established under the provisions of law No. 159 of 1981 and its executive regulation . the company was registered in the commercial register under No. 88050 dated 1/10/2006.

1-2 Purpose of the Company

The company's main objective is to produce products related to consumer care and skin care at third part's factories , selling and distributing these products

The company may have an interest or participate in any manner with the companies and others who practice similar activities or may cooperate with the company to achieve its objectives in Egypt or abroad .The company may also merge into the aforementioned entities , purchasing them or make the affiliated there to according to the provision of law and executive regulations.

1-3 The Company's duration

The period of the company is 25 years starting from 1/10/2006 till 30/9/2031.

1-4 Company's location

The company is located at district No 3 – square No 1141 – Sheraton – Nozha – Cairo.

2- Basis of accounting

2-1 Compliance with laws and regulations

The financial statements are prepared in accordance with Egyptian Accounting Standards, and relevant Egyptian laws and regulations.

These financial statements were authorized by the board of directors for issue on 05 June 2018

2-2 Basis of Measurement

The separate financial statement have been prepared on historical cost basis.

2-3 Functional and Presentation Currency

These financial statements are presented in Egyptian Pounds, which is the company's functional currency.

2-4 Use of estimates and judgments

The preparation of the financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that may affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

- The estimates and underlying assumptions are reviewed on an ongoing basis.
- Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects the year under revision and future periods, these differences are recognized only in the year under revision and future periods.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2019

Measurement of Fair Value

- The fair value of the financial instruments measured based on the market value of the financial instrument or similar financial instrument on the date of the financial statements without deducting any evaluated future cost of sales. The financial assets value measured based on the current purchase price of these assets, while the value of the financial liabilities measured based on the current prices that these liabilities could be settled.
- In The absence of an active market to determine the fair value of the financial instruments, the fair value is estimated using various valuation techniques considering the prices of recent transactions occurred, and according to the current fair value of other similar instruments substantially – the discounted cash flows – or any other ways for evaluation, resulting In values that can rely on.
- When using the discounted cash flows as a measurement technique, the future cash flows are evaluated based on the best estimates of management. Used discounted rates is evaluated in the light of the prevailing market price at the date of the financial statements for similar financial instruments in nature and conditions

3- General and administrative expenses

Particulars	2019	2018	2019	2018
	EGP	EGP	₹ Crore	₹ Crore
Salaries and wages	49,869	42,501	0.02	0.02
Legal expnses	1,367	2,452	0.00	0.01
Consulting services	81,620	79,952	0.03	0.03
Other expenses	1,879	3,981	0.00	0.00
	134,735	128,886	0.05	0.06

4- Other expenses

Particulars	2019	2018	2019	2018
	EGP	EGP	₹ Crore	₹ Crore
Impairment on investment in subsidiaries	-	56,078,015	-	20.71
Impairment on related parties	29,353,370	26,427,985	11.75	9.76
	29,353,370	82,506,000	11.75	30.47

5- Finance income

Particulars	2019	2018	2019	2018
	EGP	EGP	₹ Crore	₹ Crore
Present value loan interest	6,142,391	-	2.46	-
Foreign currency translation gain	-	219,032	-	0.08
	6,142,391	219,032	2.46	0.08

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2019

6- Reconciliation of effective tax rate

Particulars	Tax	31/03/2019	Tax	31/03/2018	Tax	31/03/2019	Tax	31/03/2018
	Rate	EGP	Rate	EGP	Rate	₹ Crore	Rate	₹ Crore
Net (loss) before income tax		22,755,427		(82,415,854)		9.11		(30.44)
Income tax on accounting loss	22.50%	(5,119,971)	22.50%	(18,543,567)	22.50%	(2.05)	22.50%	(6.85)
Non – deductible expenses		6,604,508		18,563,850		2.64		6.86
Unrecognized carry forward tax		(100,817)		19,723		(0.04)		0.01
Others		(1,383,720)		(560)		(0.55)		0.00
Income tax	%	-	%	-	%	-	%	-

7- Deferred tax asset / (liabilities)

A- Unrecognized deferred tax assets liabilities

Particulars	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	EGP	EGP	₹ Crore	₹ Crore
Impairment in investment in subsidiaries	12,617,553	12,617,553	5.05	4.66
Impairment in related parties	12,550,805	5,946,297	5.02	2.20
Carry forward tax losses	1,525,765	1,970,497	0.61	0.73
NET	26,694,123	20,534,347	10.68	7.58

Deferred tax assets have not been recognized in respect of these items because there is no sufficient assurance that the company can utilize the benefits therefrom.

8- Fixed Assets

11-A Reconciliation of carrying amount

Description	Computers & Software	Total	Computers & Software	Total
	EGP	EGP	₹ Crore	₹ Crore
Cost				
As at 1/4/2017	342 867	342 867	0.13	0.13
At 31/3/2018	342 867	342 867	0.13	0.13
Cost as at 1/4/2018	342 867	342 867	0.13	0.13
At 31/3/2019	342 867	342 867	0.14	0.14
Accumulated depreciation				
At 1/4/2017	342 858	342 858	0.13	0.13
At 31/03/2018	342 858	342 858	0.13	0.13
Accumulated depreciation as at 1/04/2018	342 858	342 858	0.13	0.13
At 31/03/2018	342 858	342 858	0.13	0.13
Net book Value				
At 31/03/2018	9	9	0.00	0.00
At 31/03/2019	9	9	0.00	0.00

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2019

9- Investments in subsidiaries

Particulars	2019	2018	2019	2018
	EGP	EGP	₹ Crore	₹ Crore
Marico Egypt for Industries Company	1,506,718	1,506,718	0.60	0.56
*Marico for Consumer Care Products	56,078,015	56,078,015	22.44	20.71
(Less):-	57,584,733	57,584,733	23.04	21.27
Impairment on investments in subsidiaries	(56,078,015)	(56,078,015)	(22.44)	(20.71)
	1,506,718	1,506,718	0.60	0.56

10- Debit balances

Particulars	2019	2018	2019	2018
	EGP	EGP	₹ Crore	₹ Crore
Due From Board of Directors	556,445	556,445	0.22	0.21
	556,445	556,445	0.22	0.21

11- Related parties transactions

A summary of significant transactions with related parties is as follows:-

Related party	Nature of Relationship	Type of transactions	Significant transactions during the year ended 2019	Significant transactions during the year ended 2018	Significant transactions during the year ended 2019	Significant transactions during the year ended 2018
			EGP	EGP	₹ Crore	₹ Crore
-Marico for Consumer Care Products	- Affiliated Company	-Investment in subsidiaries	-	54,468,374	-	20.12
-Marico for Consumer Care Products	- Affiliated Company	-Finance for the company without interest	16,065,577	11,752,419	6.43	4.34
Egyptian American Company for investment and industrial development	- Affiliated Company	-Finance for the company without interest	1,323,174	2,778,050	0.53	1.03
-Marico Middle East Company-MME	- Affiliated Company	- Loan without interest	-	22,726,850	-	8.39
-Marico Middle East Company-MME	- Affiliated Company	Present value loan interest	6,142,391	-	2.46	-
-Marico Middle East Company-MME	- Affiliated Company	other	590,150	-	0.24	-
-Marico Egypt for Industries Company	- Affiliated Company	Finance for the company without interest	17,508,922	13,352,817	7.01	4.93
Board of Director		Payment of expenses on behalf of the Company .	-	550185	0.00	0.20

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2019

A) Due from related parties:

Particulars	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	EGP	EGP	₹ Crore	₹ Crore
Marico for Consumer Care Products	52,847,581	36,782,004	21.15	13.58
Egyptian American Company for investment and industrial development	2,933,774	1,610,600	1.17	0.59
	55,781,355	38,392,604	22.32	14.17
(Less):-				
Impairment on related parties	(55,781,355)	(26,427,985)	(22.32)	(9.76)
	-	11,964,619	-	4.41

B) Due to related parties:

Particulars	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	EGP	EGP	₹ Crore	₹ Crore
*Marico Middle East Company-MME	25,921,809	32,654,350	10.37	12.06
Marico Egypt for Industries Company	98,617,649	81,108,727	39.47	29.95
	124,539,458	113,763,077	49.84	42.01

*The balance represented in the loan granted to the company amounted to L.E. 1,495,604 USD.

Interest free, to be paid back on demand of Marico Middle East Company MME.

12- Cash and cash equivalents

Particulars	2019	2018	2019	2018
	EGP	EGP	₹ Crore	₹ Crore
Banks - current accounts	788	11,193	0.00	0.00
	788	11,193	0.00	0.00

13- Share capital

A. Authorized capital of the company is L.E. 2 500 000.

B. The issued and fully paid capital of the company is L.E. 250 000 Egyptian pounds represented in 250 shares, at par value L.E. 1000 , and The percentage of foreigners' contribution is 100%

14- Provisions and impairment in assets

Particulars	Balance as at 1/4/2018	Formed during the year	Balance at 31/03/2019
	EGP	EGP	EGP
Claims provision	198,033	-	198,033
	198,033	-	198,033
Impairment on investment in subsidiaries	56,078,015	-	56,078,015
Impairment on related parties	26,427,985	29,353,370	55,781,355

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2019

Particulars	Balance as at 1/4/2018 ₹ Crore	Formed during the year ₹ Crore	Balance at 31/03/2019 ₹ Crore
Claims provision	0.08	-	0.08
	0.08	-	0.08
Impairment on investment in subsidiaries	22.44	-	22.44
Impairment on related parties	10.58	11.75	22.32

15- Credit balances

Particulars	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	EGP	EGP	₹ Crore	₹ Crore
Accrued expenses	77,000	73,432	0.03	0.03
Social insurance authority	5,761	5,305	0.00	0.00
Other credit balances	105	107	0.00	0.00
	82,866	78,844	0.03	0.03

16- Tax position**a) Corporate Tax:****Years from commencement of operation till 31/3/2018**

The tax inspection has not been done for this period and no tax claims were received.

b) Sales Tax:**Years from commencement of operation till 31/8/2013:**

The tax inspection was done for this period and the company paid all the resulting differences.

Period from 1 January 2013 till 7 September 2016:

The tax inspection has not been done for this period and no tax claims were received.

c) Value added tax

On 7 September 2016, value added tax law no. 67 of 2016 was issued, which superseded law no. 11 of 1991 of sales tax.

Period from 7 September 2016 till 31/03/2019:

The tax inspection has not yet been done for this period and no tax claims were received.

d) Payroll tax:**Years from commencement of operation till 31/03/2018:**

The tax inspection was done for this period and the company paid all the resulting differences.

Years from 1/04/2018 till 31/03/2019

The tax inspection has not yet been done for this period and no tax claims were received.

e) Stamp duty tax:**Years from commencement till 31/12/2013:**

The tax inspection was done for this period and the company paid all the resulting differences.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2019

Period from 1/01/2014 till 31/03/2019 :

The tax inspection has not yet been done for this period and no tax claims were received.

17- Financial instruments and management of risk related to them

Financial instruments are represented in the balances of cash and cash equivalent, due to/from affiliates and subsidiaries and other monetary items included in debtors and creditors accounts and the book value of these financial instruments represents a reasonable estimate of their fair values. Note No. (19) of the notes to the Separate Financial Statements includes the major accounting policies used in recording and measurement of the significant financial instruments and the related revenues and expenses.

a) Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from trade receivables and other related undertakings. This risk is considered nil as there is no balances due from customers.

b) Foreign exchange risk

This risk is represented in the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the translation of its monetary foreign currency assets and liabilities. As of the balance sheet date the company has monetary, foreign currency, assets and liabilities equivalent to L.E.69 and L.E 25921808 respectively.

The net balances of foreign currencies at the balance sheet date are shown below:

Foreign Currency	Deficit
US Dollars	(1,495,600)

And as stated in note (19-1) "Foreign Currency Translation", the above mentioned balances of monetary foreign currency assets and liabilities were translated using the prevailing exchange rate at the balance sheet date.

C- Interest risk

This risk is represented in the changes in interest rates which may influence the result of operations and the value of financial assets and liabilities. The company reduces this risk by settling the accrued liabilities to the banks whenever possible.

D- Liquidity risk

Liquidity risk is represented in the inability of the company to settle its liabilities at its due date. The company's approach in liquidity management is to – whenever possible – assure that it has sufficient liquidity to settle its liabilities at their due date in normal and stressed conditions without bearing any unacceptable losses or damage the company's reputation. Company also assures the availability of the sufficient cash to face expected operating expenditures for a suitable period of time including the financial liabilities encumbrances, excluding from that the effects of severe circumstances that cannot be predicted reasonably as natural disasters.

The carrying amount of the following short term financial liabilities represents the liquidity as at the balance sheet date is as follows:

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2019

Particulars	Book value			
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	EGP	EGP	₹ Crore	₹ Crore
Credit balances	82,866	78,844	0.03	0.03
Due to related parties	124,539,458	113,763,077	49.84	42.01
	124,622,324	113,841,921	49.87	42.04

18- Going concern

The company incurred cumulative losses amounting to L.E 123,210,707 till the year ended 31 March 2019 which exceeded the paid up capital. Most of the company's long and short-term liabilities are represented in the amounts due to the Holding company, which amounted to L.E.25,921,809 and Marico Egypt Company ("Affiliated company") an amount to L.E.98,617,649. The company's management depends on the financial support from the Holding Company in continuing its operations. In accordance with the Companies Law No. 159 of 1981 and its Executive Regulation and the Company's Articles of incorporation, an Extraordinary General Meeting will be convened to decide to continue the company's operations.

The Financial Statements are prepared on the assumption that the company will continue as a going concern in the foreseeable future.

19- Significant accounting policies

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

19-1 Foreign Currency**Foreign Currency Transaction**

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

-available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);

-a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective

-Qualifying cash flow hedges to the extent that the hedges are effective.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2019

19-2 Revenue

- Revenue is recognized once the goods have been carried out and invoice has been issued according to the accrual basis.
- Regarding the revenues from dividends due on financial notes and investments in subsidiary companies, this income is recognized once the general assembly has approved the distribution to its investors or cash received actually.

19-3 Employees Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

19-4 Finance income and finance costs

The company's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- dividends on preference shares issued classified as financial liabilities;
- the net gain or loss on the disposal of available-for-sale financial assets;
- the net gain or loss on financial assets at fair value through profit or loss;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the gain on the re-measurement to fair value of any pre-existing interest in an acquiree in a business combination;
- the fair value loss on contingent consideration classified as a financial liability;
- impairment losses recognized on financial assets (other than trade receivables);
- the net gain or loss on hedging instruments that are recognized in profit or loss; and
- the reclassification of net gains previously recognized in OCI.
- Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

19-5 Income taxes

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

i. Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2019

ii Deferred tax

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

- The initial recognition of good will,
- Or the initial recognition of assets and liabilities for the operations that:
 - 1) Are not business combination
 - 2) And don't affect the net accounting profit nor taxable profit (taxable loss).
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the company. 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; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

19-6 Fixed assets and depreciation

1- Recognition and measurement

Fixed assets are stated at historical cost and presented net of accumulated depreciation and any impairment.

If significant parts of an item of fixed assets have different useful lives, then they are accounted for as items (major components) of fixed assets.

Any gain or loss on disposal of an item of fixed assets is recognized in profit or loss.

2- Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

3- Depreciation

Depreciable assets are depreciated using the straight-line method over the estimated useful life of each type of asset and recognized in profit or loss. Land is not depreciated. The estimated useful lives of the assets for depreciation calculation are as follows:-

Asset	Years
Computer & software	2

4- Construction contracts in progress

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to property, plant and equipment caption when they are completed and are ready for their intended use.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2019

19-7 Financial Instruments

- The company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.
- The company classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

1) Non-derivative financial assets and financial liabilities – Recognition and de-recognition

The company initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the company is recognized as a asset or liability.

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2) Non-derivative financial assets – Measurement Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2019

3) Non-derivative financial liabilities – Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

4) Derivative financial instruments and hedge accounting

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

19-8 Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with Egyptian Accounting Standard No.(24) " Income Tax".

19-9 Impairment

1) Non-derivative financial assets

- Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.
- Objective evidence that financial assets are impaired includes:
 - default or delinquency by a debtor;
 - restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
 - indications that a debtor or issuer will enter bankruptcy;

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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- adverse changes in the payment status of borrowers or issuers;
 - the disappearance of an active market for a security because of financial difficulties; or
 - observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.
- For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortized cost

The company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

2) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2019

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

19-10 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

19-11 Legal reserve

As per the Company's statutes, 10% of the annual net profit is set aside to form a legal reserve; the transfer to such reserve ceases once it reaches 50% of the Company's issued share capital. If the reserve falls below 50%, the Company should resume setting aside 10% of its annual net profit. The reserve can be utilized in covering losses or increasing the Company's share capital.

19-12 Investments

- Investment in subsidiaries and associates are stated at cost and the book value is decreased in the event of permanent decline in the value of these investments. Each investment is valued individually.
- Held to maturity investment are valued at cost. Investment income is recognized when received, after the acquisition date

19-13 Due from related parties , debtors and debit balances

Due from related parties , debtors and debit balances, that do not carry an interest are stated at cost less impairment losses for any amounts expected to be uncollectible

19-14 Cash and cash equivalents

The company considers all cash on hand, bank balances and time deposits with maturity less than three months as cash and cash equivalents.

19-15 Due to related parties, creditors and credit balances

Due to related parties, creditors and credit balances are stated at their cost.

19-16 Cash flow statement

Cash flow statement is prepared according to the indirect method.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2019

19-17 Employees' retirement benefits

The company contributes to the social insurance scheme for the benefits of its employees in pursuance of the Social Insurance Law No. 79 of 1975 as amended. Contributions are charged to expenses as incurred.

19-18 Cash dividends

Dividends are recognized as a liability in the period it's declared.

20- New issues and amendments issued to the Egyptian accounting standards (EAS).

On March 18, 2019, a modified version of the Egyptian Accounting Standards (EAS) was issued including some of the new accounting standards and the amendments to some existing standards.

In the following table, we shall review the most prominent amendments on the Egyptian Accounting Standards (EAS) that have a significant impact on the financial statements of the company.

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
1 The new Egyptian Accounting Standard No. (47) "Financial Instruments"	<p>1 The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes 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.</p> <p>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 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>	The 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2018

	<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 :</p> <p>-Egyptian Accounting Standard No. (1)“Presentation of Financial Statements” as amended in 2019]</p> <p>2-Egyptian Accounting Standard No. (4) -“Statement of Cash Flows”.</p> <p>3-Egyptian Accounting Standard No. (25) - “Financial Instruments: Presentation.</p> <p>4-Egyptian Accounting Standard No. (26) - “Financial Instruments: Recognition and Measurement”.</p> <p>5- Egyptian Accounting Standard - EAS No. (40) - “Financial Instruments: Disclosures “</p>	<p>These ammendments are effective as of the date implementing satadard no.(47).</p>
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2018

<p>The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"</p>	<ol style="list-style-type: none"> 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: 2 Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. 3 Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015. 4 For revenue recognition, Control Model is used instead of Risk and Rewards Model. 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 6 the standard requires that contract must have a commercial substance in order for revenue to be recognized 7 Expanding in the presentation and disclosure requirements 	<p>The 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 January 1st, 2020, and the early implementation thereof is permitted</p>
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2018

<p>The new Egyptian Accounting Standard No. (49) "Lease Contracts"</p>	<ol style="list-style-type: none"> 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 2 The Standard introduces a single 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 or finance lease contracts . 3 As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 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 . 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>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation 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>Anumber of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans</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 No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2018

<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:</p> <ul style="list-style-type: none"> - (ESA 15) Related Party Disclosures - (ESA 17) Consolidated and Separate Financial Statements - (ESA 18) Investments in Associates - ESA 24) Income Taxes - (ESA 29) Business Combinations - ESA (30) Periodical Financial Statements - EAS (44) Disclosure of Interests in Other Entities. 	<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.</p> <p>-The new or amended paragraphs pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) “Consolidated Financial Statements”, as amended and issued in 2019</p>
<p>Issuance of Egyptian Accounting Interpretation No.(1)“Public Service Privileges Arrangements” ...</p>	<p>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</p> <p>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 .</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>Interpretation No.(1) applies to financial periods beginning on or after January 1st, 2019,</p>
<p>Egyptian Accounting Standard No. (22) as amended “ Earnings per Share</p>	<p>The scope of implementation of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.</p>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2018

<p>Egyptian Accounting Standard No. (34) as ammended “ Real Estate Investment</p>	<p>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.</p> <p>while only real estate investment funds are obliged to use the Fair Value Model, upon the subsequent measurement of all their real estate assets.</p> <p>Based on this amendment, the following standards were ammended :</p> <ul style="list-style-type: none"> -Egyptian Accounting Standard No. (32) Non-current Assets Held for Sale and Discontinued Operation -Egyptian Accounting Standard No. (31) Impairment of Assets 	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.</p>
<p>Egyptian Accounting Standard No. (4) as ammended “ Statemnet of Cash Flows”</p>	<p>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 .</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.</p>

**EGYPTIAN AMERICAN FOR INVESTMENT AND
INDUSTRIAL DEVELOPMENT COMPANY S.A.E.**

**BOARD OF DIRECTORS
(AS ON MARCH 31, 2019)**

Mr. Padmanabh Maydeo
Mr. Durgesh Chugh
Mr. Ashish Modak
Mr. Ashish Joshi

REGISTERED OFFICE

Building 3, Section 1141, 34,
IBAD Elrahman Street, Masaken Sheraton,
Nozha District-Cairo-Egypt

AUDITORS

KPMG Hazem Hassan

BANKERS

QNB Al-Ahly
Arab African Bank

LEGAL ADVISORS

Yasser Maharem Office for Accounting and Auditing
Nassef Law Firm

INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Egyptian American Company for Investment and Industrial Development S.A.E.

Report on the financial statements

We have audited the accompanying financial statements of Egyptian American company for Investment and Industrial Development S.A.E, which comprise the statement of financial position as at 31 December 2018, the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

These financial statements are the responsibility of the Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control . An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marico Egypt for Industries Company S.A.E. as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Emphasis of a matter

Without qualifying our opinion, we draw attention to the following:

As indicated in note no. (24) Of the notes to the financial statements related to the company's going concern, the Company incurred cumulative losses amounting to L.E. 10 536 568 up to 31 December 2017, which exceeded the issued and paid up capital. This raises material uncertainty that may cast significant doubt that the Company will be able to continue as a going concern. However, the Company's management are of the opinion that the Company depends on the financial support from the holding company for continuing its operation. In accordance with the Companies Law No. 159 of 1981 and its Executive Regulation and the Company's Articles of incorporation, an extraordinary general meeting should be convened to decide whether the Company should continue its operations.

EGYPTIAN AMERICAN FOR INVESTMENT AND INDUSTRIAL DEVELOPMENT COMPANY S.A.E.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company; the financial statements are in agreement thereto.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the Company's books of account.

KPMG Hazem Hassan

Cairo February 14,2019

EGYPTIAN AMERICAN FOR INVESTMENT AND
INDUSTRIAL DEVELOPMENT COMPANY S.A.E.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

Particulars	Note No.	As at December 31,			
		2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Current assets					
Debit balances	(18-12,9)	50 821	129 156	0.02	0.05
Prepayments					
Cash and cash equivalents	(18-13,11)	1 377	48 208	0.00	0.02
Total current assets		52,198	177,364	0.02	0.07
Total Assets		52,198	177,364	0.02	0.07
Equity					
Issued & paid-up capital	(12)	6,892,000	6,892,000	2.68	2.48
Legal reserve	(18-11)	504,666	504,666	0.20	0.18
Reserves		493	493	0.00	0.00
Retained (losses)		(10,699,560)	(10,536,568)	(4.16)	(3.79)
Total shareholders' Equity		(3,302,401)	(3,139,409)	(1.28)	(1.13)
Current liabilities					
Trade and other payables	(18-14,14)	68 666	1 348 547	0.03	0.48
Due to related parties	(25-14,10)	2 927 358	1 588 451	1.13	0.58
Provisions	(25-10,13)	358 575	379 775	0.14	0.14
Total current liabilities		3,354,599	3,316,773	1.30	1.20
Total equity and liabilities		52,198	177,364	0.02	0.07

The accompanying notes from page (8) to page (23) form an integral part of these financial statements.

Head of Finance

Ashish Modak

Chairman

Durgesh Chugh

Note: The exchange rate use to convert EGP to ₹ 3.884 (Previous year EGP to ₹ 3.593)

EGYPTIAN AMERICAN FOR INVESTMENT AND
INDUSTRIAL DEVELOPMENT COMPANY S.A.E.

INCOME STATEMENT

For the financial year ended 31 December, 2018

Particulars	Note No	Year ended December 31,			
		2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Other income	(3)	21,200	8,501,341	0.01	3.06
General and administrative expenses	(4)	(183,956)	(184,353)	(0.07)	(0.06)
Other expenses	(5)	-	(180,000)	-	(0.06)
Operating profit		(162,756)	8,136,988	(0.06)	2.94
Finance cost	(6-18,4)	(236)	(765)	(0.00)	(0.00)
Net finance (cost) / income		(236)	(765)	(0.00)	(0.00)
Profit before tax		(162,992)	8,136,223	(0.06)	2.92
Income tax expense	(18-5, 7)		(1,597,809)	-	(0.57)
Profit for the year		(162,992)	6,538,414	(0.06)	2.35
Basic earnings per share	(16 -18, 8)	(2)	94.87	-	-

-The accompanying notes from (8) to (23) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.884 (Previous year EGP to ₹ 3.593)

EGYPTIAN AMERICAN FOR INVESTMENT AND
INDUSTRIAL DEVELOPMENT COMPANY S.A.E.

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December, 2018

Particulars	Note No	Year ended December 31,			
		2018	2017	2018	2017
		EGP	EGP	₹ Crore	₹ Crore
Net profits for the year		(162,992)	6,538,414	(0.06)	2.35
Other comprehensive income		-	-	-	-
Total Comprehensive income for the year		(162,992)	6,538,414	(0.06)	2.35

The accompanying notes from page (1) to page (18) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.884 (Previous year EGP to ₹ 3.593)

EGYPTIAN AMERICAN FOR INVESTMENT AND
INDUSTRIAL DEVELOPMENT COMPANY S.A.E.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the financial year ended 31 December, 2018

Description	Share capital	Legal reserve	Other reserves	Retained (loss)	Total
	EGP	EGP	EGP	EGP	EGP
Balance as at 1 January 2017	6,892,000	504,666	493	(17,074,982)	(9,677,823)
Total comprehensive income					
Net profit for the year	-	-	-	6,538,414	6,538,414
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	6,538,414	6,538,414
Balance as at 31 December 2018	6,892,000	504,666	493	(10,536,568)	(3,139,409)
Balance as at 1 January 2018	6,892,000	504,666	493	(10,536,568)	(3,139,409)
Total comprehensive income					
Net profit for the year	-	-	-	(162,992)	(162,992)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(162,992)	(162,992)
Balance as at 31 December 2017	6,892,000	504,666	493	(10,699,560)	(3,302,401)

-The accompanying notes from (1) to (18) form an integral part of these financial statements.

Description	Share capital	Legal reserve	Other reserves	Retained (loss)	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Balance as at 1 January 2018	2.48	0.18	0.00	(6.14)	(3.48)
Total comprehensive income					
Net profit for the year	-	-	-	2.35	2.35
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	2.35	2.35
Balance as at 31 December 2018	2.48	0.18	-	(3.79)	(1.13)
Balance as at 1 January 2017	2.68	0.20	0.00	(4.09)	(1.21)
Total comprehensive income					
Net profit for the year	-	-	-	(0.06)	(0.06)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(0.06)	(0.06)
Balance as at 31 December 2017	2.68	0.20	-	(4.15)	(1.27)

EGYPTIAN AMERICAN FOR INVESTMENT AND
INDUSTRIAL DEVELOPMENT COMPANY S.A.E.

STATEMENT OF CASH FLOWS

For the financial year ended 31 December, 2018

Particulars	Note No.	Year ended December 31,			
		2018	2017	2018	2017
		EGP	EGP	₹ Crore	₹ Crore
Cash flows from operating activities					
Net profit for the year		(162,992)	6,538,414	(0.06)	2.35
Adjustments for:					
Depreciation	(13)	-	9,019	-	0.00
Gain on sale of fixed assets		-	(8,423,887)	-	(3.03)
Provisions formed during the year		-	180,000	-	0.06
Provisions no longer required		(21,200)	(21,200)	(0.01)	(0.01)
Reversal of impairment in fixed assets		-	(254)	-	-
Tax expense		-	1,597,809	-	0.57
Changes In					
Other debit balances		78,335	(11,060)	0.03	(0.00)
Prepayments		-	16,000	-	0.01
Trade and other payables		(19,059)	(17,680)	(0.01)	(0.01)
Related parties		1,338,907	(4,365,800)	0.52	(1.57)
Provisions used		-	(268,900)	-	(0.10)
Income tax paid		(1,260,822)		(0.49)	
Net Cash (used in) operating activities		(46,831)	(4,767,539)	(0.02)	(1.73)
Cash Flows From Investing Activities :					
proceeds from sale of fixed assets		-	4,774,304	-	1.72
Net cash provided from investing activities		-	4,774,304	-	1.72
Net change in cash and cash equivalents		(46,831)	6,765	(0.02)	0.01
Cash and cash equivalents at the beginning of the year		48,208	41,443	0.02	0.01
Cash and cash equivalents at the end of the year	(25-13,17)	1,377	48,208	0.00	0.02

-The accompanying notes from (1) to (18) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.884 (Previous year EGP to ₹ 3.593)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

1- General

1-1 Company's background

Egyptian American Company for Investment and Industrial Development Redico-An Egyptian Joint Stock Company-was established under the provisions of law No.159 of 1981 and its executive regulation. The company was registered in the commercial register under No.117830, dated 14/12/1997.

According to decision of the Extraordinary General Assembly held on 16/12/2006 and the resolution issued by the Chairman of the General Authority For Investments & Free Zone (GAFI) No 235/2 for the year 2007 concerning the Egyptian American Company for Investment and Industrial Development – Redico in order to be divided into two companies according to which the recent name of the company became the Egyptian American Company for Investment and Industrial Development.

The amendment concerning the name of the company was registered in the commercial register on 15/3/2007.

1-2 Purpose of the Company

- Manufacturing cosmetics, perfumes and aromatic oils.
- Importing equipment, machines, tools and raw materials required to execute the objectives of the company.
- Import, export and commercial agencies.

1-3 The Company's duration

The period of the company is 25 years starting from 14/12/1997 till 13/12/2022.

1-4 Company's location

The company is located at district No 3 – square No 1141 – Sheraton – Nozha – Cairo.

2- Basis of accounting

2-1 Statement of compliance

The financial statements are prepared in accordance with Egyptian Accounting Standards, and relevant Egyptian laws and regulations.

These financial statements were authorized by the board of directors for issue on February 10, 2019

2-2 Basis of measurement

These financial statements have been prepared on historical cost basis

2-3 Functional and presentation currency

These financial statements are presented in Egyptian pound (LE), which is the Company's functional currency

2-4 Use of estimates and judgments

The preparation of the financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that may affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS

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- The estimates and underlying assumptions are reviewed on an ongoing basis.
- Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects the year under revision and future periods, these differences are recognized only in the year under revision and future periods.

Measurement of Fair Value

The fair value of the financial instruments measured based on the market value of the financial instrument or similar financial instrument on the date of the financial statements without deducting any evaluated future cost of sales. The financial assets value measured based on the current purchase price of these assets, while the value of the financial liabilities measured based on the current prices that these liabilities could be settled

In the absence of an active market to determine the fair value of the financial instruments, the fair value is estimated using various valuation techniques considering the prices of recent transactions occurred, and according to the current fair value of other similar instruments substantially – the discounted cash flows – or any other ways for evaluation, resulting in values that can rely on.

When using the discounted cash flows as a measurement technique, the future cash flows are evaluated based on the best estimates of management. Used discounted rates is evaluated in the light of the prevailing market price at the date of the financial statements for similar financial instruments in nature and conditions.

3- Other income

Particulars	Year ended December 31,			
	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Reversal of impairment in fixed assets	-	254	-	0.00
Gain on sale of fixed assets	-	8,423,887	-	3.03
Other revenue	-	56,000	-	0.02
Provisions no longer required	21,200	21,200	0.01	0.01
	21,200	8,501,341	0.01	3.06

4- General and administrative expenses

Particulars	Year ended December 31,			
	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Professional fees	142,839	101,662	0.06	0.04
Bank commission	3,380	4,462	0.00	0.00
Legal expenses	37,737	61,862	0.01	0.02
Depreciation	-	9,020	-	0.00
Other expenses	-	7,347	-	0.00
	183,956.00	184,353.00	0.07	0.06

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5- Other expenses

Particulars	Year ended December 31,			
	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Provisions formed during the year	-	180,000	-	0.06
	-	180,000	-	0.06

6- Finance cost

Particulars	Year ended December 31,			
	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Foreign currency translation loss	236	765	0.00	0.00
	236	765	0.00	0.00

7- Reconciliation of effective tax rate

Particulars	Tax	2018	Tax	2017	Tax	2018	Tax	2017
	Rate	EGP	Rate	EGP	Rate	₹ Crore	Rate	₹ Crore
Net profit before income tax		(162,993)		8,136,223		(0.06)		2.92
Income tax on accounting profit	22.50%	(36,673)	22.50%	1,830,650	22.50%	(0.01)	22.50%	0.66
Provisions		4,545		(24,772)		-		(0.01)
Retained tax losses		32,128		(204,386)		0.01		(0.07)
Others		-		(3,683)		-		-
Income tax	19.64%	-	0.61%	(1,597,809)	19.64%	-	0.61%	(0.57)

8- Earnings per share

Particulars	Year ended December 31,			
	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Net profit of the year (L.E)	(162,922)	6,538,414	(0.06)	2.35
Employees' profit share	-	-	-	-
Board of directors remuneration	-	-	-	-
	(162,922)	6,538,414	(0.06)	2.35
Weighted average number of ordinary shares	68,920	68,920	0.03	0.02
Earnings per share (EGP / Share)	(2)	94.87	-	-

9- Debit balances

Particulars	Year ended December 31,			
	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Tax authority withholding tax	-	92,002	-	0.03
other debit balance	50,821	37,154	0.02	0.01
	50,821	129,156	0.02	0.04

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10- Related parties transactions

A summary of significant transactions with related parties is as follows:-

Related party	Nature of Relationship	Type of transactions	Significant transactions during the year ended 31/12/2018	Significant transactions during the year ended 31/12/2017	Significant transactions during the year ended 31/12/2018	Significant transactions during the year ended 31/12/2017
			EGP	EGP	₹ Crore	₹ Crore
MEL Consumer Care Company	- Affiliated Company	Finance for the company without interest	1,338,907	4,365,800	0.52	1.57
MEL Consumer Care Company	- Affiliated Company	- Proceeds from sale of fixed assets on behalf of the company	-	4,500,000	-	1.62

Those transactions resulted in the following balances as at 31 December 2018:

Particulars	Year ended December 31,			
	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
MEL Consumer Care Company	2,927,358	1,588,451	1.13	0.58
	2,927,358	1,588,451	1.13	0.58

11- Cash and cash equivalents

Particulars	Year ended December 31,			
	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Banks - current accounts	1,377	48,208	0.00	0.02
	1,377	48,208	0.00	0.02

12- Share capital

- A. Authorized capital of the company is EGP 25 million.
- B. The issued and fully paid capital of the company is EGP 6 892 000 Egyptian pounds represented in 68 920 shares, at par value EGP 100 all of which is fully paid cash shares.

13- Provisions and impairment in assets

Particulars	Balance as at 1/1/2018	Formed during the year	Used during the year	Provisions no longer required	Balance as at 31/12/2018
	EGP	EGP	EGP	EGP	EGP
Claims provision	337,330	-	-	-	337,330
Provision for legal claims	42,445	-	-	(21,200)	21,245
	379,775	-	-	(21,200)	358,575

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

Particulars	Balance as	Formed	Used during	Provisions	Balance as
	at 1/1/2017	during the	the year	no longer	at 31/12/2017
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Claims provision	0.13	-	-	-	0.13
Provision for legal claims	0.02	-	-	(0.01)	0.01
	0.15	-	-	(0.01)	0.14

14- Trade and other payables

Particulars	Year ended December 31,			
	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Accrued expenses	68,604	87,588	0.03	0.03
Tax authority-Sales tax	62	137	0.00	0.00
Tax authority-Income tax for the year	-	1,260,822	-	0.45
	68,666	1,348,547	0.03	0.48

15- Tax position

a) Corporate Tax:

Years from commencement till 2017

- The company has tax exemption according to article no.(16) of law No.(8) for year 1997 and until 31 December 2012.
- The company wasn't inspected from the inception till now.

b) Sales Tax:

Years from commencement of operation till 2014:

The inspection was completed and the company paid all the resulting differences .

Period from 1 January 2015 till 6 September 2016:

The tax inspection has not yet been done for these years and no tax claims were received.

c) Value added tax

On 7 September 2016, value added tax law no. 67 of 2016 was issued, which superseded law no. 11 of 1991 of sales tax.

Period from 7 September 2016 till 31 December 2018:

The tax inspection has not yet been done for this period and no tax claims were received.

d) Payroll tax:

Years from commencement of operation till 2012

The tax inspection was done and the company paid all the resulting differences.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

Period from 1 January 2013 till 31 December 2016:

The tax inspection was done for these years and no tax claims were received till that date.

Year 2017 & 2018

The tax inspection has not yet been done for this period and no tax claims were received.

e) Stamp duty tax:

Years from commencement till 31 December 2014:

The tax inspection was done and the company paid all the resulting differences.

Years from 1 January 2015 till 31 December 2018:

The tax inspection has not yet been done for these years and no tax claims were received.

f) Withholding tax:

Years from commencement till 31 December 2014:

The inspection was completed and the company paid all the resulting differences.

Years from 2015 till 2018

The company hasn't been inspected, and no tax claims were received.

16- Financial instruments and management of risk related to them

Financial instruments are represented in the balances of cash and cash equivalent, trade & notes receivables, trade and notes payable, due to/from affiliates and other monetary items included in debtors and creditors accounts and the book value of these financial instruments represents a reasonable estimate of their fair values. Note No. (25) of the notes to the financial statements includes the major accounting policies used in recording and measurement of the significant financial instruments and the related revenues and expenses.

a) Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from trade receivables and other related undertakings. This risk is considered nil as there is no balances due from customers.

b) Foreign exchange risk

This risk is represented in the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the translation of its monetary foreign currency assets and liabilities. As of the balance sheet date the company has monetary, foreign currency, assets and liabilities equivalent to L.E. 227 and L.E zero respectively.

The net balances of foreign currencies at the balance sheet date are shown below:

Foreign Currency	(deficit) / surplus
US Dollars	13

And as stated in note (18-1) "Foreign Currency Translation", the above mentioned balances of monetary foreign currency assets and liabilities were translated using the prevailing exchange rate at the balance sheet date.

c) Interest risk

This risk is represented in the changes in interest rates which may influence the result of operations and the value of financial assets and liabilities. The company reduces this risk by settling the accrued liabilities to the banks whenever possible.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

d) Liquidity risk

Liquidity risk is represented in the inability of the company to settle its liabilities at its due date. The company's approach in liquidity management is to – whenever possible – assure that it has sufficient liquidity to settle its liabilities at their due date in normal and stressed conditions without bearing any unacceptable losses or damage the company's reputation. Company also assures the availability of the sufficient cash to face expected operating expenditures for a suitable period of time including the financial liabilities encumbrances, excluding from that the effects of severe circumstances that cannot be predicted reasonably as natural disasters.

The carrying amount of the following short term financial liabilities represents the liquidity as at the balance sheet date is as follows:

Particulars	Book value			
	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Trade and other creditors	68,666	1,348,547	0.03	0.48
Due to related parties	2,927,358	1,588,451	1.14	0.57
	2,996,024	2,936,998	1.17	1.05

17- Going concern

The company incurred cumulative losses amounting to L.E 10 699 560 till the year ended 31 December 2018 which exceeded the paid up capital. Most of the company's long and short-term liabilities are represented in the amounts due to the Holding company, which amounted to L.E. 2 927 358, at the balance sheet date. The company's management depends on the financial support from the Holding Company in continuing its operations. In accordance with the Companies Law No. 159 of 1981 and its Executive Regulation and the Company's Articles of incorporation, an Extraordinary General Meeting will be convened to decide to continue the company's operations.

The financial statements are prepared on the assumption that the company will continue as a going concern in the foreseeable future.

18- Significant accounting policies

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

18-1 Foreign Currency

Foreign Currency Transaction

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective
- Qualifying cash flow hedges to the extent that the hedges are effective.

18-2 Revenue

Revenues are recognized from sale of goods when the risk and benefits related to the ownership of the sold goods are transferred to the customers and the invoice is issued, when asserting in a reliable manner the collection of the sold goods value and estimating the costs related thereto.

18-3 Employees Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

18-4 Finance income and finance costs

The company's finance income and finance costs include:

- interest income;
 - interest expense;
 - dividend income;
 - dividends on preference shares issued classified as financial liabilities;
 - the net gain or loss on the disposal of available-for-sale financial assets;
 - the net gain or loss on financial assets at fair value through profit or loss;
 - the foreign currency gain or loss on financial assets and financial liabilities;
 - the gain on the re-measurement to fair value of any pre-existing interest in an acquiree in a business combination;
 - the fair value loss on contingent consideration classified as a financial liability;
 - impairment losses recognized on financial assets (other than trade receivables);
 - the net gain or loss on hedging instruments that are recognized in profit or loss; and
- the reclassification of net gains previously recognized in OCI.

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

18-5 Income taxes

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

i. Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

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

- The initial recognition of good will,
- Or the initial recognition of assets and liabilities for the operations that:
 - 1) Are not business combination
 - 2) And don't affect the net accounting profit nor taxable profit (taxable loss).
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the company. 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; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

18-6 Fixed assets and depreciation

1- Recognition and measurement

Fixed assets are stated at historical cost and presented net of accumulated depreciation and any impairment.

If significant parts of an item of fixed assets have different useful lives, then they are accounted for as items (major components) of fixed assets.

Any gain or loss on disposal of an item of fixed assets is recognized in profit or loss.

2- Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

3- Depreciation

Depreciable assets are depreciated using the straight-line method over the estimated useful life of each type of asset and recognized in profit or loss. Land is not depreciated. The estimated useful lives of the assets for depreciation calculation are as follow:-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

Asset	Periods
Building and constructions	20
Machinery, tools and equipment	4
Computer & software	2
Office furniture and equipment	4
Motor Vehicles	4

- The estimated remaining useful lives of fixed assets are reviewed periodically (annually).

4- Construction contracts in progress

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to property, plant and equipment caption when they are completed and are ready for their intended use.

18-7 Financial Instruments

- The company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.
- The company classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

1) Non-derivative financial assets and financial liabilities – Recognition and de-recognition

The company initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the company is recognized as a asset or liability.

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2) Non-derivative financial assets – Measurement Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

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For the financial year ended 31 December, 2018

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

3) Non-derivative financial liabilities – Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

4) Derivative financial instruments and hedge accounting

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

18-8 Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with Egyptian Accounting Standard No.(24) " Income Tax".

18-9 Impairment

1) Non-derivative financial assets

- Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.
- Objective evidence that financial assets are impaired includes:
 - default or delinquency by a debtor;
 - restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
 - indications that a debtor or issuer will enter bankruptcy;
 - adverse changes in the payment status of borrowers or issuers;
 - the disappearance of an active market for a security because of financial difficulties; or
 - observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.
- For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortized cost

The company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

2) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

18-10 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

18-11 Legal reserve

As per the Company's statutes, 5% of the annual net profit is set aside to form a legal reserve; the transfer to such reserve ceases once it reaches 50% of the Company's issued share capital. If the reserve falls below 50%, the Company should resume setting aside 5% of its annual net profit. The reserve can be utilized in covering losses or increasing the Company's share capital.

18-12 Receivables, due from related parties , debtors and debit balances

Receivables, due from related parties , debtors and debit balances, that do not carry an interest are stated at cost less impairment losses for any amounts expected to be uncollectible.

18-13 Cash and cash equivalents

The company considers all cash on hand, bank balances and time deposits with maturity less than three months as cash and cash equivalents.

18-14 Payables, due to related parties ,creditors and credit balances

Payables, due to related parties, creditors and credit balances are stated at their cost.

18-15 Cash flow statement

Cash flow statement is prepared according to the indirect method.

18-16 Cash dividends

Dividends are recognized as a liability in the period it's declared.

MARICO EGYPT FOR INDUSTRIES (SAE)

BOARD OF DIRECTORS
(AS ON MARCH 31, 2019)

Mr. Padmanabh Maydeo
Mr. Ashish Modak
Mr. Durgesh Chugh
Mr. Ashish Joshi
Mr. Mohamed El Araby (representative of MELCC)

REGISTERED OFFICE

Building 3, Section 1141, 34,
IBAD Elrahman Street, Masaken Sheraton,
Nozha District-Cairo-Egypt

AUDITORS

KPMG Hazem Hassan

BANKERS

HSBC
QNB Al-Ahly
SAIB Bank

LEGAL ADVISORS

Yasser Maharem Office for Accounting & Auditing
Nassef Law Firm

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Marico Egypt for industries SAE

Report on the financial statement

We have audited the accompanying financial statements of Marico Egypt for Industries Company S.A.E., which comprise the statement of financial position as at 31 December 2018, the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

These financial statements are the responsibility of the Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control . An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marico Egypt for Industries Company S.A.E. as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Emphasis of a matter

Without qualifying our opinion, as indicated in note no. (28) Of the notes to the financial statements related to the company's going concern, the Company incurred cumulative losses of L.E. 15,354,631 up to 31 December 2018, which exceeded the issued and paid up capital. This raises material uncertainty that may cast significant doubt that the Company will be able to continue as a going concern. However, the Company's management are of the opinion that the Company depends on the financial support from the holding company for continuing its operation. In accordance with the Companies Law No. 159 of 1981 and its Executive Regulation and the Company's Articles of incorporation, an extraordinary general meeting should be convened to decide whether the Company should continue its operations.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company; the financial statements are in agreements thereto. The Company maintains proper costing accounts and the inventory was counted by management in accordance with methods in practice.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the Company's books of account.

KPMG Hazem Hussan

Cairo, February 14, 2019

MARICO EGYPT FOR INDUSTRIES (SAE)

STATEMENT OF FINANCIAL POSITION

As at 31 December, 2018

Particulars	Notes No.	As at December 31,			
		2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Assets					
Non current assets					
Fixed assets	(29-7,14)	2,322,991	7,639,244	0.90	2.74
Intangible assets	(29-8,15)	1	6	0.00	0.00
Total Non current assets		2,322,992	7,639,250	0.90	2.74
Current assets					
Inventories	(29-6,16)	-	25,358,880	-	9.11
Trade & other receivables	(29-14,17)	1,014,015	14,144,695	0.41	5.08
Prepayments	(29-14,18)	8,596	492,844	-	0.18
Investment held to maturity	(29-15,20)	8,886,796	20,493,864	3.47	7.36
Cash and cash equivalent	(29-15,21)	38,903	3,506,082	0.01	1.27
Total current assets		9,948,310	63,996,365	3.89	23.00
Total Assets		12,271,302	71,635,615	4.79	25.74
Equity					
Issued capital	(22)	12,287,690	12,287,690	4.77	4.41
Legal reserve	(29-13)	4,941,647	4,941,647	1.92	1.78
Retained earnings		(15,354,631)	(15,156,858)	(5.97)	(5.45)
Total Equity		1,874,706	2,072,479	0.72	0.74
Current liabilities					
Provisions	(29-12,23)	2,538,520	5,228,468	0.99	1.88
Banks overdraft	(244)	4,479,922	11,098,683	1.75	3.99
Due to related parties	(29-16,19B)	71,544	16,501,966	0.05	5.93
Trade & Other Payable	(29-16,25)	3,036,263	36,402,530	1.17	13.09
Total current liabilities		10,126,249	69,231,647	3.96	24.89
Non current liabilities					
Deferred tax liabilities	(29-5,13A)	270,347	331,489	0.11	0.11
Total Non current liabilities		270,347	331,489	0.11	0.11
Total liabilities		10,396,596	69,563,136	4.04	24.99
Total equity and liabilities		12,271,302	71,635,615	4.79	25.74

The accompanying notes from (1) to (24) form an integral part of these financial statements.

Auditor's report attached

Head of Finance

Ashish Modak

Chairman

Durgesh Chugh

Note: The exchange rate use to convert EGP to ₹ 3.884 (Previous year EGP to ₹ 3.593)

MARICO EGYPT FOR INDUSTRIES (SAE).

INCOME STATEMENT

For the financial year ended 31 December, 2018

Particulars	Notes No.	For the year ended December 31,			
		2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Revenues	(29-2,3)	58,292,564	85,824,724	22.65	30.84
Less:					
Cost of sales	(4)	45,894,995	56,419,275	17.83	20.27
Gross profit		12,397,569	29,405,449	4.82	10.57
Other income	(5)	3,191,797	1,910,287	1.24	0.69
Selling & distribution expenses	(6)	(11,057,004)	(32,940,149)	(4.29)	(11.84)
General & Administrative expenses	(7)	(5,975,725)	(23,597,071)	(2.31)	(8.48)
Other expenses	(8)	(162,003)	(95,384,079)	(0.06)	(34.27)
Operating Loss		(1,605,366)	(120,605,563)	(0.62)	(43.33)
Finance income	(29-4,9)	3,566,269	2,973,773	1.39	1.07
Finance cost	(24-4,10)	(1,676,271)	(639,386)	(0.65)	(0.23)
Net finance income		1,889,998	2,334,387	0.74	0.85
Profit /(Loss) before tax		284,632	(118,271,176)	0.12	(42.48)
Income tax expense	(29-5,11)	(482,405)	(489,374)	(0.19)	(0.18)
Loss for the year		(197,773)	(118,760,550)	(0.08)	(42.67)
losses per share	(29-17,12)	(0.16)	(96.65)	-	-

-The accompanying notes from (8) to (30) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.884 (Previous year EGP to ₹ 3.593)

MARICO EGYPT FOR INDUSTRIES (SAE)

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December, 2018

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Loss for the year	(197,773)	(118,760,550)	(0.08)	(42.67)
Other comprehensive income items	-	-	-	-
Total Comprehensive loss for the year	(197,773)	(118,760,550)	(0.08)	(42.67)

The accompanying notes from (8) to (30) form an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the financial year ended 31 December, 2018

Description	Issued & paid-in- capital EGP	Legal reserve EGP	Retained Losses EGP	Total EGP
Balance as of 1/1/2017	12,287,690	4,941,647	103,603,692	120,833,029
Comprehensive income				
Other comprehensive income items	-	-	-	-
Net profit for the year 2017	-	-	(118,760,550)	(118,760,550)
Total comprehensive income	-	-	(118,760,550)	(118,760,550)
Transactions with shareholders				
Transferred to legal reserve	-	-	-	-
Total Transactions with shareholders	-	-	-	-
Balance as of 31/12/2017	12,287,690	4,941,647	(15,156,858)	2,072,479
Balance as of 1/1/2018	12,287,690	4,941,647	(15,156,858)	2,072,479
Comprehensive income				
Other comprehensive income items	-	-	-	-
Net profit for the year 2018	-	-	(197,773)	(197,773)
Total comprehensive income	-	-	(197,773)	(197,773)
Transactions with shareholders				
Transferred to legal reserve	-	-	-	-
Total Transactions with shareholders	-	-	-	-
Balance as of 31/12/2018	12,287,690	4,941,647	(15,354,631)	1,874,706

Description	Issued & paid-in- capital ₹ Crore	Legal reserve ₹ Crore	Retained Losses ₹ Crore	Total ₹ Crore
Balance as of 1/1/2017	4.41	1.78	37.22	43.41
Comprehensive income				
Other comprehensive income items	-	-	-	-
Net profit for the year 2017	-	-	(42.67)	(42.67)
Total comprehensive income	-	-	(42.67)	(42.67)
Transactions with shareholders				
Transferred to legal reserve	-	-	-	-
Total Transactions with shareholders	-	-	-	-
Balance as of 31/12/2017	4.41	1.78	(5.45)	0.73
Balance as of 1/1/2018	4.77	1.92	(5.89)	0.81
Comprehensive income				
Other comprehensive income items	-	-	-	-
Net profit for the year 2018	-	-	(0.08)	(0.08)
Total comprehensive income	-	-	(0.08)	(0.08)
Transactions with shareholders				
Transferred to legal reserve	-	-	-	-
Total Transactions with shareholders	-	-	-	-
Balance as of 31/12/2018	4.77	1.92	(5.96)	0.73

-The accompanying notes from (8) to (30) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.884 (Previous year EGP to ₹ 3.593)

MARICO EGYPT FOR INDUSTRIES (SAE)

STATEMENT OF CASH FLOW

For the financial year ended 31 December, 2018

Particulars	Notes No	Year ended December 31,			
		2018	2017	2018	2017
		EGP	EGP	₹ Crore	₹ Crore
Cash flows from operating activities					
Net (loss) profit for the year		(197,773)	(118,760,550)	(0.07)	(42.67)
Adjustments for:					
Depreciation	14	1,462,924	2,935,300	0.57	1.05
Impairment in fixed assets		(23,387)	(14,979)	(0.01)	(0.01)
Write - down of inventory		(2,320,884)	360,528	(0.90)	0.13
Gain on sale of fixed assets		(836,709)	(309,391)	(0.32)	(0.11)
Provisions formed		749,000	4,511,041	0.29	1.62
Provisions no longer required		(2,741,768)	(1,347,734)	(1.06)	(0.48)
Impairment in related parties		(377,257)	92,086,252	(0.15)	33.09
Treasury bills tax		-	517,021	-	0.19
Tax expense		482,405	(27,647)	0.19	(0.01)
Return on investment treasury bills		(331,746)	(662,614)	(0.13)	(0.24)
Changes In					
Inventories		27,679,764	(9,291,482)	10.75	(3.34)
Trade and other receivables		13,130,680	4,266,301	5.10	1.53
Prepayments		484,248	2,437,953	0.19	0.88
Trade and other payables		(33,909,814)	9,153,207	(13.17)	3.29
Related parties		(16,053,165)	18,288,226	(6.24)	6.57
Provisions used		(697,180)	(824,534)	(0.27)	(0.30)
Net cash (used in)/from operating activities		(13,500,662)	3,316,898	(5.24)	1.19
Cash Flows From Investing Activities :					
Proceeds from sale of fixed assets and intangible assets		4,713,430	4,66,090	1.83	0.17
(Acquisition of) / investment held to maturity		(8,555,050)	(16,659,862)	(3.32)	(5.99)
Acquisition of fixed assets		20,493,864	-	7.96	-
Net cash from/(used in) investing activities		-	(288,884)	-	(0.10)
		16,652,244	(16,482,656)	6.47	(5.92)
Cash Flows From Financing Activities					
Proceeds from banks facilities		(6,618,761)	7,716,022	(2.57)	2.77
Net cash (used in)/from financing activities		(6,618,761)	7,716,022	(2.57)	2.77
Net change in cash and cash equivalents		(3,467,179)	(5,449,736)	(1.35)	(1.96)
Cash and cash equivalents at the beginning of the year		3,506,082	8,955,818	1.36	3.22
Cash and cash equivalents at the end of the year		38,903	3,506,082	0.01	1.26

-The accompanying notes from (8) to (30) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.884 (Previous year EGP to ₹ 3.593)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

1- General

1-1 Company's background

Pyramids for modern Industries Company" was established according to the law No 8 year 1997 of investment guarantees and its executive regulations and was registered in the commercial register under No 79585 dated 26/2/1998.

On 17/12/2006, the contract of the company was approved to amend the articles No (2), (5), (7) which was ratified in public notary office under ratification No 25/A for year 2007, and the chairman of the General Authority of Investment decree No 61/E of year 2007 to change the name of the company to Mel for Consumer Care products & its partners "Pyramids modern Industries" (PIM) and changing the legal entity of the company to general partnership.

According to the decision of the partners meeting which was held on 29/11/2007 for approving the changing of the legal status of the company from general partnership Co to joint stock according to the law No 8 year 1997.

On 1/6/2008, the partners meeting approved the resolution of the Chairman of the General Authority For Investment No. 1646/4 for year 2006 that resulted of company's net equity amounted to L.E. 12 287 690 as of 31/12/2007, approving the changing of the legal status of the company from general partnership Co to joint stock according to the law No 8 year 1997, and changing the company's name to Marico Egypt for Industries Company (S.A.E).

1-2 Purpose of the Company

- Manufacturing of all cosmetics, perfumes, hair and skin care products, soap, toothpaste, hair shampoo and oil processed and hair dyes and the production of various cleaning materials, pesticides, disinfectants, and varnish, all sorts of adhesives and packing the products mentioned.

1-3 The Company's duration

The period of the company is 25 years starting from 26/2/1998 till 25/2/2023.

1-4 Company's location

- The company is located at district No 3 – square No 1141 – Sheraton – Nozha –Cairo.

2- Basis of accounting

2-1 Statement of compliance

The financial statements are prepared in accordance with Egyptian Accounting Standards, and relevant Egyptian laws and regulations.

These financial statements were authorized by the board of directors for issue on 29 March 2019

2-2 Basis of measurement

These financial statements have been prepared in historical cost basis .

2-3- Functional and Presentation Currency

These financial statements are presented in Egyptian pound (LE), which is the Company's functional currency.

3- Use of estimates and judgments

The preparation of the financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that may affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

- The estimates and underlying assumptions are reviewed on an ongoing basis.
- Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects the year under revision and future periods, these differences are recognized only in the year under revision and future periods.

Measurement of Fair Value

- The fair value of the financial instruments measured based on the market value of the financial instrument or similar financial instrument on the date of the financial statements without deducting any evaluated future cost of sales. The financial assets value measured based on the current purchase price of these assets, while the value of the financial liabilities measured based on the current prices that these liabilities could be settled.
- In the absence of an active market to determine the fair value of the financial instruments, the fair value is estimated using various valuation techniques considering the prices of recent transactions occurred, and according to the current fair value of other similar instruments substantially – the discounted cash flows – or any other ways for evaluation, resulting in values that can rely on.
- When using the discounted cash flows as a measurement technique, the future cash flows are evaluated based on the best estimates of management. Used discounted rates is evaluated in the light of the prevailing market price at the date of the financial statements for similar financial instruments in nature and conditions

3- Revenues

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Domestic sales	67,212,048	144,001,517	26.11	51.74
Exports sales	-	-	-	-
Intercompany sales	14,442,348	205,693	5.61	0.07
Less:				
Sales discount	(24,263,578)	(57,918,943)	(9.42)	(20.81)
Return of sales provision	901,746	(463,543)	0.35	(0.17)
	58,292,564	85,824,724	22.65	30.84

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

4- Cost of Sales

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Materials	28,207,143	49,539,058	10.96	17.80
Depreciation	1,064,428	2,336,284	0.41	0.84
Salaries and wages	4,759,269	3,611,526	1.85	1.30
Other manufacturing cost	1,669,247	5,766,282	0.65	2.07
Write-down of inventories	(2,320,883)	360,528	(0.90)	0.13
Inventory allowance	152,565	(697,799)	0.06	(0.25)
	33,531,769	60,915,879	13.03	21.89
Change in finished goods and work in progress inventory	12,363,186	(4,496,604)	4.80	(1.62)
	45,894,955	56,419,275	17.84	20.27

5- Other income

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Scrap sales	114,422	238,183	0.04	0.09
Gain on sale of fixed assets	836,709	309,391	0.32	0.11
Reversal of impairment in fixed assets	23,387	14,979	0.01	0.01
Reversal of impairment in Related assets	377,257	-	0.15	-
Provisions no longer required	1,840,022	1,347,734	0.71	0.48
	3,191,797	1,910,287	1.22	0.69

6- Selling and distribution expenses

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Salaries and wages	629,729	5,872,512	0.24	2.11
Depreciation	-	123,135	-	0.04
Advertisements and marketing expenses	6,190,624	17,113,531	2.40	6.15
Commission expenses	857,763	2,876,754	0.33	1.03
Rent expense	-	1,261,676	-	0.45
Research expense	269,676	1,169,897	0.10	0.42
Royalties	201,677	435,596	0.08	0.16
Other selling expenses	2,907,535	4,087,048	1.13	1.47
	11,057,004	32,940,149	4.29	11.84

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

7- General and administrative expenses

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Salaries and wages	1,051,394	5,258,694	0.41	1.89
Depreciation	398,496	471,765	0.15	0.17
Consulting services	1,303,698	7,229,831	0.51	2.60
Travel and accommodation expenses	183,631	1,392,969	0.07	0.50
Rent expense	630,806	1,802,330	0.25	0.65
Computer expenses	291,233	2,345,452	0.11	0.84
Communications expenses	201,126	220,323	0.08	0.08
Insurance expenses	243,984	556,258	0.09	0.20
Vehicles expenses	271,376	523,599	0.11	0.19
Medical expenses	110,111	300,529	0.04	0.11
Electricity expenses	8,100	79,651	0.00	0.03
Security expenses	28,842	101,426	0.01	0.04
Other expenses	1,252,928	3,314,244	0.49	1.19
	5,975,725	23,597,071	2.31	8.48

8- Other expenses

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Provision formed during the year	162,003	3,297,827	0.06	1.18
Impairment in related parties balances	-	92,086,252	-	33.09
	162,003	95,384,079	0.06	34.27

9- Finance income

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Credit interest	2,415,766	2,360,327	0.94	0.85
Foreign currency exchange gain	1,150,503	613,446	0.45	0.22
	3,566,269	2,973,773	1.39	1.07

10- Finance cost

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Debit interest	1,676,271	639,386	0.65	0.23
	1,676,271	639,386	0.65	0.23

11- Reconciliation of effective tax rate

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

Particulars	Tax	2018	Tax	2017	Tax	2018	Tax	2017
	Rate	EGP	Rate	EGP	Rate	₹ Crore	Rate	₹ Crore
Net loss before income tax		284,632		(118,271,176)		0.11		(42.49)
Income tax on accounting profit	22.50%	64,042	22.50%	(26,611,015)	22.50%	0.02	22.50%	(9.56)
Non – deductible expenses		80,922		54,683		0.03		0.02
Treasury bills revenue		543,547		517,021		0.21		0.19
Deferred tax differences from prior years		-		221,916		-		0.08
Unrecognized tax losses		1,011,476		4,980,020		0.39		1.79
Provisions		(1,217,582)		21,326,749		(0.47)		7.66
Tax exemptions		-		-		-		-
Income tax	1.69%	482,405	(8.65%)	489,374	0.41%	0.19	(8.65%)	0.18

12- Earnings per share

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Net (losses) of the year (L.E.)	(197,773)	(118,760,550)	(0.08)	(42.67)
Employees' profit share	-	-	-	-
Board of directors remuneration	-	-	-	-
	(197,773)	(118,760,550)	(0.08)	(42.67)
Average number of shares	1,228,769	1,228,769	0.48	0.44
(Losses) earnings per share (EGP / Share)	(0.16)	(96.65)	0.00	0.00

13- Deferred tax asset / (liabilities)

A- Recognized deferred tax assets/ (liabilities)

Particulars	31.12.2018			
	Assets / (Liabilities)		Assets / (Liabilities)	
	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Fixed assets	-	(331,489)	-	(0.12)
NET	-	(331,489)	-	(0.12)
less				
Deferred tax previously charged	-	(359,136)	-	(0.13)
Deferred tax charged to the statement of income	-	27,647	-	0.01

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

B- Unrecognized deferred tax assets

Particulars	2018	2017	2018	2017
	EPG	EPG	₹Crore	₹Crore
Written down of in inventory	-	522,199	-	0.19
Impairment in accounts and notes receivable	50,922	50,850	0.02	0.02
Claims provision	571,167	1,176,405	0.22	0.42
Impairment in related parties	20,634,524	20,719,407	8.01	7.44
	21,256,613	22,468,861	8.26	8.07

Deferred tax assets have not been recognized in respect of these items because there is no sufficient assurance that the company can utilize the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

14- Fixed assets(net)

Description	Land		Buildings & Constructions		Machinery, Tools & Equipment		Lab Equipment		Computers & Software		Office Furniture, Equipment		Motor Vehicles		Total		
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	
Cost as of 1 January 2017	199,530	3,329,678	19,591,005	1,214,875	601,792	1,627,021	2,111,000										28,674,901
Additions during the year	-	-	-	-	184,704	104,180	-	-	-	-	-	-	-	-	-	-	288,884
Disposals during the year	-	-	-	-	-	(74,189)	(615,000)	-	-	-	-	-	-	-	-	-	(689,189)
Cost as of 31 December 2017	199,530	3,329,678	19,591,005	1,214,875	786,496	1,657,012	1,496,000										28,274,596
Cost as of 1 January 2018	199,530	3,329,678	19,591,005	1,214,875	786,496	1,657,012	1,496,000										28,274,596
Disposals during the year	-	-	(14,948,326)	(219,160)	(744,552)	(1,084,851)	(513,000)										(17,509,889)
Cost as of 31 December 2018	199,530	3,329,678	4,642,679	995,715	41,944	572,161	983,000										10,764,707
Accumulated depreciation as of 1 January 2017	-	1,269,514	13,209,430	976,077	522,280	1,257,942	973,912										18,209,155
Depreciation for the year	-	,166,484	1,989,319	173,307	108,075	169,366	328,749										2,935,300
Accumulated depreciation for disposals	-	-	-	-	-	(74,160)	(458,330)										(532,490)
Accumulated depreciation as of 31 December 2017	-	1,435,998	15,198,749	1,149,384	630,355	1,353,148	844,331										20,611,965
Accumulated depreciation as of 1 January 2018	-	1,435,998	15,198,749	1,149,384	630,355	1,353,148	844,331										20,611,965
Depreciation for the year	-	,166,484	,739,241	,52,765	98,662	140,147	265,625										1,462,924
Accumulated depreciation for disposals	-	-	(11,409,189)	(209,125)	(687,101)	(987,009)	(340,749)										(13,633,173)
Accumulated depreciation as of 31 December 2018	-	1,602,482	4,528,801	993,024	41,916	506,286	769,207										8,441,716
Impairment of fixed assets																	
Impairment of fixed assets at 31/12/2017	-	-	,23,387	-	-	-	-										,23,387
Impairment of fixed assets at 31/12/2018	-	-	-	-	-	-	-										-
Net book Value																	
At 31/12/2017	199,530	1,893,680	4,368,869	,65,491	,156,141	303,864	651,669										7,639,244
At 31/12/2018	199,530	1,727,196	113,878	2,691	28	65,875	213,793										2,322,991

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For the financial year ended 31 December, 2018

Description	Land	Buildings & Constructions	Machinery, Tools & Equipment	Lab Equipment	Computers & Software	Office Furniture, Equipment	Motor Vehicles	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Cost								
Cost as of 1 January 2017	0.07	1.20	7.04	0.44	0.22	0.58	0.76	10.30
Additions during the year	-	-	-	-	0.07	0.04	-	0.10
Disposals during the year	-	-	-	-	-	(0.03)	(0.22)	(0.25)
Cost as of 31 December 2017	0.07	1.20	7.04	0.44	0.28	0.60	0.54	10.16
Cost as of 1 January 2018	0.07	1.20	7.04	0.44	0.28	0.60	0.54	10.16
Disposals during the year	-	-	(5.81)	(0.09)	(0.29)	(0.42)	(0.20)	(6.80)
Cost as of 31 December 2018	0.08	1.30	1.81	0.39	0.02	0.22	0.38	4.19
Accumulated depreciation as of 1 January 2017	-	0.46	4.75	0.35	0.19	0.45	0.35	6.54
Depreciation for the year	-	0.06	0.71	0.06	0.04	0.06	0.12	1.05
Accumulated depreciation for disposals	-	-	-	-	-	(0.03)	(0.16)	(0.19)
Accumulated depreciation as of 31 December 2017	-	0.52	5.46	0.41	0.23	0.49	0.30	7.41
Accumulated depreciation as of 1 January 2018	-	0.52	5.46	0.41	0.23	0.49	0.30	7.41
Depreciation for the year	-	0.06	0.29	0.02	0.04	0.05	0.10	0.57
Accumulated depreciation for disposals	-	-	(4.43)	(0.08)	(0.27)	(0.38)	(0.13)	(5.30)
Accumulated depreciation as of 31 December 2018	-	0.62	1.76	0.39	0.02	0.20	0.30	3.28
Impairment of fixed assets								
Impairment of fixed assets at 31/12/2017	-	-	0.01	-	-	-	-	0.01
Impairment of fixed assets at 31/12/2018	-	-	-	-	-	-	-	-
Net book Value								
At 31/12/2017	0.07	0.68	1.57	0.02	0.06	0.11	0.23	2.74
At 31/12/2018	0.08	0.67	0.04	-	-	0.03	0.08	0.90

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

15- Intangible Assets

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Cost at 1/1/2018	1,048,433	1,048,433	0.41	0.38
Disposal during the year	(969,389)	-	(0.38)	-
Cost at 31/12/2018	79,044	1,048,433	0.03	0.38
Accumulated amortization as of 1/1/2018	(1,048,427)	(913,595)	(0.41)	(0.33)
amortisation for the year	-	(134,832)	-	(0.05)
Accumulated amortization for the disposal	969,384	(1,048,427)	0.38	(0.38)
Accumulated depreciation at 31/12/2018	(79,043)	-	(0.03)	-
Net intangible assets	1	6	0.00	0.00

16- Inventories

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Raw materials	-	7,226,314	-	2.60
Packing materials	-	6,058,623	-	2.18
Finished goods	-	393	-	-
Work in process	-	12,073,550	-	4.34
	-	25,358,880	-	9.11
Less:				
Allowance for inventories	-	-	-	-
	-	25,358,880	-	9.11

17- Trade and other receivables

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Accounts receivable- local	226,000	13,317,549	0.09	4.78
Deposits with others	-	373,157	-	0.13
Tax authority – withholding tax	1,010,185	528,289	0.39	0.19
Employees' imprest funds	3,830	150,355	-	0.05
Other debit balances	-	1,345	-	-
	1,240,015	14,370,695	0.48	5.16
Less:				
Impairment in trade and debit balances	(226,000)	(226,000)	(0.09)	(0.08)
	1,014,015	14,144,695	0.41	5.08

18- Prepayments

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Suppliers – advance payments	-	124,102	-	0.04
Prepayments	8,596	368,742	0.00	0.13
	8,596	492,844	0.00	0.18

MARICO EGYPT FOR INDUSTRIES (SAE)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

19- Related parties transactions

The company deals with related parties represented in associate companies, shareholders and entities owned by shareholders (affiliate companies).

A summary of significant transactions with related parties is as follows:-

Related party	Country	Type of transactions	Significant transactions during the year	Significant transactions during the year	Significant transactions during the year	Significant transactions during the year
			EGP	EGP	₹ Crore	₹ Crore
MEL Company Egypt	Egypt	Finance for the company without interest	-	3,713,845	-	1.44
MEL Company Egypt	Egypt	payment of expenses on behalf of company	377,257	-	0.15	-
Marico Limited Company	India	Royalty	201,676	435,596	0.08	0.17
Marico Limited Company	India	Expenses	-	11,082,877	-	4.30
Marico Limited Company	India	Purchases	-	145,407	-	0.06
Marico Limited Company	India	Payment of expenses on behalf of the company	1,611,376	240,551	0.63	0.09
Marico Middle East Company	UAE	Expenses	-	937,247	-	0.36
Marico Middle East Company	UAE	Loan without interest	-	14,398,700	-	5.59
Marico Middle East Company	UAE	Payment of expenses on behalf of the company	15,026,745	33,425	5.84	0.01
Marico for Consumer Care Product Company	Egypt	Sales	15,703,877	234,690	6.10	0.09
Marico for Consumer Care Product Company	Egypt	Purchases	3,181,505	425,993	1.24	0.17
Marico for Consumer Care Product Company	Egypt	Payment	12,522,372	-	4.86	-

Those transactions resulted in the following balances as at 31 December 2017:

A) Due from related parties:

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
MEL Consumer Care Company- Egypt	91,708,995	92,086,252	35.62	33.09
Less:				
Impairment on related parties	(91,708,995)	(92,086,252)	(35.62)	(33.09)
	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

B) Due to related parties:

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Marico Limited Company – India	65,521	1,475,221	0.03	0.53
* Marico Middle East Company _ UAE	-	15,026,745	-	5.40
Marico-SEA	6,023	-	0.00	-
	71,544	16,501,966	0.05	5.93

20- Investments held for trading

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Treasury bills	8,886,796	20,493,864	3.47	7.36
	8,886,796	20,493,864	3.47	7.36

The treasury bills balance with maturity date or more than 3 months is presented in the following :-

Bank Name	Paid Amount	Accrued Interest till	Total	Maturity Date
		31/12/2018	31/12/2018	
	EGP	EGP	EGP	
QNB Bank	5,040,000	203,077	5,243,077	16-Oct-19
QNB Bank	50,000	342	50,342	05-Dec-19
SAIB Bank	2,623,680	99,034	2,722,714	16-Jul-19
HSBC BANK	841,370	29,293	870,663	15-Oct-15
Total	8,555,050	331,746	8,886,796	

Bank Name	Paid Amount	Accrued Interest till	Total	Maturity Date
		31/12/2018	31/12/2018	
	₹ Crore	₹ Crore	₹ Crore	
QNB Bank	1.96	0.08	2.04	16-Oct-19
QNB Bank	0.02	0.00	0.02	05-Dec-19
SAIB Bank	1.02	0.04	1.06	16-Jul-19
HSBC BANK	0.33	0.01	0.34	15-Oct-15
Total	3.33	0.13	3.46	

21- Cash and Cash Equivalents

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Banks - current accounts	38,903	570,704	0.02	0.21
Time deposits	-	50,000	-	0.02
*Treasury bills - short term	-	2,885,378	(0.01)	1.04
	38,903	3,506,082	0.01	1.27

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

22- Share capital

- A. Authorized capital of the company is L.E. 20 million.
- B. The issued and fully paid capital of the company is L.E. 12 287 690 Egyptian pounds represented in 1 228 769 shares, at par value L.E. 10 .
- The share capital is presented as the following :

Name	No of Shares	Value per share	Share value EGP	₹ Crore FY 18	₹ Crore FY 17
Marico For Consumer Care Products S.A.E	1 216 481	EGP 10.00	12,164,810	4.72	4.37
Mr. Ashish Modak	6 144	EGP 10.00	61,440	0.02	0.02
Mr. Durgesh Chugh	6 144	EGP 10.00	61,440	0.02	0.02
Total	1,228,769		12,287,690	4.77	4.41

The percentage of Egyptian shareholder share is 99 %

23- Provisions and impairment in assets and allowance for inventory

	Balance at 01/01/2018	Formed during the year	Used during the year	Provisions no longer required	Balance at 31/12/2018
	EGP	EGP	EGP	EGP	EGP
Claims provision	3,297,827	162,003	(432,771)	(551,082)	2,475,977
Others provision	1,028,895	586,997	(264,407)	(1,288,942)	62,543
Sales Returns provision	901,746	-	-	(901,746)	-
	5,228,468	749,000	(697,178)	(2,741,770)	2,538,520
Write down for inventory	2,320,884	-	-	(2,320,884)	-
Impairment in trade and debit balances	226,000	-	-	-	226,000
Impairment in fixed assets	23,387	-	-	(23,387)	-
Impairment in related parties	92,086,252	-	-	(377,257)	91,708,995

	Balance at 01/01/2018	Formed during the year	Used during the year	Provisions no longer required	Balance at 31/12/2018
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Claims provision	1.28	0.06	(0.17)	(0.21)	0.96
Others provision	0.37	0.23	(0.10)	(0.50)	0.02
Sales Returns provision	0.32	-	-	(0.35)	-
	1.88	0.29	(0.27)	(1.06)	0.99
Write down for inventory	0.90	-	-	(0.90)	-
Impairment in trade and debit balances	0.09	-	-	-	0.09
Impairment in fixed assets	0.01	-	-	(0.01)	-
Impairment in related parties	35.77	-	-	(0.15)	35.62

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

24- Bank facilities

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
* QNB Bank	4,479,922	9,595,131	1.74	3.45
SAIB Bank	-	1,503,552	-	0.54
	4,479,922	11,098,683	1.74	3.98

*Guranteed by treasury bills.

25- Trade and other payables

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Suppliers	499,685	31,219,685	0.19	11.22
Accrued expenses	676,629	2,738,994	0.26	0.98
Tax authority	1,435,143	2,019,193	0.56	0.73
Salaries & bonus of expats	161,800	364,504	0.06	0.13
Social insurance authority	-	60,154	-	0.02
Other credit balance	263,006	-	0.10	-
	3,036,263	36,402,530	1.17	13.09

26- Tax position**a) Corporate Tax:****Years from commencement of operation till 2017**

- The company has tax exemption from 1 January 2007 till 31 December 2016 according to the company's tax card.
- The company wasn't inspected from the commencement of operation till now.

b) Sales Tax:**Years from commencement of operation till 2015:**

The tax inspection was done for this period and the company paid all the resulting differences.

From 1/1/2017 till 6/9/2016:

The tax inspection has not been done for this period and no tax claims received.

c) Value added tax

On 7 September 2016, value added tax law no. 67 of 2016 was issued, which superseded law no. 11 of 1991 of sales tax.

Period from 7 September 2016 till 31/12/2018:

The tax inspection has not yet been done for this period and no tax claims were received.

d) Payroll tax:**Years from commencement of operation till 2011**

The tax inspection was done for this period and the company paid all the resulting differences and final settlement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

Period from 1/1/2012 till 31/12/2012:

The tax inspection was done for this period and the company objected on the claim and the dispute was referred to the internal committee.

Years from 2013 till 2016

The company is under inspection and no tax claims were received till that date.

Year 2017 and 2018

The tax inspection has not yet been done for this period and no tax claims were received.

e) Stamp duty tax:

Years from commencement till 31/12/2016:

The tax inspection was done and the company paid all the resulting differences.

Year 2017 and 2018:

The tax inspection has not yet been done for these years and no tax claims were received.

f) Withholding tax:

Years from commencement till 31/12/2015:

The inspection was completed from inception till 31/12/2015.

Years from 2016 till 2018

The tax inspection has not yet been done for these years and no tax claims were received.

The company submits withholding tax return on regular basis.

27- Financial instruments and management of risk related to them

Financial instruments are represented in the balances of cash and cash equivalent, trade & notes receivables, trade and notes payable, due to/from affiliates and subsidiaries and other monetary items included in debtors and creditors accounts and the book value of these financial instruments represents a reasonable estimate of their fair values. Note No. (29) of the notes to the financial statements includes the major accounting policies used in recording and measurement of the significant financial instruments and the related revenues and expenses.

A) Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from trade receivables and other related undertakings. This risk is considered nil as there is no balances due from customers.

B) Foreign exchange risk

This risk is represented in the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the translation of its monetary foreign currency assets and liabilities. As of the balance sheet date the company has monetary, foreign currency, assets and liabilities equivalent to L.E. 7496 and zero respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

The net balances of foreign currencies at the balance sheet date are shown below:

Foreign Currency	(deficit) / surplus
US Dollars	46
Euro	57
GBP	240

And as stated in note (29-1) "Foreign Currency Translation", the above mentioned balances of monetary foreign currency assets and liabilities were translated using the prevailing exchange rate at the balance sheet date.

C) Interest risk

This risk is represented in the changes in interest rates which may influence the result of operations and the value of financial assets and liabilities. The company reduces this risk by settling the accrued liabilities to the banks whenever possible.

D) Liquidity risk

Liquidity risk is represented in the inability of the company to settle its liabilities at its due date. The company's approach in liquidity management is to – whenever possible – assure that it has sufficient liquidity to settle its liabilities at their due date in normal and stressed conditions without bearing any unacceptable losses or damage the company's reputation. Company also assures the availability of the sufficient cash to face expected operating expenditures for a suitable period of time including the financial liabilities encumbrances, excluding from that the effects of severe circumstances that cannot be predicted reasonably as natural disasters.

The carrying amount of the following short term financial liabilities represents the liquidity as at the balance sheet date is as follows:

Particulars	Book Value	Book Value	Book Value	Book Value
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	EGP	EGP	₹ Crore	₹ Crore
Trade and other creditors	3,036,263	36,402,530	1.18	14.17
Due to related parties	71,544	16,501,966	0.03	6.42
Bank facilities	4,479,922	11,098,683	1.74	4.32
	7,587,729	64,003,179	2.95	24.91

28- Going concern

The company incurred cumulative losses amounting to L.E E 15,354,631 till the year ended 31 December 2018 which exceeded the paid up capital. The company's management depends on the financial support from the Holding Company in continuing its operations, the company has restructured its operation during the year by suspending the manufacturing operations and it is, currently evaluating alternate business options. In accordance with the Companies Law No. 159 of 1981 and its Executive Regulation and the Company's Articles of incorporation, an Extraordinary General Meeting will be convened to decide to continue the company's operations.

The financial statements are prepared on the assumption that the company will continue as a going concern in the foreseeable future.

29- Significant accounting policies

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

NOTES TO THE FINANCIAL STATEMENTS

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29-1 Foreign Currency

Foreign Currency Transaction

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective
- Qualifying cash flow hedges to the extent that the hedges are effective.

29-2 Revenue

Revenues are recognized from sale of goods when the risk and benefits related to the ownership of the sold goods are transferred to the customers and the invoice is issued, when asserting in a reliable manner the collection of the sold goods value and estimating the costs related thereto.

Revenues from interest on bank deposits are recognized on accrual basis.

29-3 Employees Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

29-4 Finance income and finance costs

The company's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- dividends on preference shares issued classified as financial liabilities;
- the net gain or loss on the disposal of available-for-sale financial assets;
- the net gain or loss on financial assets at fair value through profit or loss;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the gain on the re-measurement to fair value of any pre-existing interest in an acquiree in a business combination;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

- the fair value loss on contingent consideration classified as a financial liability;
- impairment losses recognized on financial assets (other than trade receivables);
- the net gain or loss on hedging instruments that are recognized in profit or loss; and
- the reclassification of net gains previously recognized in OCI.

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

29-5 Income taxes

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

i. Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

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

- The initial recognition of good will,
- Or the initial recognition of assets and liabilities for the operations that:
 - 1) Are not business combination
 - 2) And don't affect the net accounting profit nor taxable profit (taxable loss).
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the company. 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; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

29-6 Inventories

Inventories are valued at the lower of cost or net realizable value, also the cost of inventory includes expenditure incurred in acquiring the inventories and bringing it to its existing location and condition on the following basis:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

- Inventories of raw materials and packing materials using weighted average method.
- Inventories of finished products at manufacturing cost.

Net realizable value is determined based on the expected selling price during the normal course of business less any cost to complete the selling process.

29-7 Fixed assets and depreciation

1- Recognition and measurement

Fixed assets are stated at historical cost and presented net of accumulated depreciation and any impairment.

If significant parts of an item of fixed assets have different useful lives, then they are accounted for as items (major components) of fixed assets.

Any gain or loss on disposal of an item of fixed assets is recognized in profit or loss.

2- Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

3- Depreciation

Depreciable assets are depreciated using the straight- line method over the estimated useful life of each type of asset and recognized in profit or loss. land is not depreciated. The estimated useful lives of the assets for depreciation calculation are as follow:-

Asset	Periods
Buliding and Constructions	20
Machinery, tools and equipment	8
Computer & Software	4
Tools & Lab equipment	2
Office furniture and equipment	4
Motor Vehicles	4

- The estimated remaining useful lives of fixed assets are reviewed periodically (annually).

expenditures directly attributable to bringing the asset to a working condition for its intended use.

Projects under construction are transferred to property, plant and equipment caption when they are completed and are ready for their intended use.

29-8 Intangible assets

Computer Software Licenses

Computer software licenses are stated at cost of acquisition, and it is represented in the balance sheet less the accumulated depreciation and any impairment in value, and it is amortized on a straight-line method over two years.

29-9 Financial Instruments

- The company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale

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financial assets.

- The company classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

1) Non-derivative financial assets and financial liabilities – Recognition and de-recognition

The company initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the company is recognized as a asset or liability.

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2) Non-derivative financial assets – Measurement Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

3) Non-derivative financial liabilities – Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

4) Derivative financial instruments and hedge accounting

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

29-10 Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with Egyptian Accounting Standard No.(24) " Income Tax".

29-11 Impairment

1) Non-derivative financial assets

- Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.
- Objective evidence that financial assets are impaired includes:
 - default or delinquency by a debtor;
 - restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
 - indications that a debtor or issuer will enter bankruptcy;
 - adverse changes in the payment status of borrowers or issuers;
 - the disappearance of an active market for a security because of financial difficulties; or
 - observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

- For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortized cost

The company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

2) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

29-12 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

29-13 Legal reserve

As per the Company's statutes, 5% of the annual net profit is set aside to form a legal reserve; the transfer to such reserve ceases once it reaches 50% of the Company's issued share capital. If the reserve falls below 50%, the Company should resume setting aside 5% of its annual net profit. The reserve can be utilized in covering losses or increasing the Company's share capital.

29-14 Receivables, due from related parties , debtors and debit balances

Receivables, due from related parties , debtors and debit balances, that do not carry an interest are stated at cost less impairment losses for any amounts expected to be uncollectible.

29-15 Cash and cash equivalents

The company considers all cash on hand, bank balances and time deposits with maturity less than three months as cash and cash equivalents.

29-16 Payables, due to related parties ,creditors and credit balances

Payables, due to related parties, creditors and other credit balances are stated at their cost.

29-17 Earnings Per Share

The Company presents basic earnings per share (EPS) for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year.

29-18 Cash flow statement

Cash flow statement is prepared according to the indirect method.

29-19 Cash dividends

Dividends are recognized as a liability in the period it's declared.

MARICO SOUTH AFRICA CONSUMER CARE (Pty) LIMITED

**BOARD OF DIRECTORS
(AS ON MARCH 31, 2019)**

Mr. Saugata Gupta
Mr. Vivek Karve
Mr. Jacques Nieuwenhuys
Mr. John Richard Mason
Mr. Ashish Joshi

REGISTERED OFFICE

Unit 1-5, Site 2 East, Riverside Business Park
74 Prince Umhlangane Road,
Avoca, Durban 4051

POSTAL ADDRESS

P.O.Box 401093, Redhill, 4071

REGISTRATION NO.

2007/025470/07

AUDITORS

KPMG Inc.

BANKERS

Standard Bank of South Africa Limited

LEGAL ADVISORS

Adams & Adams – Patent and Trademark Attorneys
Norton Rose, Commercial Attorneys
Shepstone & Wylie – Litigation Attorneys
PCSS Pty Limited – Secretarial Services & Tax

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Marico South Africa Consumer Care Proprietary Limited

Opinion

We have audited the consolidated and separate financial statements of Marico South Africa Consumer Care Proprietary Limited (the group and company) set out on pages 8 to 44, which comprise the consolidated and separate statements of financial position as at 31 March 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Marico South Africa Consumer Care Proprietary Limited as at 31 March 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Marico South Africa Consumer Care Proprietary Limited and its subsidiary Annual Financial Statements for the year ended 31 March 2019" which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

MARICO SOUTH AFRICA CONSUMER CARE (Pty) LIMITED

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and 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 the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 group and 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 consolidated and separate 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 group and company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

KPMG Inc.

Per MA Sithole
Chartered Accountant (SA)
Registered Auditor
Director
9 July 2019

MARICO SOUTH AFRICA CONSUMER CARE (Pty) LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

As at 31 March, 2019

Particulars	Notes	As at March 31,							
		Group		Company		Group		Company	
		2019	2018	2019	2018	2019	2018	2019	2018
		R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
ASSETS									
Non-current assets									
Property, plant and equipment	11	1,765,973	2,305,340	-	-	0.85	1.28	-	-
Intangible assets	12	81,564,722	81,564,722	-	-	39.03	45.20	-	-
Investment in subsidiary	13	-	-	130,326,054	130,326,054	-	-	62.36	72.22
Goodwill	14	75,613,680	75,613,680	-	-	36.18	41.91	-	-
		158,944,375	159,483,742	130,326,054	130,326,054	76.05	88.39	62.36	72.22
Current assets									
Inventories	15	34,930,373	33,380,313	-	-	16.71	18.50	-	-
Trade and other receivables	16	40,659,296	33,912,634	-	-	19.46	18.79	-	-
Cash and cash equivalents	17	26,977	27,584	26,977	27,584	0.01	0.02	0.01	0.02
Current Income tax asset		669,314	786,260	-	582	0.32	0.44	-	0.00
		76,285,960	68,106,791	26,977	28,166	36.50	37.74	0.01	0.02
Total assets		235,230,335	227,590,533	130,353,031	130,354,220	112.56	126.13	62.37	72.23
EQUITY									
Capital and reserves attributable to equity holders of the company									
Share capital	18	90,060,309	90,060,309	90,060,309	90,060,309	43.09	49.91	43.09	49.91
Share premium	18	43,799,900	43,799,900	43,799,900	43,799,900	20.96	24.27	20.96	24.27
(Accumulated loss)/retained earnings		11,012,980	9,832,562	(3,507,178)	(3,532,273)	5.26	5.45	(1.69)	(1.96)
Total equity		144,873,189	143,692,771	130,353,031	130,327,936	69.31	79.63	62.36	72.23
LIABILITIES									
Non-current liabilities									
Borrowings	21	29,682,404	35,785,676	-	-	14.20	19.83	-	-
Deferred tax liability	19	6,482,524	6,808,408	-	-	3.10	3.77	-	-
Share-based payment liability	23	197,871	290,595	-	-	0.09	0.16	-	-
		36,362,799	42,884,679	-	-	17.40	23.77	-	-
Current liabilities									
Trade and other payables	20	42,083,850	34,097,503	-	26,284	20.14	18.90	-	0.01
Borrowings	21	6,165,047	6,163,474	-	-	2.95	3.42	-	-
Share-based payment liability	23	506,661	554,198	-	-	0.24	0.31	-	-
Cash and cash equivalents	17	5,238,789	197,908	-	-	2.51	0.11	-	-
		53,994,347	41,013,083	-	26,284	25.84	22.73	-	0.01
Total liabilities		90,357,146	83,897,762	-	26,284	43.24	46.05	-	0.01
Total equity and liabilities		235,230,335	227,590,533	130,353,031	130,354,220	112.56	126.13	62.37	72.23

Note: The exchange rate use to convert ZAR to ₹ 4.785 (Previous year ZAR to ₹ 5.542)

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 March, 2019

Particulars	Notes	Year ended March 31,							
		Group		Company		Group		Company	
		2019	2018	2019	2018	2019	2018	2019	2018
		R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Revenue		252,411,282	244,799,109	-	-	120.78	135.67	-	-
Cost of sales		(154,927,674)	(156,680,282)	-	-	(74.13)	(86.83)	-	-
Gross profit		97,483,608	88,118,827	-	-	46.65	48.84	-	-
Operating expenses		(92,245,466)	(90,451,739)	(2,186)	(1,989)	(44.14)	(50.13)	(0.00)	(0.00)
Other income		1,682,815	15,388	26,284	-	0.81	0.01	0.01	-
Impairment loss on trade receivables		(204,376)	-	-	-	(0.10)	-	-	-
Other gain		(1,202,648)	366,306	-	-	(0.58)	0.20	-	-
Operating profit/(loss)		5,513,933	(1,993,904)	24,098	(1,989)	2.64	(1.11)	0.00	0.01
Finance income	8.1	127,241	277,464	1,579	1,645	0.06	0.15	0.00	0.00
Finance costs	8.1	(4,092,935)	(3,294,793)	-	-	(1.96)	(1.83)	-	-
(Loss)/profit before income tax		1,548,239	(5,011,233)	25,677	(344)	0.74	2.78	0.01	(0.00)
Income tax	10	(367,821)	1,055,723	(582)	96	(0.18)	0.59	0.00	0.00
Total comprehensive (loss)/income for the year		1,180,418	(3,955,510)	25,095	(248)	0.56	(2.19)	0.01	(0.00)

Note: The exchange rate use to convert ZAR to ₹ 4.785 (Previous year ZAR to ₹ 5.542)

MARICO SOUTH AFRICA CONSUMER CARE (Pty) LIMITED

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March, 2019

Particulars	Share capital 2019	Share premium 2019	Accumulated loss 2019	Total 2019	Share capital 2019	Share premium 2019	Accumulated loss 2019	Total 2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Group								
Year ended 31 March 2019								
Balance at 1 April 2018	90,060,309	43,799,900	9,832,562	143,692,771	43.09	20.96	4.70	68.75
Share issue	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	1,180,418	1,180,418	-	-	0.56	0.56
Balance at 31 March 2019	90,060,309	43,799,900	11,012,980	144,873,989	43.09	20.96	5.57	69.31
Year ended 31 March 2018								
Balance at 1 April 2017	60,060,309	43,799,900	13,788,072	117,648,281	33.29	24.27	7.64	65.20
Share issue	30,000,000	0	0	30,000,000	16.63	-	-	16.63
Total comprehensive income for the year	0	0	(3,955,510)	(3,955,510)	-	-	(2.19)	(2.19)
Balance at 31 March 2018	90,060,309	43,799,900	9,832,562	143,692,771	43.09	20.96	4.70	68.71
Year ended 31 March 2019								
Balance at 1 April 2018	90,060,309	43,799,900	(3,532,273)	130,327,936	43.09	20.96	(1.69)	62.36
Share issue	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	25,095	25,095	-	-	0.01	0.01
Balance at 31 March 2019	90,060,309	43,799,900	(3,532,880)	130,327,329	43.09	20.96	(1.69)	62.36
Year ended 31 March 2018								
Balance at 1 April 2017	60,060,309	43,799,900	(3,532,025)	100,328,184	33.29	24.27	(1.96)	55.60
Share issue	30,000,000	0	0	30,000,000	16.63	-	-	16.63
Total comprehensive income for the year	0	0	(248)	(248)	-	-	-	-
Balance at 31 March 2018	90,060,309	43,799,900	(3,532,273)	130,327,936	49.92	24.27	(1.96)	72.23

Note: The exchange rate use to convert ZAR to ₹ 4.785 (Previous year ZAR to ₹ 5.542)

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 March, 2019

Particulars	Notes	Year ended March 31,							
		Group		Company		Group		Company	
		2019	2018	2019	2018	2019	2018	2019	2018
		R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Cash flow from operating activities									
Cash flow from operations	24	4,251,119	(12,739,774)	(2,186)	24,295	2.03	(7.06)	(0.00)	0.01
Finance income	8.1	127,241	277,464	1,579	1,645	0.06	0.15	0.00	0.00
Finance costs	8.2	(4,092,935)	(3,294,793)	-	-	(1.96)	(1.83)	-	-
Tax Paid	9	(547,460)	(583,539)	-	(26,284)	(0.26)	(0.32)	-	(0.01)
Net cash used in operating activities		(262,036)	(16,340,642)	(607)	(344)	(0.13)	(9.06)	(0.00)	(0.00)
Cash flow from investing activities									
Additions to property, plant and equipment	11	(409,329)	(876,913)	-	-	(0.20)	(0.49)	-	-
Additions to intangible assets	12	-	(33,584,000)	-	-	-	(18.61)	-	-
Increase in goodwill	22	-	(28,523,857)	-	-	-	(15.80)	-	-
Proceeds on disposal of property, plant and equipment		1,731,576	15,388	-	-	0.79	0.01	-	-
Purchase of Shares in Subsidiary		-	-	-	(30,000,000)	-	-	-	(16.63)
Net cash from/(used in) investing activities		1,322,247	(62,969,382)	-	(30,000,000)	0.63	(34.90)	-	(16.63)
Cash flow from financing activities									
Proceeds on share issue		-	30,000,000	-	30,000,000	-	16.63	-	16.63
Increase/(repayment)of borrowings	21	(6,101,699)	41,949,150	-	-	(2.92)	23.25	-	-
Net cash generatedfrom/(used in) financing activities		(6,101,699)	71,949,150	-	30,000,000	(2.92)	39.87	-	16.63
Net increase/(decrease) in cash and cash equivalents		(5,041,488)	(7,360,874)	(607)	(344)	(2.41)	(4.08)	(0.00)	(0.00)
Cash and cash equivalents at beginning of year		(170,324)	7,190,550	27,584	27,928	(0.08)	3.99	0.01	0.02
Cash and cash equivalents at end of year	17	(5,211,812)	(170,324)	26,977	27,584	(2.49)	(0.09)	0.01	0.02

Note: The exchange rate use to convert ZAR to ₹ 4.785 (Previous year ZAR to ₹ 5.542)

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2019

1. Reporting entity

Marico South Africa Consumer Care Proprietary Limited (the “company”), is domiciled in the Republic of South Africa. The address of the company’s registered office is 74 Prince Umhlangane Road, Avoca, Republic of South Africa.

2. Basis of preparation

Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial consolidated and separate statements have been prepared on the historical cost basis as modified by the revaluation of financial liabilities at fair value through profit and loss.

Basis of measurement

The consolidated and separate financial statements are presented in South African Rand. They are prepared on the historical cost basis. The accounting policies set out below have been consistently applied to all periods presented in these consolidated and separate financial statements except for the changes described in note 3.

3. Changes in significant accounting policies

Use of estimates and judgement

The preparation of the consolidated and separate financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated and separate financial statements and the reported amounts of revenues and expenses during the reporting period based on management’s best knowledge of current events and actions. Actual results may ultimately differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements, are disclosed in note 12 and 14.

The company has initially applied IFRS 15 and IFRS 9 from 1 April 2018. Due to the transition methods chosen by the company in applying these standards, comparative information throughout these consolidated and separate financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables.

3.1 IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services.

Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The company has adopted IFRS 15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18, and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The impact of transitioning to IFRS 15 on opening retained earnings is nil as at 1 April 2018.

3.2 IFRS 9 Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

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As a result of the adoption of IFRS 9, the company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. Previously, the company's approach was to include the impairment of trade receivables in operating expenses. The company had no reclassification impairment losses as required to be recognised under IAS 39, from 'operating expenses' to 'impairment loss on trade receivables' in the statement of profit or loss and other comprehensive income for the year ended 31 March 2018.

Additionally, the company has adopted consequential amendments to IFRS 7 Financial instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities.

Trade and other receivables and cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost. The impact of transitioning to IFRS 9 on opening retained earnings is nil at 1 April 2018.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The company has determined that the application of IFRS 9's impairment requirements at 1 April 2018 results in no material impact on the allowance for impairment as at 1 April 2018 as the company has not incurred significant write-off's previously.

Corporate debt securities that were previously classified as held-to-maturity are now classified at amortised cost.

The company has applied IFRS 9 prospectively as no material impact was noted in prior periods.

4. Significant accounting policies**4.1 Basis of consolidation****(a) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(b) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated and separate financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to

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the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(d) Goodwill

Goodwill arising from business combinations is subsequently measured at cost less accumulated impairment losses (refer to impairment accounting policy 4.7). Goodwill is not amortised.

The profit or loss realised on disposal or termination of an entity is calculated after taking into account the carrying amount of any related goodwill.

(e) Changes in interests without a loss in control

When there is a change in the interest in a subsidiary after control is obtained, that does not result in a loss in control, the difference between the fair value of the consideration transferred and the amount by which the non-controlling interest is adjusted is recognised directly in the statement of changes in equity (in the premium on non-controlling interest reserve). No goodwill is recognised on such transactions.

(f) Investments in subsidiary companies

Investments in subsidiary companies are measured at cost, less impairment losses.

(g) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

4.2 Property, plant and equipment

All property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses.

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

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Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line basis so as to write off the cost of the assets to their residual values over their expected useful lives. The expected useful lives are as follows:

Leasehold improvements	5 years
Plant and machinery	5 – 15 years
Motor vehicles	3,33 years
Office equipment	5 years
Furniture and fittings	6 years
Computer equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.3).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

4.3 Impairment of property, plant and equipment

At each reporting date, the company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is calculated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is calculated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised calculation of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.4 Intangible assets**Brands**

The useful lives of all intangible assets acquired by the company are assessed to determine if the useful life is finite or indefinite. Useful lives of intangible assets are reviewed at the end of each financial period and altered if estimates have changed significantly. Any change is accounted for by changing the amortisation charge for the

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current and future periods.

Intangibles assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Intangibles assets with indefinite useful lives are measured at cost and are not amortised, but are tested for impairment annually or whenever an indication of impairment exists.

The following intangible assets are currently classified as having indefinite useful lives:

- **Brands**

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

4.5 Business combinations

The acquisition of businesses is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal company's) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

4.6 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates, joint ventures and the acquisition of assets and liabilities in terms of a business combination. Goodwill represents the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is initially recognised as an asset at cost and is subsequently measured as cost less accumulated impairment losses. An impairment loss is recognised for goodwill is not reversed in a subsequent period.

On disposal of a business the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

4.8 Leased assets

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor

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are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

4.9 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4.10 Financial assets

4.10.1 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, related party loans and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial instrument is recognised if the company becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the company's contractual rights to the cash flows from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Trade receivables, trade payables and related party balances

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Cash and cash equivalents and bank overdrafts

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term and highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Investments at fair value through profit or loss

An instrument is classified as fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the company manages such investments and makes purchases and sales decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred.

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Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest rate method, where applicable, less any impairment losses.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss except for financial liabilities that arise due to intercompany transactions in which gains and losses will be recognised as a capital contribution into equity. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss except for financial liabilities that arise due to intercompany transactions in which gains and losses will be derecognised from the capital contribution out of equity.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

De-recognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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4.11 Impairment of financial assets**Loans and receivables**

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

4.12 Trade receivables

Trade receivables are measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

4.13 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

4.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.15 Trade payables

Trade payables are carried initially at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier, and subsequently measured at amortised cost.

4.16 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

4.17 Share-based payment

The company operates share-based compensation under which the company receives services from directors as consideration for equity based instruments (options and rights) of Marico Limited (ultimate holding company). The fair value of the employees' services received in exchange for the grant of the options or rights is recognised as an expense.

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The fair value is determined at each statement of financial position date and is expensed on a straight-line basis over the vesting period with a corresponding increase in the liability and is based on the company's estimate of options that will eventually vest. Non-market vesting conditions are included in assumptions about the number of options and rights that are expected to vest.

At each statement of financial position date, the company assesses its estimates of the number of options or rights that are expected to vest. The company recognises the impact on the original estimates, if any, in the statement of comprehensive income with a corresponding adjustment to the share option liability as appropriate.

The cash settled share-based payment, on maturity, will be computed in Indian Rupee (INR) and will be converted at the prevalent exchange rate and paid to senior management in the currency of the location of senior management.

4.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The difference between the proceeds received and the par value of ordinary shares issued are shown within equity as share premium.

4.19 Revenue recognition

The company adopted IFRS 15 Revenue from Contracts with Customers on its effective date, 1 January 2018. Under IFRS 15, Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control over a product or service to a customer.

Revenue performance obligations are met at a point in time when the good is available for use or delivered to the customer location. Control is transferred when the customer takes ownership of the good.

Depending on the customer profile, sale contracts are entered into on a variety of payment terms from cash on delivery, 30 days, 60 days etc.

The nature of the goods invoiced are primarily of hair care and health products.

Due to the nature of the bulk supply of goods and quality controls in place, there is minimal obligation for returns of inventory.

There are no significant judgements required in the application of IFRS 15 due to the nature of the goods being sold.

The company has applied the practical expedient provided in IFRS 15 whereby the new standard has been applied to the company's portfolio of contracts rather than to each individual contract. It is reasonably expected that the effects on the financial statements of applying the portfolio approach will not differ materially from applying IFRS 15 to each individual contract.

In the comparative period, revenue was measured under IAS 18 Revenue at the fair value of the consideration received or receivable. Revenue was measured at the fair value of the consideration received or receivable in the normal course of business, net of settlement discounts, volume rebates and value added tax. The invoice value recognised includes freight and commission charges. Sales of goods were recognised when goods were delivered and title had passed.

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4.20 Research and development costs

Research and development costs are recognised as an expense to the extent that such expenditure are not expected to have future benefits.

4.21 Employee benefits

The company operates a retirement benefit scheme which is a defined contribution fund. A defined contribution fund is a retirement benefit plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company pays contributions on a contractual basis and contributions are recognised as an expense when they are due.

4.22 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

4.23 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.23.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Estimated impairment of intangible assets and goodwill

The company tests whether intangible assets and goodwill have suffered any impairment annually or whenever an indication of impairment exists, in accordance with the accounting policy stated in note 4.6. The recoverable amounts of cash-generating units has been determined based on value-in use calculations. These calculations require the use of estimates (refer note 12)

4.23.2 Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in South African Rands, which is the company's functional and presentation currency.

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Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within 'other gains/(losses)'.

4.24 Finance income and expenses

Interest is recognised when it accrues to the company on a time proportion basis, taking account of the principal outstanding and the effective interest rate.

5. Standards and interpretations not yet effective

At the date of authorisation of the financial statements of Marico South Africa Consumer Care Proprietary Limited for the year ended 31 March 2019, the following Standards and Interpretations applicable to the company were in issue but not yet effective:

Standard/Interpretation		Effective date Periods beginning on or after
IFRS 9 amendment	Prepayment Features with Negative Compensation	1 January 2019
IFRS 3 amendment	Definition of a Business	1 January 2020
IFRS 16	Leases	1 January 2019

All Standards and Interpretations will be adopted at their effective date.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The amendments clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

The amendments apply for annual periods beginning on or after 1 January 2019 with retrospective application, early adoption is permitted. No material impact for the company.

Definition of a Business (Amendments to IFRS 3)

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted. No material impact for the company.

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IFRS 16 – Leases

The IASB issued IFRS 16 in January 2016. IFRS 16 replaces IAS 17 'Leases' and its related interpretations for reporting periods beginning on or after 1 January 2019. IFRS 16 introduces a 'right-of-use' model whereby the lessee recognises a right of use asset and an associated financial obligation to make lease payments for all leases with a term of more than 12 months. The asset will be amortised over the lease term and the financial liability measured at amortised cost with interest recognised in profit and loss using the effective interest rate method.

The Group is required to adopt IFRS 16 Leases from 1 March 2019. The Company has not yet adopted this standard but has assessed the estimated impact that initial application of IFRS 16 will have on its financial statements, as described below.

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.

The assessment for IFRS 16 is in the final stages of completion and is ready to be implemented in the financial year end 28 February 2020.

Leases in which the Company is a lessee

The Group will recognise a right of use asset and lease liability for each of its operating leases for owner occupied buildings. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. The company will adopt the modified approach as described in IFRS 16 in terms of the application of IFRS 16 to the leases. This will impact the retained earnings of the Group and will not require any comparatives to be disclosed.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. This means that the Company will no longer recognise a provision for lease smoothing liability.

The Group will include the payments due under the lease in its lease liability. The monetary impact of the right of use asset and the respective lease liability will be R10 097 706.

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2019

6 Operating profit / (loss)

6.1 The following items have been charged in arriving at operating profit/(loss):

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Depreciation on property, plant and equipment	844,351	872,827	-	-	0.40	0.48	-	-
(A detailed breakdown of the depreciation expense is presented in note 6)								
Profit on disposal of property, plant and equipment	(1,656,531)	(15,388)	-	-	(0.79)	(0.01)	-	-
Lease rentals								
Buildings	6,633,994	6,954,831	-	-	3.17	3.85	-	-
Computers	545,821	486,580	-	-	0.26	0.27	-	-
	7,179,815	7,441,412	-	-	3.44	4.12	-	-
Directors' emoluments (Refer note 25)								
Salaries	3,364,158	3,259,263	-	-	1.61	1.81	-	-
Other	2,302,167	2,468,262	-	-	1.10	1.37	-	-
	5,666,325	5,727,525	-	-	2.71	3.17	-	-
Staff costs (refer note 7)	21,919,600	23,591,805	-	-	10.49	13.07	-	-

6.2 Expenses by nature

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Depreciation	844,351	872,827	-	-	0.40	0.48	-	-
Directors' emoluments	7,945,557	7,576,755	-	-	3.80	4.20	-	-
Operating lease rentals	7,179,815	7,441,411	-	-	3.44	4.12	-	-
Staff costs	21,919,600	23,591,805	-	-	10.49	13.07	-	-
Cost of sales	154,927,674	156,680,282	-	-	74.13	86.83	-	-
Commission	6,787,465	8,192,654	-	-	3.25	4.54	-	-
Advertising	22,846,859	21,228,378	-	-	10.93	11.76	-	-
Freight	14,216,211	11,265,661	-	-	6.80	6.24	-	-
Other	10,505,608	10,282,248	2,186	1,989	5.70	5.72	0.00	0.00
Total cost of sales and operating expenses	247,173,140	247,312,021	2,186	1,989	137.06	136.98	0.00	0.00

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2019

7 Staff costs

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Salaries and wages	19,836,426	21,812,748	-	-	9.49	12.09	-	-
Other	2,083,174	1,779,057	-	-	1.00	0.99	-	-
	21,919,600	23,591,805	-	-	10.49	13.07	-	-

Average number of persons employed:

- Full time	74	93
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8 Finance income

8.1 Finance income

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Bank	127,241	277,464	1,579	1,645	0.06	0.15	0.00	0.00
	127,241	277,464	1,579	1,645	0.06	0.15	0.00	0.00

8.2 Finance costs

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Borrowings	(4,092,935)	(3,294,793)	-	-	(1.96)	(1.83)	-	-
	(4,092,935)	(3,294,793)	-	-	(1.96)	(1.83)	-	-

9 Taxation paid

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Taxation receivable/ payable at the beginning of the year	785,678	442,249	582	(25,798)	0.36	0.25	0.00	(0.01)
Current tax	(663,824)	(239,528)	(582)	96	(0.30)	(0.13)	(0.00)	0.00
Taxation receivable at the end of the year	(669,314)	(786,260)	-	(582)	(0.31)	(0.44)	-	(0.00)
	(547,460)	(583,539)	-	(26,284)	0.25	(0.32)	0.00	(0.01)

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2019

10 Income tax expense

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Current tax								
- current year	663,824	325,787	-	(96)	0.32	0.18	-	(0.00)
- prior year underprovision	-	(86,259)	-	-	-	(0.05)	-	-
	663,824	239,528	-	(96)	0.32	0.13	-	(0.00)
Deferred tax								
- current year	(296,003)	(1,194,082)	582	-	(0.14)	(0.66)	0.00	-
- prior year underprovision/ (overprovision)		(101,169)	-	-	-	(0.06)	-	-
	(296,585)	(1,295,251)	582	-	(0.14)	(0.72)	-	-
Total Tax Charge	367,821	(1,055,723)	582	(96)	0.18	(0.59)	-	(0.00)

The tax on the company (loss)/profit before tax differs from the theoretical amount that would arise using basic rates as follows:

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Profit before tax	1,548,239	(5,011,233)	25,677	(344)	0.74	(2.78)	(0.00)	(0.00)
Tax calculated at a rate of 28%	433,507	(1,403,145)	7,190	(96)	0.21	(0.78)	-	(0.00)
Deferred tax – prior year underprovision/ (overprovision)		(101,169)	-	-	-	(0.06)	-	-
Current tax – prior year underprovision		(86,259)	-	-	-	(0.05)	-	-
Permanent differences	(65,686)	(100,364)	(6,608)	-	(0.03)	(0.06)	(0.00)	-
Capital Gains Tax		635,214	-	-	-	0.35	-	-
Tax charge	367,821	(1,055,723)	582	(96)	0.18	(0.59)	0.00	(0.00)

The group and company recognise deferred tax assets to the extent that future taxable profits will be available against which the unused tax losses and deductible temporary differences can be utilised.

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2019

11 Property, plant and equipment

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	R	R	R	R	R
Group					
Year ended 31 March 2019					
Opening net carrying amount	776,082	664,960	116,934	747,364	2,305,340
Additions	122,458	100,630	-	186,241	409,329
Depreciation	(268,070)	(192,571)	(51,341)	(332,370)	(844,351)
	-	(75,068)	-	(29,276)	(104,344)
Closing net carrying amount	630,471	497,951	65,593	571,959	1,765,973
Cost	1,407,919	1,293,508	588,347	2,708,672	5,998,446
Accumulated depreciation and impairment	(777,449)	(795,556)	(522,754)	(2,136,713)	(4,232,472)
Closing net carrying amount	630,470	497,951	65,593	571,959	1,765,973

Depreciation charge of R844,351 (Rs. 0.4026 Crore) (2017: R872,827 (Rs. 0.4837 Crore)) has been charged to operating expenses.

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	R	R	R	R	R
Group					
Year ended 31 March 2018					
Opening net carrying amount	1,013,131	671,458	7,714	608,951	2,301,254
Additions	-	207,044	154,021	515,848	876,913
Depreciation	(237,049)	(213,542)	(44,801)	(377,435)	(872,827)
Disposals	-	-	-	-	-
Transfer to non-current assets held for sale	-	-	-	-	-
Closing net carrying amount	776,082	664,960	116,934	747,364	2,305,340
Cost	1,285,461	1,296,587	588,347	2,740,439	5,910,834
Accumulated depreciation and impairment	(509,379)	(631,627)	(471,413)	(1,993,075)	(3,605,494)
Closing net carrying amount	776,082	664,960	116,934	747,364	2,305,340

Company: No items of property, plant and equipment are held at company level.

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2019

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Group					
Year ended 31 March 2019					
Opening net carrying amount	0.37	0.32	0.06	0.36	1.10
Additions	0.06	0.05	-	0.09	0.20
Depreciation	(0.13)	(0.09)	(0.02)	(0.16)	(0.40)
Closing net carrying amount	0.30	0.27	0.03	0.29	0.89
Cost	0.67	0.62	0.28	1.30	2.87
Accumulated depreciation and impairment	(0.37)	(0.38)	(0.25)	(1.02)	(2.03)
Closing net carrying amount	0.30	0.24	0.03	0.27	0.85

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Group					
Year ended 31 March 2017					
Opening net carrying amount	0.56	0.37	0.00	0.34	1.28
Additions	-	0.11	0.09	0.29	0.49
Depreciation	(0.13)	(0.12)	(0.02)	(0.21)	(0.48)
Disposals	-	-	-	-	-
Closing net carrying amount	0.43	0.37	0.06	0.41	1.28
Cost	0.71	0.72	0.33	1.52	3.28
Accumulated depreciation and impairment	(0.28)	(0.35)	(0.26)	(1.10)	(2.00)
Closing net carrying amount	0.43	0.37	0.06	0.41	1.28

No items of property, plant and equipment are held at company level.

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2019

12 Intangible assets

Particulars	Total R	Total ₹ Crore
Group		
Year ended 31 March 2019		
Opening carrying amount	81 564 722	39.03
Closing carrying amount	81 564 722	39.03
Cost	83 646 924	40.03
Accumulated impairment	(2 082 202)	(1.00)
Closing carrying amount	81 564 722	39.03
Year ended 31 March 2018 – Restated		
Opening carrying amount	47 980 722	26.59
Additions	33 584 000	18.61
Closing carrying amount	81 564 722	45.20
Cost	83 646 924	46.36
Accumulated impairment	(2 082 202)	1.15
Closing carrying amount	81 564 722	45.20

No intangible asset where held by the copamby.

The group and its subsidiary have classified its intangible assets as having indefinite useful lives. This conclusion is supported by the fact that the group and its subsidiary are expected to be able to use the brands for the foreseeable future and that the typical product life cycles for the brands, acquired from public information on estimates of useful lives, indicate that the intangible asset has an indefinite period of foreseeable usage. This is further supported by the stability and the strong demand in markets within which these products are marketed and sold.

Detailed impairment testing is performed for the indefinite-life intangible assets annually or whenever an indicator of impairment exists. The impairment review process is as follows:

Each period and whenever impairment indicators are present, management calculate the fair value of the asset and record an impairment loss for the excess of the carrying value over the fair value, if any. The fair value is generally measured as the net present value of projected cash flows. In addition, a re-evaluation of the remaining useful life of the asset is performed to determine whether continuing to characterise the asset as having an indefinite life is appropriate.

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

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The recoverable amounts have been determined based on a value-in-use calculation. The calculation uses a free cash flow model that discounts the free cash flow available from profit after tax generated by the intangible asset. If the resulting net present value exceeds the carrying value of the intangible asset, the intangible asset is not impaired. However, if the resulting net present value is less than the carrying value, an impairment charge is raised. The key assumptions used for the value-in-use calculations are as follows:

Particulars	2019	2018
Growth rate *1	4.5%	4.5%
Discount rate *2	19.52%	19.52%

*1 Weighted average growth rate used to extrapolate cash flows beyond the budget period.

*2 Post-tax discount rate applied to the cash flow projections.

A sensitivity analysis was performed with regards to the key assumptions above and projected cash flows as follows:

	Impact on Impairment
Discount rate plus 1% and projected cash flow and growth rate constant	None
Discount rate constant ,projected cash flow less 5% and growth rate constant	None
Discount rate constant ,projected cash flow constant and growth rate less 1%	None

13 Investment in Subsidiary

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Marico South Africa Proprietary Limited								
Investment in shares at cost	-	-	130,326,054	130,326,054	-	-	62.36	72.23

The group's share of the results of its subsidiary, which is unlisted, are as follows:

Name	Country of Incorporation	Profit/(Loss) after tax R	Profit/(Loss) after tax ₹ Crore
2019			
Marico South Africa Proprietary Limited	South Africa	1,155,323	0.55
2018			
Marico South Africa Proprietary Limited	South Africa	(3,955,263)	(2.19)

The following information relate to the company financial interest in subsidiary.

Name	Number of shares held	Proportion held	Nature of business
Marico South Africa Proprietary Limited	1,038,211	100%	Manufacturing and distributing of wide range of personal care and affordable complementary health care products

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2019

14 Goodwill

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Opening carrying amount	75,613,680	-	-	-	34.27	-	-	-
Additions	-	75,613,680	-	-	-	41.91	-	-
Closing carrying amount	75,613,680	75,613,680	-	-	34.27	41.91	-	-
Cost	75,613,680	75,613,680	-	-	34.27	41.91	-	-
Accumulated impairment	-	-	-	-	-	-	-	-
Closing carrying amount	75,613,680	75,613,680	-	-	34.27	41.91	-	-

During the 2018 Financial Year, the company purchased the assets and liabilities of JM Products (Pty) Ltd. The Goodwill arose as a result of the purchase price exceeding the fair value of the identifiable assets and liabilities acquired.

The key assumptions used in the value-in-use calculations are as follows:

Particulars	2019	2018
Growth rate *1	4.5%	4.5%
Discount rate *2	19.52%	19.52%

*1 Weighted average growth rate used to extrapolate cash flows beyond the budget period.

*2 Post-tax discount rate applied to the cash flow projections.

A sensitivity analysis was performed with regards to the key assumptions above and projected cash flows as follows:

	Impact on Impairment
Discount rate plus 1% and projected cash flow and growth rate constant	None
Discount rate constant ,projected cash flow less 5% and growth rate constant	None
Discount rate constant ,projected cash flow constant and growth rate less 1 %	None

15 Inventories

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Raw materials	24,355,595	19,926,370	-	-	11.65	11.04	-	-
Work in progress	186,757	541,870	-	-	0.09	0.30	-	-
Finished goods	10,388,020	12,912,073	-	-	4.97	7.16	-	-
	34,930,373	33,380,313	-	-	16.71	18.50	-	-
The above balances have been derived after deducting a write down to net realisable value of:	1,393,713	1,787,271	-	-	0.67	0.99	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2019

The cost of inventories recognised as an expense and included in cost of sales amounted to R154,927,674 (Rs. 73.87 Crore) (2018: R156,680,282 (Rs. 86.83 Crore)).

16 Trade and other receivables

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Trade receivables	37,279,331	31,641,786	-	-	17.84	17.54	-	-
Provision for doubtful debts	187,782	-	-	-	0.09	0.00	-	-
Net trade receivables	37,467,113	31,641,786	-	-	17.93	17.54	-	-
Other receivables	3,192,185	2,270,849	-	-	1.53	1.26	-	-
	40,659,298	33,912,634	-	-	19.46	18.80	-	-

The company and its subsidiary grants credit of 30 days to its customers. The analysis of trade receivables which are past due and not impaired at year end is as follows:

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Not past due	23,093,499	5,115,054	-	-	11.05	2.83	-	-
Past due by 30 days	13,558,055	14,392,513	-	-	6.49	7.98	-	-
Past due by 60 days	815,559	12,134,219	-	-	0.39	6.72	-	-
	37,467,113	31,641,786	-	-	17.93	17.54	-	-

Expected credit loss rate

Category	Percentage applied		Loss allowance R	₹ Crore
	%			
0 to 30 Days	0.34		77 172	0.04
30 to 60 Days	0.34		45 380	0.02
60 to 90 Days	0.34		17 294	0.01
90 to 120 Days	1.84		41 568	0.02
120 to 180 Days	1.84		6 368	0.00
Over 180 Days	1.84		-	-
			187 782	0.09

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2019

Movement in provision for doubtful debts

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Opening Balance	-	42,686	-	-	-	0.02	-	-
Provision for the year	204,232	-	-	-	0.10	-	-	-
Write off	(16,450)	(42,686)	-	-	(0.01)	(0.02)	-	-
Closing Balance	187,782	-	-	-	0.09	0.00	-	-

17 Bank Overdraft

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Bank balances	26,977	27,584	26,977	27,584	0.01	0.02	0.01	0.02
Bank overdraft	(5,238,789)	(197,908)	-	-	(2.51)	(0.11)	-	-
	(5,211,812)	(170,324)	26,977	27,584	(2.49)	(0.09)	0.01	0.02

18 Share capital and share premium

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Authorised								
30 000 000 ordinary shares								
Issued								
800 Ordinary shares of R1 each	800	800	800	800	0.01	0.01	0.01	0.01
447 Ordinary shares of R134 361.32 each	60,059,509	60,059,509	60,059,509	60,059,509	28.74	33.28	28.75	33.29
322 Ordinary shares of R93 167.70	30,000,000	30,000,000	30,000,000	30,000,000	14.37	16.64	14.37	16.64
	90,060,309	90,060,309	90,060,309	90,060,309	43.11	49.93	43.12	49.94
Share premium	43,799,900	43,799,900	43,799,900	43,799,900	20.96	24.27	20.96	24.27

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2019

19 Deferred tax Liability

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 28% (2018: 28%).

The movement on the deferred income tax asset account is as follows:

At beginning of year	(6,808,408)	1,299,341	-	-	(3.26)	0.72	-	-
Current year	325,884	(8,208,918)	-	-	0.16	(4.55)	-	-
Prior year overprovision/ (underprovision)		101,169	-	-	0.00	0.06	-	-
At end of year	(64,82,524)	(6,808,408)	-	-	(3.10)	(3.77)	-	-

Deferred tax assets that will be realised within 12 months may be analysed as follows:

Intangible asset	(9,403,000)	(9,403,000)	-	-	(4.49)	(4.49)	-	-
Property, plant and equipment	43,522	132,891	-	-	0.02	0.06	-	-
Other provisions	2,876,954	2,461,701	-	-	1.38	1.37	-	-
Tax losses carried forward	-	-	-	-	-	-	-	-
	(6,482,524)	2,594,592	-	-	(3.10)	3.06	-	-

20 Trade and other payables

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Trade payables	32,225,416	22,350,845	-	-	15.42	12.39	-	-
Amount due to related party (refer note 19)	531,240	464,815	-	-	0.25	0.26	-	-
Accruals	3,823,242	4,483,499	-	-	1.83	2.48	-	-
Audit fee	1,187,871	876,284	-	26,284	0.56	0.49	-	0.01
Bonus provision	2,639,712	3,744,183	-	-	1.26	2.08	-	-
Leave pay	1,495,571	1,518,098	-	-	0.72	0.84	-	-
Other payables	180,797	659,779	0.00	-	0.09	0.37	-	-
	42,083,850	34,097,502	0.00	26,284	20.13	18.90	-	0.01

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2019

21 Borrowings

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Standard Bank of South Africa Limited								
- Non-current portion	29,682,403	35,785,676	-	-	14.20	19.83	-	-
- Current portion	6,165,047	6,163,474	-	-	2.95	3.42	-	-
	35,847,450	41,949,150	-	-	17.15	23.25	-	-

This loan is for a period of 5 years and repayable in monthly instalments of R508 475 per month with a final bullet payment of R15 million. It bears interest at 0,52% above prime.

The loan is secured by:

- an unrestricted pledge and cession in security over the subsidiary's balances held in the treasury call deposit account; and
- unrestricted cession of the subsidiary's book debts.

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Maturity of borrowings								
Due within 1 year	6,165,047	6,163,474	-	-	2.95	3.42	-	-
Due within 2 – 5 years	29,682,404	35,785,676	-	-	14.20	19.83	-	-
	35,847,450	41,949,150	-	-	17.15	23.25	-	-

The loan agreement with Standard Bank required the following covenants to be met:

- Debt service cover ratio
- EBITDA to gross interest payable
- Gross debt to equity ratio
- Gross debt to EBITDA

Standard bank allowed relaxation on the covenants up to end February 2020 where not met.

22 Correction of error

Purchase Price Allocation (PPA)

During the 2018 financial year, the company purchased the assets and liabilities of JM Products Proprietary Limited.

The purchase price allocation was initially prepared at acquisition date of 1 September 2017 however the support for the allocation performed was not complete. The purchase price allocation consisted of a brand which was a significant part of the acquisition. In the 2019 financial year the valuation of the brand was finalised and resulted in a material adjustment to the 2018 financial year figures. The initial calculation of the fair value of the brand acquired was incorrect due to the cash flows being discounted by an incorrect WACC percentage. The impact of this error was that the fair value of the identifiable assets and liabilities acquired from JM Products were incorrect and affected the allocation between goodwill and intangible assets.

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2019

Omission of deferred tax liability

On initial recognition of the intangible asset from the acquisition of the assets and liabilities of JM Products Proprietary Limited the related deferred tax liability was not recognised in the balance sheet.

The following tables summarises the impacts on the financial statements.

Particulars	Impact of correction of error		
	As previously reported	Adjustments	As restated
	R	R	R
Statement of financial position			
2018			
Deferred tax asset/(liability)	2,594,592	(9,403,000)	(6,808,408)
Intangible assets	107,980,722	(26,416,000)	81,564,722
Goodwill	2 107 857	35,819,000	37,926,857
Statement of cash flows			
2018			
Acquisition of intangible assets	(60,000,000)	26,416,000	(33,584,000)
Increase in goodwill	(2,107,857)	(35,819,000)	(37,926,857)
Increase in deferred tax liability due to acquisition on business combination		- 9,403,000	9,403,000

23 Share-based payments Liability

Marico Limited granted senior management of Marico South Africa Proprietary Limited a STAR grant bonus in respect of the share appreciation rights scheme.

The liability in respect of the share appreciation rights scheme is to be settled by Marico South Africa Proprietary Limited. The value is determined by the market price of equity shares and no minimum guarantee amount is provided.

The STAR grant value on maturity will be computed in INR and will be converted at the prevalent exchange rate as decided by Marico Group Corporate Finance Function, and paid to senior management in the currency of location of senior management.

Award price Indian Rupee (INR)	Date Rights Awarded	Rights Awarded	Vesting Date
256.48	1/12/2015	31,620	30/11/2019

The share price as at 31 March 2019 used to compute the share option liability was INR 294.85

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Current portion	506,661	554,198	-	-	0.09	0.31	-	-
Non-current portion	197,871	290,595	-	-	0.24	0.16	-	-
	704,532	844,793	-	-	0.34	0.47	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2019

24 Cash flow from operating

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Operating profit/(loss)	5,513,933	(1,993,904)	24,098	(1,989)	2.63	(1.11)	0.01	(0.00)
Adjusted for:								
Non-cash items								
Depreciation	844,351	872,827	-	-	0.40	0.48	-	-
(Profit)/loss on disposal of property, plant and equipment	(1,656,531)	(15,388)	-	-	(0.79)	(0.01)	-	-
Movement in share-based payment liability	(140,261)	78,146	-	-	(0.07)	0.04	-	-
Operating profit before working capital changes:								
Increase in trade and other receivables	(6,746,663)	(9,130,656)	-	-	(3.23)	(5.06)	-	-
Increase in inventories	(1,550,058)	(4,561,072)	-	-	(0.74)	(2.53)	-	-
Increase in trade and other payables	7,986,347	2,010,273	(26,284)	26,284	3.82	1.11	(0.01)	0.01
	4,251,119	(12,739,775)	(2,186)	24,295	2.03	(7.06)	(0.01)	0.01

25 Related party transactions

At 31 March 2019, the holding company of Marico South Africa Consumer Care Proprietary Limited and its subsidiary is a listed company incorporated in India, which holds 100% of the company's issued share capital. Marico South Africa Consumer Care Proprietary Limited and its subsidiary holds 100% of the issued share capital of Marico South Africa Proprietary Limited. The directors are listed in the director's report.

The group has a related party relationship with its holding company, subsidiary and with its directors and key management personnel.

Executive directors: JR Mason
 J Nieuwenhuys
 S Gupta
 VA Karve
 A Joshi

Transactions with related parties

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2019

The following transactions were carried out by the company with related parties:

	US\$	ZAR
Marico South East Asia	2 021	28 630
Marico for Consumer Care Products Co (Egypt)	2 181	30 894
Marico Limited	93 261	1 314 957

The following transactions were carried out by the company with related parties

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Directors emoluments								
J Nieuwenhuys								
- Salary	1,349,877	1,253,340	-	-	0.65	0.69	-	-
- Bonuses and performance related payments	582,638	701,027	-	-	0.28	0.39	-	-
- Allowances	212,360	202,165	-	-	0.10	0.11	-	-
	2,144,875	2,156,531	-	-	1.03	1.19	-	-
J Mason								
- Salary	2,014,281	2,005,923	-	-	0.96	1.11	-	-
- Bonuses and performance related payments	1,023,641	1,097,048	-	-	0.49	0.61	-	-
- Allowances	483,528	468,022	-	-	0.23	0.26	-	-
	3,521,450	3,570,994	-	-	1.69	1.98	-	-
Aounts due to related parties								
- Marico Limited	531,240	464,815	-	-	0.25	0.26	-	-

26 Commitments

Operating lease commitments

The future minimum lease payments payable under non-cancellable operating leases are as follows:

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Within 1 year	4,810,168	6,807,405	-	-	2.30	3.77	-	-
Between 2 and 5 years	7,051,205	11,855,101	-	-	3.37	6.57	-	-
Over 5 years	-	-	-	-	-	-	-	-
	11,861,373	18,662,506	-	-	5.68	10.34	-	-

27 Financial risk management

27.1 Financial Risk factors

The company's activities expose it to a variety of financial risks, including the effects of changes in interest rates and foreign currency exchange rates. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative financial instruments, such as interest rate swaps and forward exchange contracts, to hedge certain exposures.

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2019

Currency risk

The company is exposed to currency risk arising from sales and purchases that are denominated in currency other than South Africa Rand (ZAR). The currency in which these transactions are primarily denominated are the US dollar (USD).

Uncovered future foreign exchange exposures at year end, reflected in the statement of financial position, can be analysed as follows:

Particulars	2019		2018	
	Foreign amounts		Foreign amounts	
	'000s	Rand '000s	'000s	Rand '000s
Trade payables	36	531	137	1,671

At 31 March 2019, if the Rand had weakened/strengthened by 10% against the US Dollar, with all other variables held constant, post-tax profit for the year would have been R149 772 (2018 – R167 450) lower/higher, mainly as a result of foreign exchange losses/gains on translating foreign denominated trade payables.

Interest rate risk

The company's fixed-rate borrowings are not exposed to a risk of change in their fair value due to changes in interest rates. The company's variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk.

The company adopts a policy of regularly reviewing interest rate exposure, and maintains floating rate borrowings.

Refer to note 21 for details of the company's borrowings at year-end.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the statement of financial position date and the stipulated change taking place at the beginning of the financial period and held constant in the case of variable rate borrowings. A 50 basis point increase or decrease has been used, as this represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables held constant, the company's profit after tax would decrease by:

Particulars	Group		Company		Group		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Effect on profit after tax	191,576	16104	-	221	0.09	0.01	-	0.00

Credit risk

Credit risk refers to the risk that the counter party will default on its contractual obligation resulting in financial loss to the company. Management has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables comprise a wide customer base.

At year end there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position, grossed up for any allowances for losses. Refer to note 16 for details on credit risk

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet its commitments. Prudent liquidity risk management implies maintaining sufficient cash resources and ensuring the availability of funding

NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2019

through an adequate amount of credit facilities. The company aims to maintain flexibility by monitoring its cash flow forecast, good working capital management and ensuring adequate borrowing facilities are maintained

The following table details the company's remaining contractual maturity of its non-derivative financial liabilities:

Particulars	Within	Greater	Total	Within	Greater	Total
	1 year	1 year		1 year	1 year	
	R	R	R	₹ Crore	₹ Crore	₹ Crore
Group						
2019						
Borrowings	6,165,047	29,682,404	35,847,451	2.95	14.20	17.15
Trade and other payables	32,937,453	-	32,937,453	15.76	-	15.76
Cash and Cash equivalents	5,238,789	-	5,238,789	2.51	-	2.51
	44,341,289	29,682,404	74,023,693	21.22	14.20	35.42
2018						
Borrowings	6,163,474	35,785,676	41,949,150	3.42	19.83	23.25
Trade and other payables	23,475,439	-	23,475,439	13.01	-	13.01
Cash and Cash equivalents	197,908	-	197,908	0.11	-	0.11
	29,836,821	35,785,676	65,622,497	16.54	19.83	36.37

27.2 Categories of financial instruments

The company's financial instruments consist primarily of, trade accounts receivables trade and other payables. Financial instruments are carried at fair value or amounts that approximate fair value.

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Trade and other receivables (refer note 16)	40,659,296	33,912,634	19.46	18.71
Financial liabilities				
Financial liabilities at amortised cost				
Borrowings (refer note 21)	35,847,451	41,949,150	17.15	23.25
Trade and other payables (refer to note 20)	32,937,454	23,475,439	15.76	13.01
Bank overdraft (refer note 17)	5,238,789	197,908	2.51	0.11
	74,023,693	65,622,497	35.42	36.37

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

28 Going concern

The directors have satisfied themselves that the company has adequate resources to continue in operation for the foreseeable future. The company's financial statements have accordingly been prepared on a going concern basis.

29 Subsequent events

The directors are not aware of any matter or circumstance which is material to the financial affairs of the company which has occurred between the reporting date and the date of approval of the financial statements that has not been otherwise dealt with in the financial statements.

MARICO SOUTH AFRICA PROPRIETARY LIMITED

**BOARD OF DIRECTORS
(AS ON MARCH 31, 2019)**

Mr. Jacques Nieuwenhuys
Mr. John Richard Mason
Mr. Vivek Karve
Mr. Ashish Joshi
Mr. Mandla Mashilo

REGISTERED OFFICE

Unit 1-5, Site 2 East, Riverside Business Park
74 Prince Umhlangane Road, Avoca, Durban, 4051

POSTAL ADDRESS

P.O.Box 401093, Redhill, 4071

REGISTRATION NUMBER

1977/001752/07

AUDITORS

KPMG Inc.

BANKERS

Standard Bank of South Africa Limited

LEGAL ADVISORS

Adams & Adams – Patent and Trademark Attorneys
Norton Rose, Commercial Attorneys
Shepstone & Wylie – Litigation Attorneys
PCSS Pty Limited – Secretarial Services & Tax
Pather & Pather – Commercial Attorneys

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER'S OF MARICO SOUTH AFRICA PROPRIETARY LIMITED

Opinion

We have audited the financial statements of Marico South Africa Proprietary Limited ("the company") set out on pages 7 to 41, which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Marico South Africa Proprietary Limited as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

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 Separate Financial Statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Marico South Africa Proprietary Limited Annual Financial Statements for the year ended 31 March 2019" which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. 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. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 scepticism 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 the directors.
- Conclude on the appropriateness of the directors' 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 the directors 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.

KPMG Inc.

Per MA Sithole
Chartered Accountant (SA)
Registered Auditor
Director

08 July, 2019

MARICO SOUTH AFRICA PROPRIETARY LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 March, 2019

Particulars	Notes	As at March 31,			
		2019 R	2018 R	2019 ₹ Crore	2018 ₹ Crore
ASSETS					
Non-current assets					
Property, plant and equipment	10	1,765,973	2,305,340	0.85	1.28
Intangible assets	11	81,564,722	81,564,722	39.03	45.20
Goodwill	12	37,926,857	37,926,857	18.15	21.02
		<u>121,257,552</u>	<u>121,796,919</u>	<u>58.03</u>	<u>67.50</u>
Current assets					
Inventories	13	34,930,373	33,380,313	16.71	18.50
Trade and other receivables	14	40,659,296	33,912,634	19.46	18.80
Current Income Tax asset		669,314	785,676	0.31	0.43
		<u>76,258,983</u>	<u>68,078,625</u>	<u>36.48</u>	<u>37.73</u>
Total assets		<u><u>197,516,535</u></u>	<u><u>189,875,544</u></u>	<u><u>94.51</u></u>	<u><u>105.23</u></u>
EQUITY					
Capital and reserves attributable to equity holders of the company					
Share capital	16	84,845,500	84,845,500	40.60	47.02
Share premium	16	22,863,735	22,863,735	10.94	12.67
(Accumulated loss)/retained earnings		(549,845)	(1,705,168)	(0.28)	(0.97)
Total equity		<u>107,159,390</u>	<u>106,004,067</u>	<u>51.26</u>	<u>58.72</u>
LIABILITIES					
Non-current liabilities					
Borrowings	19	29,682,403	35,785,676	14.20	19.83
Deferred tax liabilities	17	6,482,524	6,808,408	3.10	3.77
Share-based payment liability	21	197,871	290,595	0.09	0.17
		<u>36,362,798</u>	<u>42,884,679</u>	<u>17.39</u>	<u>23.77</u>
Current liabilities					
Trade and other payables	18	42,083,850	34,071,218	20.14	18.88
Borrowings	19	6,165,047	6,163,475	2.95	3.42
Share-based payment liability	21	506,661	554,198	0.24	0.31
Bank overdraft	15	5,238,789	197,908	2.51	0.11
		<u>53,994,347</u>	<u>40,986,799</u>	<u>25.84</u>	<u>22.72</u>
Total liabilities		<u>90,357,145</u>	<u>83,871,477</u>	<u>43.23</u>	<u>46.49</u>
Total equity and liabilities		<u><u>197,516,535</u></u>	<u><u>189,875,544</u></u>	<u><u>94.51</u></u>	<u><u>105.23</u></u>

Note: The exchange rate use to convert ZAR to ₹ 4.785 (Previous year ZAR to ₹ 5.542)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March, 2019

Particulars	Notes	For the year ended March 31,			
		2019	2018	2019	2018
		R	R	₹ Crore	₹ Crore
Revenue		252,411,282	244,799,109	120.78	135.67
Cost of sales		(154,927,674)	(156,680,282)	(74.13)	(86.83)
Gross profit		97,483,608	88,118,827	46.65	48.84
Operating expenses		(92,243,280)	(90,449,749)	(44.14)	(50.13)
Other income /(expenses)		1,656,531	15,388	0.79	0.01
Impairment loss on trade receivables		(204, 376)	(42,686)	(0.10)	(0.02)
Other gains		(1,202,648)	366,306	(0.58)	0.20
Operating (loss)/profit	6	5,489,836	(1,991,914)	2.63	(1.10)
Finance income	8.1	125,662	275,818	0.06	0.15
Finance costs	8.2	(4,092,935)	(3,294,794)	(1.96)	(1.83)
Profit/ (loss) after income tax		1,522,562	(5,010,890)	0.73	(2.78)
Income tax income/(expense)	9	(367,239)	1,055,627	(0.18)	0.59
Profit/ (loss) after income tax		1,155,323	(3,955,263)	0.55	(2.19)
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the year		1,155,323	(3,955,263)	0.55	(2.19)

Note: The exchange rate use to convert ZAR to ₹ 4.785 (Previous year ZAR to ₹ 5.542)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March, 2019

Particulars	Share capital		Share premium		Retained earnings / (accumulated loss)		Total		Share capital		Share premium		Retained earnings / (accumulated loss)		Total	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Year ended 31 March, 2019																
Balance at 1 April 2017	84,845,500	22,863,735	-	(1,705,168)	106,004,067	40.61	10.94	(0.82)	50.72							
Share capital	-	-	-	-	-	-	-	-	-							
Total comprehensive profit/(loss) for the year	-	-	1,155,323	(3,955,263)	1,155,323	-	-	0.55	0.55							
Balance at 31 March 2019	84,845,500	22,863,735	-	(549,845)	107,159,390	40.61	10.94	(0.26)	51.28							
Year ended 31 March, 2018																
Balance at 1 April 2017	54,845,500	22,863,735	-	2,250,095	79,959,330	30.41	12.67	1.25	44.31							
Share issue	30,000,000	-	-	-	30,000,000	16.63	-	-	16.63							
Total comprehensive profit/(loss) for the year	-	-	(3,955,263)	(3,955,263)	(3,955,263)	-	-	(2.19)	(2.19)							
Balance at 31 March 2018	84,845,500	22,863,735	-	(1,705,168)	106,004,067	47.03	12.67	(0.95)	58.75							

Note: The exchange rate use to convert ZAR to ₹ 4.785 (Previous year ZAR to ₹ 5.542)

STATEMENT OF CASH FLOWS

For the year ended 31 March, 2019

Particulars	For the year ended March 31, 2019				
	Notes	2019	2018	2019	2018
		R	R	₹ Crore	₹ Crore
Cash flow from operating activities					
Cash flow from operations	22	4,253,305	(12,764,069)	2.04	(7.07)
Finance income	8.1	125,662	275,818	0.06	0.15
Finance costs	8.3	(4,092,935)	(3,294,794)	(1.96)	(1.83)
Income Tax	8.3	(547,460)	(557,253)	(0.26)	(0.31)
Net cash used in/generated from operating activities		(261,428)	(16,340,298)	(0.13)	(9.06)
Cash flow from investing activities					
Additions to property, plant and equipment	10	(409,329)	(876,913)	(0.20)	(0.49)
Additions to Intangible Assets	11	-	(33,584,000)	-	(18.61)
Additions to Goodwill	12	-	(28,523,857)	-	(15.81)
Proceeds on disposal of property, plant and equipment		1,731,576	15,388	0.83	0.01
Net cash used in investing activities		1,322,247	(62,969,382)	0.63	(34.90)
Cash flow from financing activities					
Increase/(Repayment) of borrowings	19	(6,101,700)	41,949,150	(2.92)	23.25
Increase in share capital	16	-	30,000,000	-	16.63
Net cash generated from/(used in) financing activities		(6,101,700)	71,949,150	(2.92)	39.87
Net (decrease)/increase in cash and cash equivalents		(5,040,881)	(7,360,530)	(2.41)	(4.08)
(Bank overdraft)/ cash and bank equivalents of the beginning of year		(197,908)	7,162,622	(0.09)	3.97
Cash and cash equivalents at end of year	15	(5,238,789)	(197,908)	(2.51)	(0.11)

Note: The exchange rate use to convert ZAR to ₹ 4.785 (Previous year ZAR to ₹ 5.542)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

1 Reporting entity

Marico South Africa Proprietary Limited (the “company”), is domiciled in the Republic of South Africa. The address of the company’s registered office is 74 Prince Umhlangane Road, Avoca, Republic of South Africa.

2. Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements have been prepared on the historical cost basis as modified by the revaluation of financial liabilities at fair value through profit and loss.

Basis of measurement

The financial statements are presented in South African Rand. They are prepared on the historical cost basis. The accounting policies set out below have been consistently applied to all periods presented in these financial statements except for the changes described in note 3.

3. Changes in significant accounting policies

Use of estimates and judgement

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period based on management’s best knowledge of current events and actions. Actual results may ultimately differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 11 and 12.

The company has initially applied IFRS 15 and IFRS 9 from 1 April 2018. Due to the transition methods chosen by the company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables.

3.1 IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services.

Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The company has adopted IFRS 15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18, and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The impact of transitioning to IFRS 15 on opening retained earnings is nil as at 1 April 2018.

3.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

As a result of the adoption of IFRS 9, the company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. Previously, the company's approach was to include the impairment of trade receivables in operating expenses. The company had no reclassification impairment losses as required to be recognised under IAS 39, from 'operating expenses' to 'impairment loss on trade receivables' in the statement of profit or loss and other comprehensive income for the year ended 31 March 2018.

Additionally, the company has adopted consequential amendments to IFRS 7 Financial instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities.

Trade and other receivables and cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost. The impact of transitioning to IFRS 9 on opening retained earnings is nil at 1 April 2018.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The company has determined that the application of IFRS 9's impairment requirements at 1 April 2018 results in no material impact on the allowance for impairment as at 1 April 2018 as the company has not incurred significant write-off's previously.

Corporate debt securities that were previously classified as held-to-maturity are now classified at amortised cost.

The company has applied IFRS 9 prospectively as no material impact was noted in prior periods.

4. Significant accounting policies

4.1 Property, plant and equipment

All property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

Depreciation is calculated using the straight-line basis so as to write off the cost of the assets to their residual values over their expected useful lives. The expected useful lives for the current and prior year are as follows:

Leasehold improvements	5 years
Plant and machinery	5 – 15 years
Motor vehicles	3,33 years
Office equipment	5 years
Furniture and fittings	6 years
Computer equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.2).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

4.2 Impairment of property, plant and equipment

At each reporting date, the company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is calculated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is calculated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised calculation of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.3 Intangible assets

Brands

The useful lives of all intangible assets acquired by the company are assessed to determine if the useful life is finite or indefinite. Useful lives of intangible assets are reviewed at the end of each financial period and altered if estimates have changed significantly. Any change is accounted for by changing the amortisation charge for the current and future periods.

Intangibles assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Intangibles assets with indefinite useful lives are measured at cost and are not amortised, but are tested for

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

impairment annually or whenever an indication of impairment exists.

The following intangible assets are currently classified as having indefinite useful lives:

- Brands

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

4.4 Business combinations

The acquisition of businesses is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal company's) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

4.5 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates, joint ventures and the acquisition of assets and liabilities in terms of a business combination. Goodwill represents the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is initially recognised as an asset at cost and is subsequently measured as cost less accumulated impairment losses. An impairment loss is recognised for goodwill is not reversed in a subsequent period.

On disposal of a business the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

4.7 Leased assets

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

4.8 Inventory

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4.9 Financial assets

4.9.1 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, related party loans and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial instrument is recognised if the company becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the company's contractual rights to the cash flows from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Trade receivables, trade payables and related party balances

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Cash and cash equivalents and bank overdrafts

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term and highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Investments at fair value through profit or loss

An instrument is classified as fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the company manages such investments and makes purchases and sales decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest rate method, where applicable, less any impairment losses.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss except for financial liabilities that arise due to intercompany transactions in which gains and losses will be recognised as a capital contribution

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

into equity. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss except for financial liabilities that arise due to intercompany transactions in which gains and losses will be derecognised from the capital contribution out of equity.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

De-recognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

4.10 Impairment of financial assets

Loans and receivables

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

4.11 Trade receivables

Trade receivables are measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

4.12 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

4.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

4.14 Trade payables

Trade payables are carried initially at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier, and subsequently measured at amortised cost.

4.15 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

4.16 Share-based payment

The company operates share-based compensation under which the company receives services from directors as consideration for equity based instruments (options and rights) of Marico Limited (ultimate holding company). The fair value of the employees' services received in exchange for the grant of the options or rights is recognised as an expense.

The fair value is determined at each statement of financial position date and is expensed on a straight-line basis over the vesting period with a corresponding increase in the liability and is based on the company's estimate of options that will eventually vest. Non-market vesting conditions are included in assumptions about the number of options and rights that are expected to vest.

At each statement of financial position date, the company assesses its estimates of the number of options or rights that are expected to vest. The company recognises the impact on the original estimates, if any, in the statement of comprehensive income with a corresponding adjustment to the share option liability as appropriate.

The cash settled share-based payment, on maturity, will be computed in Indian Rupee (INR) and will be converted at the prevalent exchange rate and paid to senior management in the currency of the location of senior management.

4.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The difference between the proceeds received and the par value of ordinary shares issued are shown within equity as share premium.

4.18 Revenue recognition

The company adopted IFRS 15 Revenue from Contracts with Customers on its effective date, 1 January 2018. Under IFRS 15, Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

over a product or service to a customer.

Revenue performance obligations are met at a point in time when the good is available for use or delivered to the customer location. Control is transferred when the customer takes ownership of the good.

Depending on the customer profile, sale contracts are entered into on a variety of payment terms from cash on delivery, 30 days, 60 days etc.

The nature of the goods invoiced are primarily of hair care and health products..

Due to the nature of the bulk supply of goods and quality controls in place, there is minimal obligation for returns of inventory.

There are no significant judgements required in the application of IFRS 15 due to the nature of the goods being sold.

The company has applied the practical expedient provided in IFRS 15 whereby the new standard has been applied to the company's portfolio of contracts rather than to each individual contract. It is reasonably expected that the effects on the financial statements of applying the portfolio approach will not differ materially from applying IFRS 15 to each individual contract.

In the comparative period, revenue was measured under IAS 18 Revenue at the fair value of the consideration received or receivable. Revenue was measured at the fair value of the consideration received or receivable in the normal course of business, net of settlement discounts, volume rebates and value added tax. The invoice value recognised includes freight and commission charges. Sales of goods were recognised when goods were delivered and title had passed.

4.19 Research and development costs

Research and development costs are recognised as an expense to the extent that such expenditure are not expected to have future benefits.

4.20 Employee benefits

The company operates a retirement benefit scheme which is a defined contribution fund. A defined contribution fund is a retirement benefit plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company pays contributions on a contractual basis and contributions are recognised as an expense when they are due.

4.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

4.22 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.22.1 Critical accounting estimates and assumptions

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Estimated impairment of intangible assets and goodwill

The company tests whether intangible assets and goodwill have suffered any impairment annually or whenever an indication of impairment exists, in accordance with the accounting policy stated in note 4.6. The recoverable amounts of cash-generating units has been determined based on value-in use calculations. These calculations require the use of estimates (refer note 11).

4.22.2 Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in South African Rands, which is the company's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within 'other gains/(losses)'.

4.23 Finance income and expenses

Interest is recognised when it accrues to the company on a time proportion basis, taking account of the principal outstanding and the effective interest rate.

5. Standards and interpretations not yet effective

At the date of authorisation of the financial statements of Marico South Africa Proprietary Limited for the year ended 31 March 2019, the following Standards and Interpretations applicable to the company were in issue but not yet effective:

Standard/Interpretation		Effective date Periods beginning on or after
IFRS 9 amendment	Prepayment Features with Negative Compensation	1 January 2019
IFRS 3 amendment	Definition of a Business	1 January 2020
IFRS 16	Leases	1 January 2019

All Standards and Interpretations will be adopted at their effective date.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The amendments clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

The amendments apply for annual periods beginning on or after 1 January 2019 with retrospective application, early adoption is permitted. No material impact for the company.

Definition of a Business (Amendments to IFRS 3)

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted. No material impact for the company.

IFRS 16 – Leases

The IASB issued IFRS 16 in January 2016. IFRS 16 replaces IAS 17 'Leases' and its related interpretations for reporting periods beginning on or after 1 January 2019. IFRS 16 introduces a 'right-of-use' model whereby the lessee recognises a right of use asset and an associated financial obligation to make lease payments for all leases with a term of more than 12 months. The asset will be amortised over the lease term and the financial liability measured at amortised cost with interest recognised in profit and loss using the effective interest rate method.

The Company is required to adopt IFRS 16 Leases from 1 March 2019. The Company has not yet adopted this standard but has assessed the estimated impact that initial application of IFRS 16 will have on its financial statements, as described below.

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.

The assessment for IFRS 16 is in the final stages of completion and is ready to be implemented in the financial year end 28 February 2020.

Leases in which the Company is a lessee

The Company will recognise a right of use asset and lease liability for each of its operating leases for owner occupied buildings. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. The company will adopt the modified approach as described in IFRS 16 in terms of the application of IFRS 16 to the leases. This will impact the retained earnings of the Company and will not require any comparatives to be disclosed.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. This means that the Company will no longer recognise a provision for lease smoothing liability.

The Company will include the payments due under the lease in its lease liability. The monetary impact of the right of use asset and the respective lease liability will be R10,097,706.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

6 Operating profit

6.1 The following items have been charged in arriving at operating profit:

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Depreciation on property, plant and equipment (A detailed breakdown of the depreciation expense is presented in note 10)	844,351	872,827	0.40	0.48
(Profit) / loss on disposal of property, plant and equipment	(1,656,531)	(15,388)	(0.79)	(0.01)
Lease rentals				
- Buildings	6,633,994	6,954,831	3.17	3.85
- Computers	545,821	486,580	0.26	0.27
	7,179,814	7,441,412	3.44	4.12
Directors' emoluments (refer note 23)				
Salaries	4,773,537	4,596,817	2.28	2.55
Other	3,172,022	2,979,938	1.52	1.65
	7,945,559	7,576,755	3.80	4.20
Staff costs (refer note 7)	21,919,600	23,591,805	10.49	13.07

6.2 Expenses by nature

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Depreciation	844,352	872,827	0.40	0.48
Directors' emoluments	7,945,557	7,576,755	3.80	4.20
Operating lease rentals	7,179,815	7,441,412	3.44	4.12
Staff costs	21,919,600	23,591,805	10.49	13.07
Cost of sales	154,927,674	156,680,282	74.13	86.83
Commission	6,787,464	8,192,654	3.25	4.54
Advertising	22,846,859	21,228,378	10.93	11.76
Delivery Expenses	14,216,211	11,265,661	6.80	6.24
Other	10,503,422	10,280,257	5.03	5.70
Total cost of sales and operating expenses	247,170,954	247,130,031	118.37	136.98

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

7 Staff costs

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Salaries and wages	19,836,426	21,812,748	9.49	12.09
Other	2,083,174	1,779,057	1.00	0.99
	21,919,600	23,591,805	10.49	13.07
Average number of persons employed:				
- Full time	74	93		

8.1 Finance income

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Bank	125,662	275,818	0.06	0.15

8.2 Finance costs

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Borrowings	(4,092,935)	(3,294,794)	(1.96)	(1.83)
	(4,092,935)	(3,294,794)	(1.96)	(1.83)

8.3 Taxation paid

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Taxation receivable at the beginning of the year	785 678	468 050	0.38	0.26
Current tax paid	(663 824)	(239 625)	(0.32)	0.13
Taxation receivable at the end of the year	(669 314)	(785 678)	(0.32)	0.44
	(547 460)	(557 253)	(0.26)	0.31

9 Income tax expense

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Current Tax				
- current year	663,824	325,884	0.32	0.18
- prior year underprovision	-	(86,259)	-	(0.05)
	663,824	239,625	0.32	0.13
Deferred tax				
- current year	(296,585)	(1,194,083)	(0.14)	(0.66)
- prior year (over)/underprovision	-	(101,169)	-	(0.06)
	(296,585)	(1,295,252)	(0.14)	(0.72)
Total tax charge	367,239	(1,055,627)	(0.14)	(0.72)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

The tax on the company's (loss)/ profit before tax differs from the theoretical amount that would arise using basic rates as follows:

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
(Loss)/profit before tax	1,522,562	(5,010,890)	0.73	(2.78)
Tax calculated at a rate of 28%	426,317	(1,403,049)	0.20	(0.78)
Deferred tax – prior year over provision	-	(101,169)	-	(0.06)
Current tax – prior year (over)/ under provision	-	(86,258)	-	(0.05)
Permanent differences	(59,078)	(100,365)	(0.03)	(0.07)
Capital gains tax	-	635,214	0.17	0.35
Tax charge	367,239	(1,055,627)	0.18	(0.59)

The company recognises deferred tax assets to the extent that future taxable profits will be available against which the unused tax losses and deductible temporary differences can be utilised.

10 Property, plant and equipment

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	R	R	R	R	R
Year ended 31 March, 2019					
Opening net carrying amount	776,082	664,960	116,934	747,364	2,305,340
Additions	122,458	100,630	-	186,241	409,329
Depreciation	(268,070)	(192,571)	(51,341)	(332,370)	(844,351)
Disposals	-	(75,068)	-	(29,276)	(104,344)
Closing net carrying amount	630,471	497,951	65,593	571,959	1,765,973
Cost	1,407,919	1,293,508	588,347	2,708,672	5,998,446
Accumulated depreciation and impairment	(777,449)	(795,556)	(522,754)	(2,136,713)	(4,232,472)
Closing net carrying amount	630,470	497,951	65,593	571,959	1,765,973

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Year ended March 31, 2019					
Opening net carrying amount	0.37	0.32	0.06	0.36	1.10
Additions	0.06	0.05	-	0.09	0.20
Depreciation	(0.13)	(0.09)	(0.02)	(0.16)	(0.40)
Disposals	-	(0.04)	-	(0.01)	(0.05)
Closing net carrying amount	0.30	0.24	0.03	0.27	0.85
Cost	0.67	0.62	0.28	1.30	2.87

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

Accumulated depreciation and impairment	(0.37)	(0.38)	(0.25)	(1.02)	(2.03)
Closing net carrying amount	0.30	0.24	0.03	0.27	0.85

Depreciation charge of R 844,351 (Rs. 0.4026 Crore) (2017: R 872,827 (Rs. 0.4837 Crore)) has been charged to operating expenses.

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	R	R	R	R	R
Year ended 31 March, 2018					
Opening net carrying amount	1,013,131	671,458	7,714	608,951	2,301,254
Additions	-	207,044	154,021	515,848	876,913
Depreciation	(237,049)	(213,542)	(44,801)	(377,435)	(872,827)
Disposals	-	-	-	-	-
Closing net carrying amount	776,082	664,960	116,934	747,364	2,305,340
Cost	1,285,461	1,296,587	588,347	2,740,439	5,910,834
Accumulated depreciation and impairment	(509,379)	(631,627)	(471,413)	(1,993,075)	(3,605,494)
Closing net carrying amount	776,082	664,960	116,934	747,364	2,305,340

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Year ended March 31, 2018					
Opening net carrying amount	0.56	0.37	0.00	0.34	1.28
Additions	-	0.11	0.09	0.29	0.49
Depreciation	(0.13)	(0.12)	(0.02)	(0.21)	(0.48)
Disposals	-	-	-	-	-
Closing net carrying amount	0.43	0.37	0.06	0.41	1.28
Cost	0.71	0.72	0.33	1.52	3.28
Accumulated depreciation and impairment	(0.28)	(0.35)	(0.26)	(1.10)	(2.00)
Closing net carrying amount	0.43	0.37	0.06	0.41	1.28

11 Intangible assets

Particulars	Total	Brands
	R	₹ Crore
Year ended 31 March 2019		
Opening carrying amount	81,564,722	39.03
Closing carrying amount	81,564,722	39.03
Cost	83,646,924	40.03
Accumulated impairment	(2,082,202)	(1.00)
Closing carrying amount	81,564,722	39.03

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

Year ended 31 March 2018 – Restated[to note 20.1 for details regarding the correction of a prior period error]

Opening carrying amount	47,980,722	26.59
Additions	33,584,000	18.16
Closing carrying amount	<u>81,564,722</u>	45.20
Cost	83,646,924	46.63
Accumulated impairment	(2,082,202)	(1.15)
Closing carrying amount	<u>81,564,722</u>	45.20

The company has classified its intangible assets as having indefinite useful lives. This conclusion is supported by the fact that the company is expected to be able to use the brands for the foreseeable future and that the typical product life cycles for the brands, acquired from public information on estimates of useful lives, indicate that the intangible asset has an indefinite period of foreseeable usage. This is further supported by the stability and the strong demand in markets within which these products are marketed and sold.

Detailed impairment testing is performed for the indefinite-life intangible assets annually or whenever an indicator of impairment exists. The impairment review process is as follows:

Each period and whenever impairment indicators are present, management calculate the fair value of the asset and record an impairment loss for the excess of the carrying value over the fair value, if any. The fair value is generally measured as the net present value of projected cash flows. In addition, a re-evaluation of the remaining useful life of the asset is performed to determine whether continuing to characterise the asset as having an indefinite life is appropriate.

The recoverable amounts have been determined based on a value-in-use calculation. The calculation uses a free cash flow model that discounts the free cash flow available from profit after tax generated by the intangible asset. If the resulting net present value exceeds the carrying value of the intangible asset, the intangible asset is not impaired. However, if the resulting net present value is less than the carrying value, an impairment charge is raised. The key assumptions used for the value-in-use calculations are as follows:

Particulars	2019	2018
	%	%
Growth rate *1	8.50	5.50
Discount rate *2	14.00	15.15

*1 Weighted average growth rate used to extrapolate cash flows beyond the budget period.

*2 Pre-tax discount rate applied to the cash flow projections.

A sensitivity analysis was performed with regards to the key assumptions above and projected cash flows as follows:

	Impact on Impairment
Discount rate plus 1% and projected cash flow and growth rate constant	None
Discount rate constant, projected cash flow less 5% and growth rate constant	None
Discount rate constant, projected cash flow constant and growth rate less 1 %	None

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

12 Goodwill

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Open carrying amount	37,926,857	-	18.15	-
Additions	-	37,926,857	-	21.02
Closing Carrying amount	37,926,857	37,926,857	18.15	21.02
Cost	37 926 857	37 926 857	18.15	21.02
Accumulated impairment	-	-	-	-
Closing carrying amount	37 926 857	37 926 857	18.15	21.02

During the 2018 financial year, the company purchased the assets and liabilities of JM Products Proprietary Limited. Goodwill arose as a result of the purchase price exceeding the fair value of the identifiable assets and liabilities acquired.

13 Inventories

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Raw materials	24,355,595	19,926,370	11.65	11.04
Work in progress	186,757	541,870	0.09	0.30
Finished goods	10,388,020	12,912,073	4.97	7.16
	34,930,371	33,380,313	16.71	18.50
The above balances have been derived after deducting write down to net realisable value of	1,393,713	1,787,271	0.67	0.99

14 Trade and other receivables

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Trade receivables	37,654,895	31,641,786	18.02	17.54
Provision for doubtful debts	(187,782)	-	(0.09)	-
Net trade receivables	37,467,113	31,641,786	17.93	17.54
Other receivables	3,192,183	2,270,849	1.53	1.26
	40,659,296	33,912,634	19.46	18.80

The company grants credit of 30 days to its customers. The analysis of trade receivables which are past due and not impaired at year end is as follows:

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Not past due	23,093,499	5,115,054	11.05	2.83
Past due by 30 days	13,558,055	14,392,513	6.49	7.98
Past due by 60 days	815,559	12,134,219	0.39	6.72

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

37,467,113	31,641,786	17.93	17.54
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The carrying value of the trade and other receivables approximates their fair value.

Expected credit loss rate

Particulars	Percentage applied %	Loss allowance R	2019 ₹ Crore
0 to 30 Days	0.34	77,172	0.04
30 to 60 Days	0.34	45,380	0.02
60 to 90 Days	0.34	17,294	0.01
90 to 120 Days	1.84	41,568	0.02
120 to 180 Days	1.84	6,368	0.00
Over 180 Days	1.84	-	-
		187,782	0.09

Movement in provision for doubtful debts

Particulars	2019 R	2018 R	2019 ₹ Crore	2018 ₹ Crore
Opening Balance IAS 36	-	42,686	-	0.02
Provision for the year	204,232	-	0.10	-
Write - off	(16,450)	(42,686)	(0.02)	(0.02)
Closing Balance as per IFRS 9	187,782	-	0.09	-

15 Bank Overdraft

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:

Particulars	2019 R	2018 R	2019 ₹ Crore	2018 ₹ Crore
Bank balances	(5,238,789)	(197,908)	(2.51)	(0.11)

16 Share capital and share premium

Particulars	2019 R	2018 R	2019 ₹ Crore	2018 ₹ Crore
Authorised				
30,000,000 no par value shares				
Issued				
500,000 Ordinary shares of R 0.01	5,000	5,000	0.00	0.00
254,958 Ordinary shares of R 215.10	54,840,500	54,840,500	26.24	30.39
283,253 Ordinary shares of R 105.91	30,000,000	30,000,000	14.36	16.63
	84,845,500	84,845,500	40.60	47.02
Share premium	22,863,735	22,863,735	10.94	12.67

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

17 Deferred tax liability

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 28% (2017: 28%).

The movement on the deferred income tax asset account is as follows:

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
At beginning of year	(6,808,408)	1,299,341	(3.26)	0.72
Current year	325,884	1,194,082	0.16	0.66
Adjustment from Purchase Price Allocation (refer note 20.1)	-	(9,403,000)	-	(5.21)
Prior year overprovision	0	101,169	0.00	0.06
At end of year	(6,482,524)	(6,808,408)	(3.19)	3.77

The Deferred tax Liability balance is made up of the following:

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Purchase price allocation	(9,403,000)	(9,403,000)	(4.50)	(5.21)
Property, plant and equipment	43,522	132,891	0.02	0.07
Other provisions	2,876,954	2,461,701	1.38	1.36
	(6,482,524)	(6,808,408)	(3.10)	(3.77)

18 Trade and other payables

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Trade payables	32,225,416	22,350,845	15.42	12.39
Amount due to related party (refer note 23)	531,240	464,815	0.25	0.26
Accruals	3,823,242	4,483,499	1.83	2.48
Audit fee	1,187,871	850,000	0.57	0.47
Bonus accrual	2,639,712	3,744,182	1.26	2.08
Leave pay	1,495,571	1,518,098	0.72	0.84
Other payables	180,797	659,779	0.09	0.37
	42,083,850	34,071,218	20.14	18.88

19 Borrowings

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Standard Bank of South Africa Limited				
- Non-current portion	29,682,403	35,785,676	14.20	19.83
- Current portion	6,165,047	6,163,474	2.95	3.42
	35,847,450	41,949,150	17.15	23.25

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

This loan is for a period of 5 years and repayable in monthly installments of R 508 475 per month with a final bullet payment of R 15 million. It bears interest at 0.5% above prime.

The loan is secured by:

- an unrestricted pledge and cession in security over the company's balances held in the treasury call deposit account and
- unrestricted cession of the company's book debts

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Maturity of borrowings				
Due within 1 year	6,165,047	6,163,474	2.95	3.42
Due within 2 – 5 years	29,682,403	35,785,676	14.20	19.83
	35,847,450	41,949,150	17.15	23.25

The loan agreement with Standard Bank required the following covenants to be met:

- Debt service cover ratio
- EBITDA to gross interest payable
- Gross debt to equity ratio
- Gross debt to EBITDA

Standard bank allowed relaxation on the covenants up to end February 2020 where not met.

20 Correction of error**20.1 Purchase Price Allocation (PPA)**

During the 2018 financial year, the company purchased the assets and liabilities of JM Products (Pty) Ltd.

The purchase price allocation was initially prepared at acquisition date of 1 September 2017 however the support for the allocation performed was not complete. The purchase price allocation consisted of a brand which was a significant part of the acquisition. In the 2019 financial year the valuation of the brand was finalised and resulted in a material adjustment to the 2018 financial year figures. The initial calculation of the fair value of the brand acquired was incorrect due to the cash flows being discounted by an incorrect WACC percentage. The impact of this error was that the fair value of the identifiable assets and liabilities acquired from JM Products were incorrect and affected the allocation between goodwill and intangible assets.

20.2 Omission of deferred tax liability

On initial recognition of the intangible asset from the acquisition of the assets and liabilities of JM Products Proprietary Limited the related deferred tax liability was not recognised in the balance sheet.

The following tables summarises the impacts on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

Statement of financial position	As previously reported R	Adjustments R	As restate R
2018			
Deferred tax asset/ (liability)	2,594,592	(9,403,000)	(6,808,408)
Intangible assets	107,980,722	(26,416,000)	81,564,722
Goodwill	2,107,857	35,819,000	37,926,857

Statement of cash flows

2018

Acquisition of intangible assets	(60,000,000)	26,416,000	(33,584,000)
Increase in goodwill	(2,107,857)	(35,819,000)	(37,926,857)
Increase in deferred tax liability due to acquisition on business combination	-	9,403,000	9,403,000

There was no impact on the Statement of profit or loss and other comprehensive income.

21 Share-based payments

Marico Limited granted senior management of Marico South Africa Proprietary Limited a STAR grant bonus in respect of the share appreciation rights scheme.

The liability in respect of the share appreciation rights scheme is to be settled by Marico South Africa Proprietary Limited. The value is determined by the market price of Marico Limited equity shares and no minimum guarantee amount is provided.

The STAR grant value on maturity will be computed in INR and will be converted at the prevalent exchange rate as decided by Marico Group Corporate Finance Function, and paid to senior management in the currency of location of senior management.

Award price Indian Rupee (INR)	Date Rights Awarded	Rights Awarded	Vesting Date
356.48	01/12/2015	31,620	30/11/2019

The share price as at 31 March 2019 used to compute the share option liability in was INR 356.48

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Non-current portion	197,871	290,595	0.09	0.16
Current portion	506,661	554,198	0.24	0.31
	704,532	844,793	0.33	0.47

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

22 Cash flow from operations activities

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Operating (loss)/profit	5,489,835	(1,991,914)	2.63	(1.10)
Adjusted for:				
Non-cash items				
Depreciation	844,351	872,827	0.40	0.48
(Profit) / loss on disposal of property, plant and equipment	(1,656,531)	(15,388)	(0.79)	(0.01)
Movement share-based payment liability	(140,261)	78,145	(0.07)	0.04
Operating profit before working capital changes:				
Increase in trade and other receivables	(6,746,662)	(9,130,657)	(3.23)	(5.07)
Increase in inventories	(1,550,060)	(4,561,071)	(0.74)	(2.53)
Increase in trade and other payables	8,012,632	1,983,989	3.83	1.10
	4,253,305	(12,764,069)	2.04	(7.07)

23 Related party transactions**Transactions with related parties:****Related party relationships:**

Holding company:	Marico South Africa Consumer Care Proprietary Limited
Ultimate holding company:	Marico Limited (incorporated in India)
Executive directors:	JR Mason
	J Nieuwenhuys
	M Mashilo
	VA Karve
	A Joshi

23.1 Transactions with related parties

The following transactions were carried out by the company with related parties:

Particulars	USD	ZAR
Marico South East Asia	2 021	28 630
Marico for Consumer Care Products Co (Egypt)	2 181	30 894
Marico India	93 261	1 314 957

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

23.2 Director's emoluments

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
J Nieuwenhuys				
- Salary	1,349,877	1,253,340	0.65	0.69
- Bonuses and performance related payments	582,638	701,027	0.28	0.39
- Allowances	212,360	202,165	0.10	0.11
	2,144,875	2,156,532	1.03	1.20
J Mason				
- Salary	2,014,281	2,005,923	0.96	1.11
- Bonuses and performance related payments	1,023,641	1,097,048	0.49	0.61
- Allowances	483,528	468,022	0.23	0.26
	3,521,450	3,570,993	1.69	1.98
M Masilo				
- Salary	1,409,378	1,337,554	0.67	0.74
- Bonuses and performance related payments	453,108	105,660	0.22	0.06
- Allowances	416,746	406,016	0.20	0.23
	2,279,233	1,849,230	1.09	1.02
Amounts due to related parties				
Included in trade payables (refer note 18):				
Marico Limited	531,240	464,815	0.25	0.26

24 Commitments

Operating lease commitments

The future minimum lease payments payable under non-cancellable operating leases are as follows:

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
- Within 1 year	4,810,168	6,807,405	2.30	3.77
- Between 2 and 5 years	7,051,205	11,855,101	3.37	6.57
	11,861,373	18,662,506	5.68	10.34

25 Financial risk management

25.1 Financial risk factors

The company's activities expose it to a variety of financial risks, including the effects of changes in interest rates and foreign currency exchange rates. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative financial instruments, such as interest rate swaps and forward exchange contracts, to hedge certain exposures.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

Currency risk

The company is exposed to currency risk arising from sales and purchases that are denominated in currency other than South Africa. The currency in which these transactions are primarily denominated are the US dollar (USD).

Uncovered future foreign exchange exposures at year end, reflected in the statement of financial position, can be analysed as follows:

Particulars	2019		2018	
	Foreign Amount	R	Foreign Amount	R
	000	000	000	000
US Dollar payable	37	531	137	1,671

At 31 March 2019, if the Rand had weakened/strengthened by 10% against the US Dollar, with all other variables held constant, post-tax profit for the year would have been R149 772 (2018 – R167 450) lower/higher, mainly as a result of foreign exchange losses/gains on translating foreign denominated trade payables.

Interest rate risk

The company's fixed-rate borrowings are not exposed to a risk of change in their fair value due to changes in interest rates. The company's variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk.

The company adopts a policy of regularly reviewing interest rate exposure, and maintains floating rate borrowings.

Refer to note 19 for details of the company's borrowings at year-end.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the statement of financial position date and the stipulated change taking place at the beginning of the financial period and held constant in the case of variable rate borrowings. A 50 basis point increase or decrease has been used, as this represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables held constant, the company's profit after tax would decrease by:

Particulars	2019	2018
	R	R
Effect on profit after tax	191,576	16,104

Credit risk

Credit risk refers to the risk that the counter party will default on its contractual obligation resulting in financial loss to the company. Management has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables comprise a wide customer base.

At year end there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position, grossed up for any allowances for losses. Refer to note 13 for details on credit risk

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet its commitments. Prudent liquidity risk management implies maintaining sufficient cash resources and ensuring the availability of funding through an adequate amount of credit facilities. The company aims to maintain flexibility by monitoring its cash flow forecast, good working capital management and ensuring adequate borrowing facilities are maintained

The following table details the company's remaining contractual maturity of its non-derivative financial liabilities.

	Within 1 year R	Greater than 1 year R	Total R
2019			
Borrowings	6,165,047	29,682,403	35,847,450
Trade and other payables	32,937,454	-	32,937,454
Cash and cash equivalents	5,238,789	-	5,238,789
	44,341,290	29,682,403	74,023,693
2018			
Borrowings	6,163,474	35,785,676	41,949,150
Trade and other payables	23,475,439	-	23,475,439
Cash and cash equivalents	197,908	-	197,908
	29,836,821	35,785,676	65,622,497

	Within 1 year ₹ Crore	Greater than 1 year ₹ Crore	Total ₹ Crore
2019			
Borrowings	2.95	14.20	17.15
Trade and other payables	15.76	-	15.76
Cash and cash equivalents	2.51	-	2.51
	21.22	14.20	35.42
2018			
Borrowings	3.42	19.83	23.25
Trade and other payables	13.01	-	13.01
Cash and cash equivalents	0.11	-	0.11
	16.54	19.83	36.37

25.2 Categories of financial instruments

The company's financial instruments consist primarily of trade accounts receivables trade and other payables. Financial instruments are carried at fair value or amounts that approximate fair value.

Financial assets

Particulars	2019 R	2018 R	2019 ₹ Crore	2018 ₹ Crore
Trade and other receivables (refer note 14)	40,659,296	33,912,634	19.46	18.79

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

Financial liabilities**Financial liabilities at amortised cost:**

Particulars	2019	2018	2019	2018
	R	R	₹ Crore	₹ Crore
Borrowings (refer note 19)	35,847,450	41 949 150	17.15	23.25
Trade and other payables	32,937,454	23 475 439	15.76	13.01
Bank overdraft (refer note 15)	5,238,789	197 908	2.51	0.11
	74,023,693	65 622 497	32.91	36.26

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

26 Going concern

The directors have satisfied themselves that the company has adequate resources to continue in operation for the foreseeable future. The company's financial statements have accordingly been prepared on a going concern basis.

27 Subsequent events

The directors are not aware of any matter or circumstance which is material to the financial affairs of the company which has occurred between the reporting date and the date of approval of the financial statements that has not been otherwise dealt with in the financial statements.

MARICO MALAYSIA SDN BHD

BOARD OF DIRECTORS
(AS ON MARCH 31, 2019)

Mr. Vivek Karve
Mr. Datuk Chin Chee Kee
Ms. Poh Shioh Mei

REGISTERED OFFICE

Room A, Ground Floor, Lot 7, Block F,
Saguking Commercial Building,
Jalan Patau 87000,
Labuan F.T. Malaysia

AUDITORS

M/s. Sundar & Associates

BANKERS

HSBC Bank Malaysia Berhad

Directors' report

The Directors have pleasure in submitting their report and the audited financial statements for the financial year ended 31 March 2019.

Directors

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

DATUK CHIN CHEE KEE, JP

POH SHIOW MEI (F)

VIVEK ANANT KARVE

Principal activity

The principal activity of the Company is as distributor of perfumery, cosmetics, toiletries and related beauty products. The Company ceased business operation in the financial year 2015.

Financial results

	RM
Loss after tax representing total comprehensive loss attributable to :	
Owners of the Company	15,619/-

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year under review.

Issue of shares and debentures

The Company did not issue any shares or debentures during the financial year.

Directors' benefits

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company or any of its related corporations was a party whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Director's remuneration

There were no Directors' remuneration paid or payable during the financial year.

Indemnifying Directors, Officers and Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been Director, Officer or Auditor of the Company

Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year hold any shares or debentures in the Company or its holding company or subsidiaries of the holding company during the financial year.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

- (a) There were neither receivables nor any significant current assets at statement of financial position date, accordingly there is no necessity for the directors to consider their estimated realisable value.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render the values attributed to current assets in the financial statements of the Company misleading, or
 - (ii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person.
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (d) No contingent or other liability has become enforceable or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.
- (e) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.
- (f) In the opinion of the Directors,
 - (i) the results of the Company's operations during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the current financial year in which this report is made.

Holding Companies

The Directors regard Marico Middle East FZE and Marico Limited, companies incorporated in United Arab Emirates and India, as the immediate holding company and ultimate holding company respectively.

Auditors' remuneration

Details of auditors' remuneration are set out in Note 9 to the financial statements

Auditors

Messrs. Sundar & Associates have expressed their willingness to continue in office.

This report was approved by the Board of Directors on

Signed on behalf of the Board of Directors:

POH SHIOW MEI (F)
Director

DATUK CHIN CHEE KEE, JP
Director

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, **Poh Shioh Mei (F)** and **Datuk Chin Chee Kee, JP**, being two of the Directors of **MARICO MALAYSIA SDN. BHD.**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 10 to 24 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and financial performance of the Company for the financial year ended 31 March 2019 in accordance with Malaysian Private Entities Reporting Standard and the requirements of Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated

POH SHIOW MEI (F)
Director

DATUK CHIN CHEE KEE, JP
Director

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act, 2016

I, **Poh Shioh Mei (F) (NRIC No: 630226-12-5372)**, the Director primarily responsible for the financial management of **MARICO MALAYSIA SDN. BHD.**, do solemnly and sincerely declare that, the financial statements set out on pages 10 to 24 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

POH SHIOW MEI (F)

Subscribed and solemnly declared by the abovenamed at _____ on _____

Before me,

Independent Auditor's Report To The Member Of Marico Malaysia SDN. BHD. (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MARICO MALAYSIA SDN. BHD., which comprise the statements of financial position as at 31 March 2019, 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, as set out on pages 10 to 24.

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 Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 approved standards on auditing in Malaysia and International Standards on Auditing 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 approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 the directors.
- Conclude on the appropriateness of the directors' 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 auditors' report to the related disclosures in the financial statements of the Company 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 auditors' 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 of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SUNDAR & ASSOCIATES
AF No: 1127
Chartered Accountants (M)

SUNDARASAN A/L ARUMUGAM
01876/02/2020 J
Chartered Accountant (M)

Shah Alam

Date :

Statement of Financial Position (Incorporated in Malaysia)

As at 31 March, 2019

	Notes	2019 RM	2018 RM	2019 ₹ Crore	2018 ₹ Crore
Current asset					
Cash and bank balances	6	108,834	109,474	0.18	0.18
Total current asset		108,834	109,474	0.18	0.18
Total asset		108,834	109,474	0.18	0.18
Equity					
Share capital	7	17,660,240	17,660,240	29.92	29.78
Accumulated losses		(17,571,385)	(17,555,766)	(29.77)	(29.61)
Equity attributable to owners of the Company		88,855	104,474	0.15	0.18
Total equity		88,855	104,474	0.15	0.18
Current liability					
Accruals		19,979	5,000	0.03	0.01
Total current liability		19,979	5,000	0.03	0.01
Total liability		19,979	5,000	0.03	0.01
Total equity and liability		108,834	109,474	0.03	0.01

The annexed notes form an integral part of these financial statements

Statement of Comprehensive Income

For the year ended 31 March, 2019

Particulars	Notes	Year ended March 31,			
		2019 RM	2018 RM	2019 ₹ Crore	2018 ₹ Crore
Revenue	4.5	-	-	-	-
Other operating income		4,772	-	0.01	-
Other operating expenses		(20,391)	(32,600)	(0.03)	(0.05)
Loss before tax	9	(15,619)	(32,600)	(0.02)	(0.05)
Taxation	10	-	-	-	-
Loss after taxation representing total comprehensive loss		(15,619)	(32,600)	(0.02)	(0.05)
Loss after taxation representing total comprehensive loss attributable to:					
Owners of the Company		(15,619)	(32,600)	(0.03)	(0.05)

The annexed notes form an integral part of these financial statements.

Note: The exchange rate use to convert MYR to ₹ 16.943 (Previous year MYR to ₹ 16.865)

Statement of Changes in Equity

For the year ended 31 March, 2019

Particulars	Attributable to Owners of the Company			Attributable to Owners of the Company		
	Share capital	Accumulated losses	Total Equity	Share capital	Accumulated loss	Total Equity
	RM	RM	RM	₹ Crore	₹ Crore	₹ Crore
Balances at 1 April, 2018	17,660,240	(17,555,766)	104,474	29.92	(29.74)	0.18
Loss after tax representing total comprehensive loss	-	(15,619)	(15,619)	-	(0.03)	(0.03)
Balance at 31 March, 2019	<u>17,660,240</u>	<u>(17,571,385)</u>	<u>88,855</u>	<u>29.92</u>	<u>(29.77)</u>	<u>0.15</u>
Balances at 1 April, 2017	17,660,240	(17,523,166)	137,074	29.78	(29.55)	0.23
Loss after tax representing total comprehensive loss	-	(32,600)	(32,600)	-	(0.05)	(0.05)
Balance at 31 April, 2018	<u>17,660,240</u>	<u>(17,555,766)</u>	<u>104,474</u>	<u>29.78</u>	<u>(29.61)</u>	<u>0.18</u>

The annexed notes form an integral part of these financial statements

Statement of Cash Flow

For the year ended 31 March, 2019

Particulars	Notes	2019 RM	2018 RM	2019 ₹ Crore	2018 ₹ Crore
Cash flows from operating activities					
Loss before tax		(15,619)	(32,600)	(0.03)	(0.05)
Changes in working capital :					
Accruals		14,979	-	-	-
Net cash (used in)/from operating activities		<u>(640)</u>	<u>(32,600)</u>	<u>(0.03)</u>	<u>(0.05)</u>
Net decrease in cash and cash equivalents		(640)	(32,600)	(0.03)	(0.05)
Cash and cash equivalents at 1 April		109,474	142,074	0.19	0.24
Cash and cash equivalents at 31 March		<u>108,834</u>	<u>109,474</u>	<u>0.16</u>	<u>0.18</u>

Cash and cash equivalents included in the statement of cash flows comprise the following:

Cash and bank balances	108,834	109,474	0.18	0.18
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The annexed notes form an integral part of these financial statements

Notes to the Financial Statements

For the year ended 31 March, 2019

1. Corporate information

The Company is a private company, incorporated and domiciled in Malaysia. The principal activity of the Company is as distributor of perfumery, cosmetics, toiletries and related beauty products. The Company ceased business operation in the financial year 2015.

The company's registered office is located at:

Room A, Ground Floor, Lot 7, Block F
Saguking Commercial Building,
Jalan Patau-Patau,
87000 Labuan Ft

The immediate holding of the Company is Marico Middle East FZE, a private company registered and domiciled in United Arab Emirates. The ultimate holding of the Company is Marico Limited, a private company registered and domiciled in India.

The financial statements of the Company are presented in Ringgit Malaysia (RM).

The financial statements were authorised for the issue by the Board of Directors on

2. Compliance with Financial Reporting Standards and the Companies Act 2016

The financial statements of the Company have been prepared in compliance with Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Malaysian Companies Act, 2016.

3. Basis of preparation

The financial statements of the Company have been prepared using historical cost bases.

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Judgements and assumptions are applied in the measurement, and hence, the actual results may not coincide with the reported amounts. The areas involving estimation uncertainties are disclosed in Note 5.

4. Significant accounting policies

4.1 Share capital

Ordinary shares issued that carry no put option and no mandatory contractual obligation:

- (i) to deliver cash or another financial asset; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

When ordinary shares are issued in a private placement or in a right issue to existing shareholders, they are recorded at the issue price. For ordinary shares issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received.

When ordinary shares are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at their fair value at the date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

Notes to the Financial Statements

For the year ended 31 March, 2019

4.2 Financial instruments

a) Initial recognition and measurement

The company recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, and entity in the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expenses to profit or loss when incurred.

b) Derecognition of financial instruments

For derecognition purposes, the Company first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

c) Subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company classifies financial assets into two categories, namely

- (i) financial assets at fair value through profit or loss; and
- (ii) financial assets at amortised cost.

After initial recognition, the Company measures investments in quoted ordinary shares and derivatives that are assets at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 4.2 (g).

Notes to the Financial Statements

For the year ended 31 March, 2019

d) Subsequent measurement of financial liabilities

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest method, except for derivatives instruments that are liabilities, which are measured at fair value.

e) Fair value measurement of financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in note 4.6.

f) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

g) Impairment and uncollectibility of financial assets

The Company applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting year, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include:

- (i) significant difficulty of the issuer or obligor;
- (ii) a breach of contract, such as a default or delinquency in interest or principal payment;
- (iii) granting exceptional concession to a customer;
- (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation;
- (v) the disappearance of an active market for that financial asset because of financial difficulties; or
- (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit and loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experiences of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an

Notes to the Financial Statements

For the year ended 31 March, 2019

approximation) of the amount (which might be zero) that the Company expects to receive for the asset if it were sold at the reporting date. The Company may estimate the recoverable amount using an adjusted net asset value approach.

4.3 Tax assets and tax liabilities

Taxes payable are determined by the Company. A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the entity expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes. However, taxable temporary differences related to investments in subsidiaries and branches are not recognised if the parent or an entity in the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor tax payable profit (or loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

However, for deductible temporary differences related to investments in subsidiaries and branches, a deferred tax asset is recognised to the extent, and only to the extent that, it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Unused tax credits do not include unabsorbed reinvestment allowances and unabsorbed investment tax allowances because the Company treats these as part of initial recognition differences.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which an entity in the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss. For an income or expense item recognised

Notes to the Financial Statements

For the year ended 31 March, 2019

in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity. Deferred tax assets and liabilities arising from a business combination, including tax effects of any fair value adjustment, are recognised as part of the net assets acquired.

4.4 Provisions

The Company recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision for warranty costs, restoration costs, restructuring costs, onerous contracts or lawsuit claim is recognised when the Company has a present legal or constructive obligation as a result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. No provision is recognised if these conditions are not met.

Any reimbursement attributable to a recognised provision from a counter-party (such as an insurer) is not offset against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

A provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. For a warranty provision, a probability-weighted expected outcome of the resources required to settle the obligation is applied, taking into account the Company experiences of similar transactions and supplemented with current facts and circumstances. For a restoration provision, where a single obligation is being measured, the Company uses the individual most likely outcome as the best estimate of the liability by reference to current prices that contractors would charge to undertake such obligations, and taking into account likely future events that may affect the amount required to settle an obligation. For an onerous contract, a provision is measured based on the amount by which costs to fulfil the contract exceed the benefits. For a lawsuit provision, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

4.5 Revenue recognition and measurement

There is no revenue recognised as the Company has ceased its business operations.

4.6 Fair value measurement

For assets, liabilities and equity instruments (whether financial or non-financial items) that require fair value measurement or disclosure, the Company establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active markets for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principle market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and for which the Company can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from the marketplace that are observable for substantially the full term of the asset or liability.

Notes to the Financial Statements

For the year ended 31 March, 2019

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

5. Critical judgments and estimation uncertainty

Judgements and assumptions applied

In the selection of accounting policies for the Company, there are no areas that require significant judgements and assumptions.

Estimation uncertainty

There is no measurement of assets and liabilities require management to use estimates based on various observable inputs and other assumptions.

6. Cash and cash equivalents

Particulars	2019	2018	2019	2018
	RM	RM	₹ Crores	₹ Crores
Cash and bank balances	108,834	109,474	0.18	0.18

7. Share capital

Particulars	2019	2019	2018	2018	2019	2019	2018	2018
	Number of shares	RM	Number of shares	RM	Number of shares	₹ Crores	Number of shares	₹ Crores
Issued and fully paid:								
Ordinary shares	17,660,240	17,660,240	17,660,240	17,660,240	17,660,240	29.92	17,660,240	29.78

8. Deferred tax assets

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

Particulars	2019	2018	2019	2018
	RM	RM	₹ Crores	₹ Crores
Unabsorbed losses carried forward	9,818,893	9,818,893	16.64	16.56
Unabsorbed capital allowance carried forward	7,294,877	7,294,877	12.36	12.30
	17,113,770	17,113,770	29.00	28.86

A tax benefit of RM17,113,770/- related to tax losses is not recognised because the Company ceased its business operations in the financial year 2015.

Notes to the Financial Statements

For the year ended 31 March, 2019

9. Loss before tax

Loss from trading operations has been arrived at after charging:-

Particulars	2019	2018	2019	2018
	RM	RM	₹ Crores	₹ Crores
Auditors' remuneration	3,300	3,000	0.01	0.01
Loss on foreign exchange - unrealised	-	12,344	-	0.02
and crediting:				
Gain on foreign exchange – unrealised	4,772	-	0.01	-

10. Taxation

Particulars	2019	2018	2019	2018
	RM	RM	₹ Crores	₹ Crores
Current income tax expense:	-	-	-	-
Tax payable in Malaysia	-	-	-	-

(10) Taxation (Cont'd)

The significant differences between the tax expense and accounting profit multiplied by the statutory tax rate are due to the tax effects arising from the following items:

Particulars	2019	2018	2019	2018
	RM	RM	₹ Crores	₹ Crores
Loss before tax	(15,619)	(32,600)	(0.03)	(0.05)
Tax at Malaysian statutory tax rate	(3,905)	(7,824)	(0.01)	(0.01)
Tax effect of expenses disallowed for the tax purposes	5,098	7,824	0.01	0.01
Non-taxable income	(1,193)	-	0.00	-
	-	-	-	-

Subject to agreement of the Inland Revenue Board, the Company has the following available for set-off against future taxable income provided it is utilised by the financial year 2024.

Particulars	2018	2017	2018	2017
	RM	RM	₹ Crores	₹ Crores
Unabsorbed carried forward losses	9,818,893	9,818,893	16.64	16.56
Unabsorbed capital allowance carried forward	7,294,877	7,294,877	12.36	12.30
	17,113,770	17,113,770	29.00	28.86

11. Reserves

The Company's policy is to treat all gains and losses that pass through the statement of comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders.

MARICO SOUTH EAST ASIA CORPORATION

BUSINESS REGISTRATION CERTIFICATE	No. 3700579324 dated 11 February 2011 was initially issued by the Department of Planning and Investment of Binh Duong Province and 10 th amendment dated 27 March, 2019	
INVESTMENT CERTIFICATE	Project Code 1013733152 dated 23 May, 2017. The sixth amended Investment Certificate No. 1013733152 dated 23 May 2017 was issued by the Board of Management of Industrial Park of Binh Duong Province for a period of 34 years from the date of initial Investment Certificate No. 462035000802 dated 11 February 2011. Project Code. 9816465766 dated 31 December 2008 The third amended Investment Certificate No. 9816465766 dated 5 October 2018 was issued by the Board of Management of Industrial Park of Ho Chi Minh City for a period of 38 years from the date of initial Investment Certificate No. 41221000171 dated 31 December 2008.	
BOARD OF MANAGEMENT (AS ON MARCH 31, 2019)	Mr. Gupta Saugata Mr. Joshi Ashish Mr. Luong Huu Khanh Mr. Karve Vivek Ms. Nguyen Hoang Phuong Anh Mr. Nguyen Ngoc Anh Tuan Mr. Nikhil P. Narkhede	Chairman Member Member Member Member (from October 23, 2018) Member (until July 22, 2018) Member (until October 22, 2018)
BOARD OF DIRECTORS	Mr. Joshi Ashish Mr. Luong Huu Khanh Mr. Kuppusamy Jayanth Mr. Nguyen Ngoc Anh Tuan Mr. Nikhil P. Narkhede Mr. Bakde Amit Mr. Chatterjee Avik Ms. Nguyen Hoang Phuong Anh	Chief Operating Officer Deputy General Director Deputy General Director (from September 1, 2018) Deputy General Director (until July 22, 2018) Deputy General Director (until September 6, 2018) Deputy General Director Deputy General Director Associate Vice President (from August 22, 2018)
LEGAL REPRESENTATIVE	Mr. Gupta Saugata Mr. Joshi Ashish Mr. Luong Huu Khanh Ms. Bisen Priti	Chairman Chief Operating Officer Deputy General Director Director
DATE OF INCORPORATION	February 11, 2011	
REGISTERED OFFICE	No. 3, Road 5, Song Than 1 Industrial Zone, Di An Town, Binh Duong Province, Vietnam.	
REPRESENTATIVE OFFICE	28 th Floor, Pearl Plaza, 561A Dien Bien Phu Street. Ward 25, Binh Thanh District, Ho Chi Minh City.	
AUDITOR	KPMG Limited – Vietnam	

Statement of the Board of Directors

The Board of Directors of Marico South East Asia Corporation (“the Company”) presents this statement and the accompanying financial statements of the Company for the year ended 31 March 2019.

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Directors:

- (a) the financial statements set out on pages 6 to 36 give a true and fair view of the financial position of the Company as at 31 March 2019, and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised the accompanying financial statements for issue.

On behalf of the Board of Directors

Luong Huu Khanh

Vice President

Binh Duong Province, 14 May 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders

Marico South East Asia Corporation

We have audited the accompanying financial statements of Marico South East Asia Corporation ("the Company"), which comprise the balance sheet as at 31 March 2019, the statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 14 May 2019, as set out on pages 6 to 35.

The Board of Directors' Responsibility

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Marico South East Asia Corporation as at 31 March 2019 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 19-01-00366-19-1

Truong Vinh Phuc
Practicing Auditor Registration
Certificate No. 0339-2018-007-1
Deputy General Director

Nguyen Ho Khanh Tan
Practicing Auditor Registration
Certificate No. 3458-2015-007-1

Ho Chi Minh City, 14 May 2019

BALANCE SHEET

As at 31 March, 2019

Particulars	As at March 31,					
	Code	Note	2019	2018	2019	2018
			VND	VND	₹ Crore	₹ Crore
ASSETS						
CURRENT ASSETS	100		344,366,391,985	340,900,472,492	102.97	97.50
(100=110+130+140+150)						
Cash and cash equivalents	110	4	12,776,693,413	63,139,327,290	3.82	18.06
Cash	111		6,776,693,413	55,039,327,290	2.03	15.74
Cash equivalents	112		6,000,000,000	8,100,000,000	1.79	2.32
Accounts receivable – short-term	130		114,918,517,124	129,532,450,045	34.35	37.04
Accounts receivable from customers	131	5	92,698,848,043	83,541,494,932	27.72	23.89
Prepayments to suppliers	132		20,243,767,833	45,048,192,131	6.05	12.88
Other short-term receivables	136		2,045,033,632	942,762,982	0.61	0.27
Allowance for doubtful debts	137		(69,132,384)	-	(0.02)	-
Inventories	140	6	214,215,894,373	145,160,676,453	64.05	41.52
Inventories	141		224,580,521,224	163,208,527,775	67.15	46.68
Allowance for inventories	149		(10,364,626,851)	(18,047,851,322)	(3.10)	(5.16)
Other current assets	150		2,455,287,075	3,068,018,704	0.73	0.88
Short-term prepaid expenses	151	11(a)	2,307,350,580	2,950,724,427	0.69	0.85
Taxes receivable from State Treasury	153	14(a)	147,936,495	117,294,277	0.04	0.03
Long-term assets	200		126,844,411,715	123,742,519,818	37.93	35.39
(200=210+220+230+240+260)						
Accounts receivable – long-term	210		4,272,009,124	2,822,387,600	1.28	0.81
Other long-term receivables	216		4,272,009,124	2,822,387,600	1.28	0.81
Fixed assets	220		72,186,102,551	71,911,222,310	21.58	20.57
Tangible fixed assets	221	7	52,416,299,363	51,213,648,069	15.68	14.65
<i>Cost</i>	222		121,665,930,746	110,083,984,977	36.38	31.48
<i>Accumulated depreciation</i>	223		(69,249,631,383)	(58,870,336,908)	(20.71)	(16.83)
Intangible fixed assets	227	8	19,769,803,188	20,697,574,241	5.91	5.92
<i>Cost</i>	228		40,414,304,346	40,222,234,346	12.08	11.50
<i>Accumulated amortisation</i>	229		(20,644,501,158)	(19,524,660,105)	(6.17)	(5.58)
Investment property	230	9	22,058,852,272	22,058,852,272	6.60	6.31
<i>Cost</i>	231		22,058,852,272	23,843,388,652	6.60	6.82
<i>Accumulated depreciation</i>	232		-	(1,784,536,380)	-	(0.51)
Long-term work in progress	240	10	9,895,533,412	7,185,782,725	2.96	2.06
Construction in progress	242		9,895,533,412	7,185,782,725	2.96	2.06
Other long-term assets	260		18,431,914,356	19,764,274,911	5.51	5.65
Long-term prepaid expenses	261	11(b)	6,594,505,910	8,398,999,383	1.97	2.40
Deferred tax assets	262	12	11,837,408,446	11,365,275,528	3.54	3.25
TOTAL ASSETS	270					
(270=100+200)			471,210,803,700	464,642,992,310	140.89	132.89

BALANCE SHEET (CONTINUED)

As at 31 March, 2018

Particulars	As at March 31,					
	Code	Note	2019 VND	2018 VND	2019 ₹ Crore	2018 ₹ Crore
RESOURCES						
LIABILITIES (300 = 310 + 330)	300		316,383,100,604	342,657,937,599	94.60	98.00
Current liabilities	310		301,671,648,734	319,900,035,990	90.19	91.49
Accounts payable to suppliers	311	13	148,632,251,886	148,939,744,859	44.44	42.60
Advances from customers	312		1,504,482,573	2,503,625,422	0.45	0.72
Taxes payable to State Treasury	313	14(b)	18,103,155,926	10,812,740,096	5.41	3.09
Payables to employees	314		24,848,998	162,027,861	0.01	0.05
Short-term accrued expenses	315	15(a)	131,587,786,541	100,036,308,804	39.34	28.61
Other short-term payables	319	16	1,819,122,810	52,082,038,564	0.54	14.90
Short-term borrowings	320	17	-	5,363,550,384	-	1.53
Long-term liabilities	330		14,711,451,870	22,757,901,609	4.39	6.51
Long-term accrued expenses	333	15(b)	2,758,412,333	2,779,905,333	0.82	0.80
Provisions – long-term	342	18	11,953,039,537	19,977,996,276	3.57	5.71
EQUITY (400 = 410)	400		154,827,703,096	121,985,054,711	46.29	34.89
Owners' equity	410	19	154,827,703,096	121,985,054,711	46.29	34.88
Share capital	411	20	95,358,950,000	95,358,950,000	28.51	27.27
Share premium	412		(524,990,506,149)	(524,990,506,149)	(156.97)	(150.15)
Retained profits	421		584,459,259,245	551,616,610,860	174.75	157.76
- Retained profit brought inward	421a		471,613,254,978	469,033,098,618	141.01	134.14
- Retained profit for the current year	42b		112,846,004,264	82,583,512,242	33.74	23.62
Total resources (440 = 300 + 400)	440		471,210,803,700	464,642,992,310	140.89	132.89

Prepared by
Phan Thi Cam Nguyen
 Chief Accountant
 14 May, 2019

Reviewed by
Luong Huu Khanh
 Vice President - Finance Control

Approved by
Ashish Joshi
 Chief Operating Officer

The accompanying notes are an integral part of these financial statement.

Note: The exchange rate use to convert VND to ₹ 0.00299 (Previous year VND to ₹ 0.00286)

STATEMENT OF INCOME

For the year ended 31 March, 2019

Particulars	Code Note		Year ended March 31,			
			2019 VND	2018 VND	2019 ₹ Crore	2018 ₹ Crore
Revenue from sales of goods	1	22	1,422,456,731,553	1,271,324,045,500	425.31	363.60
Revenue deductions	2	22	12,591,476,675	19,452,482,733	3.76	5.56
Net revenue (10=01-02)	10	22	1,409,865,254,878	1,251,871,562,767	421.55	358.04
Cost of sales	11	23	585,357,654,868	545,086,957,347	175.02	155.89
Gross profit (20=10-11)	20		824,507,600,010	706,784,605,420	246.53	202.15
Financial income	21	24	5,580,582,301	5,694,054,312	1.67	1.63
Financial expenses	22	25	2,817,489,598	2,570,342,674	0.84	0.74
<i>In which: Interest expense</i>	23		432,106,831	1,280,397,528	0.13	0.37
Selling expenses	25	26	567,516,422,295	475,138,869,680	169.69	135.89
General and administration expenses	26	27	117,841,715,751	130,467,507,114	35.23	37.31
Net operating profit (30=20+(21-22) (25+26))	30		141,912,554,667	104,301,940,264	42.43	29.83
Other income	31		683,324,771	291,693,196	0.20	0.08
Other expenses	32		293,627,869	550,418,644	0.09	0.16
Results of other activities (40=31-32)	40		389,696,902	(258,725,448)	0.12	(0.07)
Accounting profit before tax (50=30+40)	50		142,302,251,569	104,043,214,816	42.55	29.76
Income tax expense – current	51	29	29,928,380,220	23,550,000,088	8.95	6.74
Income tax benefit – deferred	52	29	(472,132,918)	(2,090,297,514)	(0.14)	(0.60)
Net profit after tax (60=50-51-52)	60		112,846,004,267	82,583,512,242	33.74	23.62

Prepared by
Phan Thi Cam Nguyen
Chief Accountant
14 May, 2019

Reviewed by
Luong Huu Khanh
Vice President - Finance Control

Approved by
Ashish Joshi
Chief Operating Officer

The accompanying notes are an integral part of these financial statement.

Note: The exchange rate use to convert VND to ₹ 0.00299 (Previous year VND to ₹ 0.00286)

Statement of Cash Flow

For the year ended 31 March, 2019 (INDIRECT METHOD)

Particulars	Year ended March 31,					
	Code	Note	2019 VND	2018 VND	2019 ₹ Crore	2018 ₹ Crore
CASH FLOWS FROM OPERATING ACTIVITIES						
Accounting profit before tax	01		142,302,251,569	104,043,214,816	42.55	29.76
Adjustments for						
Depreciation and amortisation	02		11,679,135,528	9,548,193,561	3.49	2.73
Allowances and provisions	03		357,019,683	18,202,080,888	0.11	5.21
Exchange gains arising from revaluation of monetary items denominated in foreign currencies	04		(28,510,877)	(644,307,089)	(0.01)	(0.18)
Profits from investing activities	05		(2,382,138,949)	(4,668,869,685)	(0.71)	(1.34)
Interest expense	06		432,106,831	1,280,397,528	0.13	0.37
Operating profit before changes in working capital	08		152,359,863,785	127,760,710,019	45.56	36.54
Change in receivables	09		12,954,441,743	(21,394,325,296)	3.87	(6.12)
Change in inventories	10		(70,886,333,171)	(36,590,367,895)	(21.20)	(10.46)
Change in payables and other liabilities	11		27,177,069,418	(72,004,697,169)	8.13	(20.59)
Change in prepaid expenses	12		2,447,867,320	(2,428,457,565)	0.73	(0.69)
			124,052,909,095	(4,657,137,906)	37.09	(1.33)
Interest paid	14		(432,106,831)	(1,280,397,528)	(0.13)	(0.37)
Corporate income tax paid	15		(21,214,168,759)	(14,736,468,386)	(6.34)	(4.21)
Other payments from operating activities	17		(6,481,728,787)	(3,068,500,083)	(1.94)	(0.88)
Net cash flows from operating activities	20		95,924,904,718	(23,742,503,903)	28.68	(6.79)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments for additions to fixed assets and other long-term assets	21		(13,377,576,856)	(20,407,245,836)	(4.00)	(5.84)
Proceeds from disposals of fixed assets	22		30,000,000	14,418,181	0.02	-
Withdrawal of term deposits at banks	26		-	84,140,000,000	-	24.06
Receipts of interests	27		2,351,455,787	4,660,284,841	0.70	1.33
Net cash flow from investing activities	30		(10,996,121,069)	68,407,457,186	(3.29)	19.56
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings	33		1,284,480,678,244	1,133,670,074,617	384.06	324.23
Payments to settle loan principals	34		(1,289,844,228,628)	(1,145,693,862,686)	(385.66)	(327.67)
Payments of dividends	36		(130,005,453,309)	-	(38.87)	-

The accompanying notes integral part of the financial statement.

Note: The exchange rate use to convert VND to ₹ 0.00299 (Previous year VND to ₹ 0.00286)

Statement of Cash Flow

For the year ended 31 March, 2019 (INDIRECT METHOD)

Particulars	Code	Note	Year ended March 31,			
			2019 VND	2018 VND	2019 ₹ Crore	2018 ₹ Crore
Net cash flows from financing activities	40		(135,369,003,693)	(12,023,788,069)	(40.48)	(3.44)
Net cash flows during the year (50=20+30+40)	50		(50,440,220,044)	32,641,165,214	(15.08)	9.34
Cash and cash equivalent at the beginning of the year	60		63,139,327,290	30,300,821,006	18.88	8.67
Effect of exchange rate fluctuations on cash and cash equivalents	61		77,586,167	197,341,070	0.02	0.06
Cash and cash equivalents at the end of the year (70=50+60+61)	70	4	12,776,693,413	63,139,327,290	3.82	18.06

Prepared by
Phan Thi Cam Nguyen
Chief Accountant
14 May, 2019

Reviewed by
Luong Huu Khanh
Vice President - Finance Control

Approved by
Ashish Joshi
Chief Operating Officer

The accompanying notes are an integral part of these financial statement.

The accompanying notes integral part of the financial statement.

Note: The exchange rate use to convert VND to ₹ 0.00299 (Previous year VND to ₹ 0.00286)

Notes to the Financial Statements

For the year ended 31 March, 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Reporting entity

(a) Ownership structure

Marico South East Asia Corporation (“the Company”) is incorporated as a joint stock company in Vietnam.

(b) Principal activities

The principal activities of the Company are to produce cosmetics and perform the rights to import, export and distribute cosmetics, cosmetics materials and food products.

(c) Normal operating cycle

The normal operating cycle of the Company is generally within 12 months.

(d) Company structure

As at 31 March 2019, the Company had 483 employees (1/4/2018: 497 employees).

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

(b) Basis of measurement

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of the Company is from 1 April to 31 March.

(d) Accounting and presentation currency

The Company’s accounting currency is Vietnam Dong (“VND”), which is also the currency used for financial statements presentation purpose.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Company in the preparation of these financial statements.

(a) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively, at the end of the annual accounting period quoted by the commercial bank where the Company most frequently conducts transactions.

All foreign exchange differences are recorded in the statement of income.

Notes to the Financial Statements

For the year ended 31 March, 2019

(b) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(c) Accounts receivable

Accounts receivable from customers and other receivables are stated at cost less allowance for doubtful debts.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items less the estimated costs of completion and direct selling expenses.

The Company applies the perpetual method of accounting for inventories.

(e) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul costs, is charged to the statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase of future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

• buildings	5 - 25 years
• machinery and equipment	5 - 10 years
• motor vehicles	3 - 6 years
• office equipment	3 - 8 years

(f) Intangible fixed assets

(i) Land use rights

Land use rights comprise those acquired in a legitimate transfer. Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over 30 years.

Notes to the Financial Statements

For the year ended 31 March, 2019

(ii) Copyright

Copyright related to software licence free. Software licence free capitalised and treated as an intangible asset. Software licence free is amortised on a straight line basis over 3 years.

(iii) Computer software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 4 years.

(g) Investment property

Investment property held for capital appreciation

Investment property held for capital appreciation is stated at cost less any devaluation in market price. The carrying amount of an investment property item held for capital appreciation is reduced when there is evidence that its market price falls below its carrying amount and the loss can be measured reliably. Any reduction in value of investment property held for capital appreciation is charged to cost of sales.

(h) Construction in progress

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(i) Long-term prepaid expenses

(i) Office renovation

Expenditures for renovation of offices are recognised as long-term prepaid expenses. These expenditures are initially stated at cost and are amortised on a straight-line basis over 3 years.

(ii) Tools and instruments

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(j) Accounts payable to suppliers and other payables

Accounts payable to suppliers and other payables are stated at their cost.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Notes to the Financial Statements

For the year ended 31 March, 2019

Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Company are excluded.

(l) Share capital

(i) Ordinary shares

Ordinary share are recognised of issuance price less incremental costs directly attributable to the issue of shares, not of tax effects. Such costs are recognised as a deduction from share premium. The difference between proceeds from the issuance of shares over the par value is recorded in share premium.

(ii) Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a reduction from equity. Repurchased shares are classified as treasury shares under equity. When treasury shares are sold for reissue subsequently, cost of the reissued shares is determined on a weighted average basis. Any difference between the amount received and the cost of the shares reissued is presented within share premium.

(m) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Revenue and other incomes

(i) Goods sold

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

Notes to the Financial Statements

For the year ended 31 March, 2019

(ii) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(o) Operating lease payments

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

(p) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(q) Related parties

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related companies refer to the investor and its ultimate parent company and their subsidiaries and associates.

Notes to the Financial Statements

For the year ended 31 March, 2019

4. Cash And Cash Equivalents

Particulars	31/3/2019	1/4/2018	31/3/2019	1/4/2018
	VND	VND	₹ Crore	₹ Crore
Cash on hand	24,103,000	69,345,504	0.01	0.02
Cash in banks	6,752,590,413	54,969,981,786	2.02	15.72
Cash equivalents	6,000,000,000	8,100,000,000	1.79	2.32
Cash and cash equivalents in the statement of cash flows	12,776,693,413	63,139,327,290	3.82	18.06

5. Accounts receivable from customers - short-term

(a) Accounts receivable from customers detailed by significant customers

Particulars	31/3/2019	1/4/2018	31/3/2019	1/4/2018
	VND	VND	₹ Crore	₹ Crore
Lwin & Myint Trading Company Limited	49,716,731,356	48,979,963,478	14.87	14.01
EBS Vietnam Company Limited	12,880,937,734	9,799,690,207	3.85	2.80
Saigon Co.op	11,068,258,463	7,365,619,713	3.31	2.11
Marico Limited	1,974,225,388	1,056,431,070	0.59	0.30
Others	17,058,695,102	23,705,410,177	5.10	6.78
	92,698,848,043	83,541,494,932	27.72	26.00

(b) Accounts receivable from customers who are related parties:

Particulars	31/3/2019	1/4/2018	31/3/2019	1/4/2018
	VND	VND	₹ Crore	₹ Crore
Marico Limited	1,974,225,388	1,056,431,070	0.59	0.30

The trade related amounts due from the parent company were unsecured, interest free and are receivable upon demand.

6 Inventories

Particulars	31/3/2019		4/1/2018	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Goods in transit	20,060,744,650	-	18,236,692,877	-
Raw materials	66,816,203,273	(1,838,238,239)	55,698,145,662	(1,983,823,387)
Tools and supplies	35,847,398,733	(1,065,863,144)	28,023,763,402	(4,890,393,351)
Work in progress	28,818,071,072	-	24,145,053,336	-
Finished goods	71,353,533,183	(7,251,421,388)	36,860,827,151	(10,929,589,237)
Merchandise inventories	1,684,570,313	(209,104,080)	244,045,347	(244,045,347)
	224,580,521,224	(10,364,626,851)	163,208,527,775	(18,047,851,322)

Particulars	31/3/2019		4/1/2018	
	Cost	Allowance	Cost	Allowance
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Goods in transit	6.00	-	5.22	-
Raw materials	19.98	(0.55)	15.93	(0.57)
Tools and supplies	10.72	(0.32)	8.01	(1.40)
Work in progress	8.62	-	6.91	-
Finished goods	21.33	(2.17)	10.54	(3.13)
Merchandise inventories	0.50	(0.06)	0.07	(0.07)
	67.15	(3.10)	46.68	(5.16)

Notes to the Financial Statements

For the year ended 31 March, 2019

Included in inventories at 31 March 2019 was VND12,181 million (1/4/2018: VND19,652 million) of obsolete, slow-moving inventories that are difficult to sell.

Movements in the allowance for inventories during the year were as follows:

Particulars	2019	2018	2019	2018
	VND	VND	₹ Crore	₹ Crore
Opening balance	18,047,851,322	16,456,110,362	5.40	4.71
Allowance utilised during the year	(9,514,339,722)	-	(2.84)	-
Allowance made during the year	1,831,115,251	1,591,740,960	0.55	0.46
Closing balance	10,364,626,851	18,047,851,322	3.10	5.16

7. Tangible fixed assets

Particulars	Buildings	Machinery and equipment	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
Cost					
Opening balance	19,508,577,528	77,479,560,631	3,527,230,159	9,568,616,659	110,083,984,977
Additions	-	6,451,097,309	-	428,830,000	6,879,927,309
Transfer from construction in progress	1,888,841,000	2,993,177,460	-	-	4,882,018,460
Disposals	-	-	(180,000,000)	-	(180,000,000)
Closing balance	21,397,418,528	86,923,835,400	3,347,230,159	9,997,446,659	121,665,930,746
Accumulated depreciation					
Opening balance	8,022,807,992	43,633,885,649	2,797,533,173	4,416,110,094	58,870,336,908
Charge for the year	1,362,570,845	7,730,585,026	74,696,976	1,391,441,628	10,559,294,475
Disposals	-	-	(180,000,000)	-	(180,000,000)
Closing balance	9,385,378,837	51,364,470,675	2,692,230,149	5,807,551,722	69,249,631,383
Net book value					
Opening balance	11,485,769,536	33,845,674,982	729,696,986	5,152,506,565	51,213,648,069
Closing balance	12,012,039,691	35,559,364,725	655,000,010	4,189,894,937	52,416,299,363

Included in tangible fixed assets were assets costing VND33,987 million which were fully depreciated as of 31 March 2019 (1/4/2018: VND32,811 million), but which are still in active use.

Particulars	Buildings	Machinery and equipment	Motor vehicles	Office equipment	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Cost					
Opening balance	5.58	22.16	1.01	2.73	31.48
Additions	-	1.93	-	0.13	2.06
Transfer from construction in progress	0.56	0.89	-	-	1.45
Disposals	-	-	(0.05)	-	(0.05)
Closing balance	6.40	25.99	1.00	2.99	36.38
Accumulated depreciation					
Opening balance	2.29	12.48	0.80	1.26	16.83
Charge for the year	0.41	2.31	0.02	0.42	3.16
Disposals	-	-	(0.05)	-	(0.05)
Closing balance	2.81	15.36	0.80	1.74	20.71
Net book value					
Opening balance	3.28	9.68	0.21	1.48	14.65
Closing balance	3.59	10.63	0.20	1.25	15.67

Notes to the Financial Statements

For the year ended 31 March, 2019

Included in tangible fixed assets were assets costing Rs. Crore 10.14 which were fully depreciated as of 31 March 2019 (1/4/2018: Rs. Crore 9.78), but which are still in active use.

8. Intangible fixed assets

Particulars	Land use rights	Copyright	Computer software	Others	Total
	VND	VND	VND	VND	VND
Cost					
Opening balance	23,521,902,815	865,789,257	8,722,228,919	7,112,313,355	40,222,234,346
Transfer from construction in progress	-	-	192,070,000	-	192,070,000
Closing balance	23,521,902,815	865,789,257	8,914,298,919	7,112,313,355	40,414,304,346
Accumulated amortisation					
Opening balance	4,043,380,049	865,789,257	8,112,732,718	6,502,758,081	19,524,660,105
Charge for the year	574,237,565	-	236,977,934	308,625,554	1,119,841,053
Closing balance	4,617,617,614	865,789,257	8,349,710,652	6,811,383,635	20,644,501,158
Net book value					
Opening balance	19,478,522,766	-	609,496,201	609,555,274	20,697,574,241
Closing balance	18,904,285,201	-	564,588,267	300,929,720	19,769,803,188

Included in intangible fixed assets were assets costing VND14,757 million which were fully amortised as of 31 March 2019 (1/4/2018: VND13,890 million), but which are still in use.

Particulars	Land use rights	Copyright	Computer software	Others	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Cost					
Opening balance	6.73	0.25	2.49	2.03	11.50
Transfer from construction in progress	-	-	0.06	-	0.06
Closing balance	7.03	0.25	2.67	2.13	12.08
Accumulated amortisation					
Opening balance	1.16	0.25	2.32	1.85	5.58
Charge for the year	0.17	-	0.07	0.09	0.33
Closing balance	1.38	0.26	2.50	2.03	6.17
Net book value					
Opening balance	5.57	-	0.17	0.18	5.92
Closing balance	5.65	-	0.17	0.09	5.91

Included in intangible fixed assets were assets costing Rs. Score 4.4 which were fully amortised as of 31 March 2019 (1/4/2018: Rs. Score 4.14), but which are still in use.

Notes to the Financial Statements

For the year ended 31 March, 2019

9. Investment property

Particulars	31/3/2019 VND	1/4/2018 VND	31/3/2019 ₹ Crore	1/4/2018 ₹ Crore
Investment property held for capital appreciation	22,058,852,272	22,058,852,272	6.60	6.31

Movement of investment property during the year were as follows:

Particulars	Land use right VND	Land use right ₹ Crore
Cost		
Opening/closing balance	23,843,388,652	7.13
Accumulated amortisation		
Opening/closing balance	1,784,536,380	0.53
Net book value		
Opening/closing balance	22,058,852,272	6.60

At 31 March 2019, the fair value of the Company's investment property held for capital appreciation as determined by independent valuers, Viet Valuation and Consulting Company Limited, is VND75,470 million (1/4/2018: VND72,324 million).

10. Construction in progress

Particulars	2019 VND	2018 VND	2019 ₹ Crore	2018 ₹ Crore
Opening balance	7,185,782,725	7,956,552,445	2.15	2.28
Additions during the year	7,783,839,147	13,116,370,127	2.33	3.75
Transfer to tangible fixed assets	(4,882,018,460)	(13,454,984,847)	(1.46)	(3.85)
Transfer to intangible fixed assets	(192,070,000)	(432,155,000)	(0.06)	(0.12)
Closing balance	9,895,533,412	7,185,782,725	2.96	2.06

Major construction in progress were as follows:

Particulars	31/3/2019 VND	1/4/2018 VND	31/3/2019 ₹ Crore	1/4/2018 ₹ Crore
Machinery and equipment	2,468,894,733	28,800,000	0.74	0.01
Software	7,390,028,679	7,156,982,725	2.21	2.05
Others	36,610,000	-	0.01	-
	9,895,533,412	7,185,782,725	2.96	2.06

11. Prepaid expenses

(a) Short-term prepaid expenses

Particulars	31/3/2019 VND	1/4/2018 VND	31/3/2019 ₹ Crore	1/4/2018 ₹ Crore
Rental expenses	1,285,901,717	1,425,694,386	0.38	0.41
Insurance expenses	808,897,842	1,250,010,050	0.24	0.36
Other expenses	212,551,021	275,019,991	0.06	0.08
	2,307,350,580	2,950,724,427	0.69	0.85

Notes to the Financial Statements

For the year ended 31 March, 2019

(b) Long-term prepaid expenses

Particulars	Office renovation		Tools and instruments		Total
	VND		VND		
Opening balance	3,621,572,557	4,777,426,826			8,398,999,383
Additions	2,109,391,860	1,317,947,375			3,427,339,235
Amortisation for the year	(1,878,405,813)	(3,353,426,895)			(5,231,832,708)
Closing balance	3,852,558,604	2,741,947,306			6,594,505,910

Particulars	Office renovation		Tools and instruments		Total
	₹ Crore		₹ Crore		
Opening balance	1.08	1.43			2.51
Additions	0.63	0.39			1.02
Amortisation for the year	(0.56)	(1.00)			(1.56)
Closing balance	1.15	0.82			1.97

12. Deferred tax assets

Particulars	31/3/2019		1/4/2018	
	VND	VND	₹ Crore	₹ Crore
Allowance for inventories	2,072,925,370	3,609,570,264	0.62	1.03
Accruals and provisions	9,764,483,076	7,755,705,264	2.92	2.22
	11,837,408,446	11,365,275,528	3.54	3.25

13. Accounts payable to suppliers – short-term

(a) Accounts payable to suppliers detailed by significant suppliers

Particulars	31/3/2019		4/1/2018	
	Amount within payment capacity		Amount within payment capacity	
	Cost VND	VND	Cost VND	VND
TK-L Media Corporation	-	-	4,447,494,954	4,447,494,954
Havas Media Vietnam Co., Ltd	20,687,349,767	20,687,349,767	-	-
Marico Limited	28,049,740,237	28,049,740,237	42,239,943,565	42,239,943,565
Other suppliers	99,895,161,882	99,895,161,882	102,252,306,340	102,252,306,340
	148,632,251,886	148,632,251,886	148,939,744,859	148,939,744,859

Particulars	31/3/2019		4/1/2018	
	Amount within payment capacity		Amount within payment capacity	
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
TK-L Media Corporation	-	-	1.27	1.27
Havas Media Vietnam Co., Ltd	6.19	-	-	-
Marico Limited	8.39	8.39	12.08	12.08
Other suppliers	29.86	29.87	29.25	29.24
	44.44	38.26	42.60	42.59

Notes to the Financial Statements

For the year ended 31 March, 2019

(b) Accounts payable to suppliers who are related parties

Particulars	31/3/2019		4/1/2018	
	Amount within payment capacity		Amount within payment capacity	
	Cost VND	VND	Cost VND	VND
Marico Limited	28,049,740,237	28,049,740,237	42,239,943,565	42,239,943,565

Particulars	31/3/2019		4/1/2018	
	Amount within payment capacity		Amount within payment capacity	
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Marico Limited	8.39	8.39	12.08	12.08

The trade related amounts due to the related parties were unsecured, interest free and payable at call.

14. Taxes receivable from and payable to State Treasury

(a) Taxes receivable from State Treasury

	4/1/2018	Incurred	Returned	Net-off	31/3/2019
	VND	VND	VND	VND	VND
Import tax	117,294,277	1,901,255,537	(1,870,613,319)	-	147,936,495
	117,294,277	1,901,255,537	(1,870,613,319)	-	147,936,495

	1/4/2018	Incurred	Transfer to tax payable	Refund	31/3/2019
	₹ Crore	₹ Crore		₹ Crore	₹ Crore
Import tax	0.03	0.57	(0.56)	-	0.04
	0.03	0.57	(0.56)	-	0.04

(b) Taxes payable to State Treasury

Particulars	1/4/2018	Incurred	Paid	Net-off	31/3/2019
	VND	VND	VND	VND	VND
Value added tax	1,965,325,798	117,654,383,407	(51,266,552,704)	(67,265,223,449)	1,087,933,052
Personal income tax	1,818,826,515	26,219,476,949	(26,465,134,333)	-	1,573,169,131
Corporate income tax	6,705,294,664	29,928,380,220	(21,214,168,759)	-	15,419,506,125
Other taxes	323,293,119	2,907,734,862	(3,208,480,363)	-	22,547,618
	10,812,740,096	176,709,975,438	(102,154,336,159)	(67,265,223,449)	18,103,155,926

Notes to the Financial Statements

For the year ended 31 March, 2019

Particulars	4/1/2018	Incurred	Paid	Transfer from tax receivable	31/3/2019
	₹ Crore	₹ Crore	₹ Crore		₹ Crore
Value added tax	0.56	35.18	(15.33)	(20.11)	0.33
Personal income tax	0.52	7.84	(7.91)	-	0.47
Corporate income tax	1.92	8.95	(6.34)	-	4.61
Other taxes	0.09	0.87	(0.96)	-	0.01
	3.09	52.84	(30.54)	(20.11)	5.41

15. Accrued expenses

a Accrued expenses – short-term

Particulars	31/3/2019	4/1/2018	31/3/2019	4/1/2018
	VND	VND	₹ Crore	₹ Crore
Promotion expenses	54,701,840,716	39,066,839,076	16.36	11.17
Salary and bonus expenses	20,989,988,934	22,038,266,073	6.28	6.30
Salary for salesmen outsourced	13,274,009,151	12,204,708,611	3.97	3.49
Advertising expenses	22,553,519,657	11,395,830,638	6.74	3.26
Transportation expenses	4,227,999,846	4,591,409,838	1.26	1.31
Others	15,840,428,237	10,739,254,568	4.74	3.07
	131,587,786,541	100,036,308,804	39.34	28.61

b Accrue Expenses - Long Term

Particulars	31/3/2019	1/4/2018	31/3/2019	1/4/2018
	VND	VND	₹ Crore	₹ Crore
Bonus expenses	539,237,333	666,405,333	0.16	0.19
Dismantling costs	2,219,175,000	2,113,500,000	0.66	0.60
	2,758,412,333	2,779,905,333	0.82	0.80

16. Other short-term payables

Particulars	31/3/2019	1/4/2018	31/3/2019	1/4/2018
	VND	VND	₹ Crore	₹ Crore
Trade union fees	1,112,298,081	1,928,678,297	0.33	0.55
Dividend payables	-	50,002,097,427	-	14.30
Others	706,824,729	151,262,840	0.21	0.04
	1,819,122,810	52,082,038,564	0.54	14.90

Notes to the Financial Statements

For the year ended 31 March, 2019

17. Short-Term Borrowings

Particulars	1/4/2018		Movements during the year		31/3/2019	
	Carrying amount	Amount within repayment capacity	Increase	Decrease	Carrying amount	Amount within repayment capacity
	VND	VND	VND	VND	VND	VND
Bank overdraft	5,363,550,384	5,363,550,384	1,284,480,678,244	(1,289,844,228,628)	-	-

Particulars	Carrying amount		Movements during the year		Carrying amount	
	Amount within repayment capacity	Increase	Decrease	Amount within repayment capacity	Amount within repayment capacity	
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Bank overdraft	1.53	1.59	384.06	(385.66)	-	-

Bank overdraft represents short-term credit facilities with credit limit is USD 5,000,000 from BNP Paribas – Ho Chi Minh City Branch (“the Bank”). Bank overdraft bears interest rate from 6% to 6.5% (2018: 5% to 6.5%) per annum and is due for payment upon the Bank’s demand.

18. Provisions – Long-Term

Particulars	31/3/2019		4/1/2018	
	VND	VND	₹ Crore	₹ Crore
Severance allowance	2,911,918,196	3,240,113,500	0.87	0.93
Retrenchment provision (i)	5,982,465,991	7,500,000,000	1.79	2.15
Provision for goods sold (ii)	3,058,655,350	9,237,882,776	0.91	2.64
	11,953,039,537	19,977,996,276	3.57	5.72

Movement of provisions – long-term during the year were as follows:

Particulars	Severance allowance	Retrenchment provision	Provision for Goods sold	Total
	VND	VND	VND	VND
Opening balance	3,240,113,500	7,500,000,000	9,237,882,776	19,977,996,276
Provision made during the year	617,784,171	1,700,000,000	3,058,655,350	5,376,439,521
Provision written off during the year	-	-	(6,919,667,473)	(6,919,667,473)
Provision utilised during the year	(945,979,475)	(3,217,534,009)	(2,318,215,303)	(6,481,728,787)
Closing balance	2,911,918,196	5,982,465,991	3,058,655,350	11,953,039,537

Particulars	Severance allowance	Retrenchment provision	Provision for Goods sold	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Opening balance	0.93	2.15	2.64	5.71
Provision made during the year	0.18	0.51	0.91	0.69
Provision written off during the year	-	-	(2.07)	(1.15)
Provision used during the year	(0.28)	(0.96)	(0.69)	(1.94)
Closing balance	0.83	1.70	0.79	3.31

(i) This amount represents the termination allowance for staffs who could be asked to resign due to re-structuring plan of the Company.

Notes to the Financial Statements

For the year ended 31 March, 2019

- (ii) This amount represents provision for slow moving, non-moving and expired items of goods sold to Mega Lifesciences Pty Ltd and DKSH Malaysia SDN BHD distributors in South East Asia countries (Myanmar and Cambodia).

19. Changes in owners' equity

Particulars	Share capital	Share premium	Retained profits	Total
	VND	VND	VND	VND
Balance at 1 April 2017	95,358,950,000	(524,990,506,149)	519,035,196,045	89,403,639,896
Profit for the year	-	-	82,583,512,242	82,583,512,242
Dividends (*)	-	-	(50,002,097,427)	(50,002,097,427)
Balance at 1 April 2018	95,358,950,000	(524,990,506,149)	551,616,610,860	121,985,054,711
Profit for the year	-	-	112,846,004,267	112,846,004,267
Dividends (*)	-	-	(80,003,355,882)	(80,003,355,882)
Balance at 31 March 2019	95,358,950,000	(524,990,506,149)	584,459,259,245	154,827,703,096

(*) The Company declared dividend amounting to VND80,003 million to the shareholders according to the Board of Management's Resolution No. 01/2019/MS-NQ-DHDCD dated 18 January 2019 (2018: 50,002 million)

Particulars	Share capital	Share premium	Retained profits	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Balance at 1 April 2017	27.27	(150.15)	148.44	25.56
Profit for the year	-	-	23.62	23.62
Dividends (*)	-	-	(48.62)	(48.62)
Balance at 1 April 2018	27.27	(150.15)	123.44	0.56
Profit for the year	-	-	-	-
Dividends (*)	-	-	-	-
Balance at 31 March 2018	28.51	(156.97)	174.75	46.29

20. Share capital

The Company's authorised and issued share capital are:

Particulars	31/3/2019		1/4/2018		3/31/2019	1/4/2018
	Number of shares	Par value	Number of shares	Par value	Par value	Par value
		VND		VND	₹ Crore	₹ Crore
Authorised share capital	11,217,760	112,177,600,000	11,217,760	112,177,600,000	33.54	32.08
Issued share capital						
Ordinary shares	9,535,895	95,358,950,000	9,535,895	95,358,950,000	28.51	27.27
Shares in circulation						
Ordinary shares	9,535,895	95,358,950,000	9,535,895	95,358,950,000	28.51	27.27

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Notes to the Financial Statements

For the year ended 31 March, 2019

21. Off balance sheet items

(a) Leases commitment

The future minimum lease payments under non-cancellable operating leases were:

Particulars	31/3/2019		4/1/2018	
	VND	VND	₹ Crore	₹ Crore
Within one year	17,884,202,816	8,906,004,102	5.35	2.55
Within two to five years	11,106,886,780	10,751,115,382	3.32	3.07
	28,991,089,596	19,657,119,484	8.67	5.62

(b) Foreign currencies

Particulars	31/3/2019		4/1/2018		₹ Crore	₹ Crore
	Original currency	VND equivalent	Original currency	VND equivalent		
USD	55,210	1,280,274,197	2,305,764	52,627,899,006	0.38	15.05
EUR	274	7,132,822	285	8,034,678	0.00	0.00
MYR	1,410	8,012,135	46,478	252,794,984	0.00	0.07
		1,295,419,154		52,888,728,668	0.38	15.12

22. Revenue from sale of goods

Net revenue comprised:

Particulars	2019		2018	
	VND	VND	₹ Crore	₹ Crore
Total revenue				
• Sales of goods	1,422,456,731,553	1,271,324,045,500	425.31	363.60
Less revenue deductions				
• Sales discounts	12,091,062,646	13,114,917,712	3.62	3.75
• Sales returns	500,414,029	6,337,565,021	0.15	1.81
	12,591,476,675	19,452,482,733	3.76	5.56
Net revenue	1,409,865,254,878	1,251,871,562,767	421.55	358.04

23. Cost of sales

Particulars	2019		2018	
	VND	VND	₹ Crore	₹ Crore
Total cost of sales				
• Finished goods sold	459,913,276,699	425,315,281,083	137.51	121.64
• Merchandise goods sold	117,446,101,478	117,142,102,720	35.12	33.50
• Allowance for inventories	1,831,115,251	1,591,740,960	0.55	0.46
• Others	6,167,161,440	1,037,832,584	1.84	0.30
	585,357,654,868	545,086,957,347	175.02	155.90

Notes to the Financial Statements

For the year ended 31 March, 2019

24. Financial income

Particulars	2019	2018	2019	2018
	VND	VND	₹ Crore	₹ Crore
Interest income	2,352,138,949	4,660,284,841	0.70	1.33
Realised foreign exchange gains	3,198,432,533	389,462,382	0.96	0.11
Unrealised foreign exchange gains	28,510,877	644,307,089	0.01	0.18
Payment discount	1,499,942	-	0.00	-
	5,580,582,301	5,694,054,312	1.67	1.62

25. Financial expenses

Particulars	2019	2018	2019	2018
	VND	VND	₹ Crore	₹ Crore
Interest expense	432,106,831	1,280,397,528	0.13	0.37
Realised foreign exchange losses	2,385,382,767	1,289,945,146	0.71	0.37
	2,817,489,598	2,570,342,674	0.84	0.74

26. Selling expenses

Particulars	2019	2018	2019	2018
	VND	VND	₹ Crore	₹ Crore
Staff costs	230,148,433,767	218,445,217,730	68.81	62.48
Advertising expenses	133,048,539,883	125,651,650,914	39.78	35.94
Marketing support expenses	126,601,705,735	59,414,005,253	37.85	16.99
Transportation expenses	26,022,903,256	20,214,574,551	7.78	5.78
Research and development expenses	12,364,087,287	16,597,027,499	3.70	4.75
Rental expenses	15,010,749,602	14,386,523,370	4.49	4.11
Travelling expenses	14,417,876,782	12,105,663,687	4.31	3.46
Depreciation and amortisation	1,543,418,780	730,663,291	0.46	0.21
Other expenses	8,358,707,203	7,593,543,385	2.50	2.17
	567,516,422,295	475,138,869,680	169.68	135.89

27. General and administration expenses

Particulars	2019	2018	2019	2018
	VND	VND	₹ Crore	₹ Crore
Staff costs	84,833,141,805	88,812,465,731	25.37	25.40
Outside services expenses	4,742,566,597	14,049,838,019	1.42	4.02
Rental expenses	5,989,259,841	7,165,554,020	1.79	2.05
Depreciation and amortisation	2,060,670,359	4,164,265,867	0.62	1.19
Repair and maintenance expenses	2,996,735,699	3,736,627,048	0.90	1.07
Professional expenses	3,538,995,413	3,066,508,445	1.06	0.88
Travelling expenses	2,163,900,906	2,033,175,346	0.65	0.58
License fees	1,151,665,930	1,802,830,585	0.34	0.52
Recruitment and training expenses	3,667,424,730	1,358,843,383	1.10	0.39
Other expenses	6,697,354,471	4,277,398,670	2.00	1.22
	117,841,715,751	130,467,507,114	35.25	37.32

Notes to the Financial Statements

For the year ended 31 March, 2019

28. Production costs by element

Particulars	2019	2018	2019	2018
	VND	VND	₹ Crore	₹ Crore
Raw material costs included in production costs	496,608,975,052	465,902,672,057	148.49	133.25
Labour costs and staff costs	348,154,004,150	337,711,086,600	104.10	96.59
Depreciation and amortisation	11,679,135,528	9,548,193,561	3.49	2.73
Outside services	368,303,527,635	294,099,767,929	110.12	84.11
Other expenses	45,970,150,549	43,431,613,994	13.75	12.42

29. Income tax

(a) Recognised in the statement of income

Particulars	2019	2018	2019	2018
	VND	VND	₹ Crore	₹ Crore
Current tax expense				
Current year	29,797,467,721	23,550,000,088	8.91	6.74
Under provision in prior years	130,912,499	-	0.04	-
	29,928,380,220	23,550,000,088	8.95	6.74
Deferred tax benefit				
Origination and reversal of temporary differences	(472,132,918)	(2,090,297,514)	(0.14)	(0.60)
	29,456,247,302	21,459,702,574	8.81	6.14

(b) Reconciliation of effective tax rate

Particulars	2019	2018	2019	2018
	VND	VND	₹ Crore	₹ Crore
Accounting profit before tax	142,302,251,569	104,043,214,816	42.55	29.76
Tax at the Company's tax rate	28,460,450,314	20,808,642,963	8.51	5.95
Non-deductible expenses	864,884,489	651,059,611	0.26	0.19
Under provision in prior years	130,912,499	-	0.04	-
	29,456,247,302	21,459,702,574	8.81	6.14

(c) Applicable tax rates

The Company's corporate income tax rate is 20% for 2019 and 2018.

Notes to the Financial Statements

For the year ended 31 March, 2019

30. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the financial statements, the Company had the following transactions with related companies during the year:

Particulars	Transaction value			
	2019 VND	2018 VND	2019 ₹ Crore	2018 ₹ Crore
Parent company				
Marico Limited				
Sales of goods	25,214,591,687	1,053,399,405	7.54	0.30
Purchase of goods	81,347,304,307	148,924,569,450	24.32	42.59
Cross charge	10,202,583,892	19,256,195,841	3.05	5.51
Royalty fees	4,927,205,953	4,696,365,169	1.47	1.34
Dividend	80,000,000,000	50,000,000,000	23.92	14.30
Members of Board of Management and Board of Directors				
Compensation	44,160,841,103	37,295,198,887	13.20	10.67
Dividend	1,677,941	2,097,427	0.00	0.00

31. Non-cash investing and financing activities

Particulars	31/3/2019	4/1/2018	31/3/2019	4/1/2018
	VND	VND	₹ Crore	₹ Crore
Acquisition of fixed assets not yet paid	1,286,189,600	-	0.38	-

32. Corresponding figures

Corresponding figures as at 1 April 2018 were derived from the balances and amounts reported in the Company's audited financial statements as at and for the year ended 31 March 2019.

Prepared by
Phan Thi Cam Nguyen
Chief Accountant
14 May, 2019

Reviewed by
Luong Huu Khanh
Vice President - Finance Control

Approved by
Ashish Joshi
Chief Operating Officer

The accompanying notes are an integral part of these financial statement.

Marico Consumer Care Limited

**BOARD OF DIRECTORS
(AS ON MARCH 31, 2019)**

Mr. Harsh Mariwala	Director
Mr. Saugata Gupta	Managing Director
Mr. Vivek Karve	Director & Chief Financial Officer

COMPANY SECRETARY

Ms. Renu Desai

REGISTERED OFFICE

7th Floor, Grande Palladium,
175, CST Road, Kalina, Santacruz (East),
Mumbai 400 098

AUDITORS

M/s. B S R Co. LLP

BANKERS

HSBC Bank, Mumbai

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARICO CONSUMER CARE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the Ind AS financial statements of Marico Consumer Care Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss for the year then ended, 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 the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (Contd.)

In preparing the financial statements, management and Board of directors are 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.

Board of Directors is 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 SAs 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 SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the standalone 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 controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.
- 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 controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Marico Consumer Care Limited

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. (A) As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The balance sheet, the statement of profit and loss, the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
 - (e) On the basis of the written representations received from the Directors as on 31 March 2019 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigations which would impact its financial position – Refer Note 19 to the Ind AS financial statements.
 - (ii) The Company did not have any long –term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - (iv) The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sadashiv Shetty
Partner
Membership No: 048648

Place : Mumbai
Date : 6 May 2019

Annexure - A to the Independent Auditors' Report – 31 March 2019

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company did not own any immovable properties during the year ended 31 March 2019 and hence, paragraph 3(i)(c) of the Order is not applicable to the Company.
- (ii) The Company is a service company and it does not hold any physical inventory. Accordingly, paragraph 3 (ii) of the Order is not applicable to the company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 and Section 186 of the Act during the year. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub-Section 1 of Section 148 of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including service tax, goods and service tax, income tax and other material statutory dues have been generally regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of including provident fund, sales-tax, employees' state insurance, duty of customs, value added tax, duty of excise and cess.
- According to the information and explanations given to us, no undisputed amounts payable in respect service tax, goods and service tax, income tax and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of service tax, goods and service tax, income tax as at 31 March 2019, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures, as at the balance sheet date. Accordingly, the provision of Clause 3(viii) of the said Order is not applicable to the Company.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

Marico Consumer Care Limited

- (x) According to the information and explanations given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/ provided any managerial remuneration during the year under Section 197 read with Schedule V to the Act. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company as prescribed under section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the Ind AS financial statements as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sadashiv Shetty
Partner
Membership No: 048648

Place : Mumbai
Date : 6 May 2019

Annexure B to the Independent Auditor's Report – 31 March 2019 on Ind AS Financial Statements

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

Opinion

We have audited the internal financial controls with reference to financial statements of Marico Consumer Care Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists,

and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Marico Consumer Care Limited

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sadashiv Shetty
Partner
Membership No: 048648

Place : Mumbai
Date : 6 May 2019

Balance Sheet

As at 31 March, 2019

Amount in ₹

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	-	-
Financial assets			
(i) Other financial assets	4(b)	103,098,043	432,244
Deferred tax assets (net)	8	2,693,400	-
Non current tax assets (net)	5	714,059	46,247
Total non-current assets		106,505,502	478,491
Current assets			
Financial assets			
(i) Investments	4(a)	111,907,674	362,242,449
(ii) Cash and cash equivalents	4(d)	571,638	180,664
(iii) Other financial assets	4(c)	31,138,716	18,315,994
Other current assets	6	-	25,675
Total current assets		143,618,028	380,764,782
Total assets		250,123,530	381,243,273
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7(a)	206,608,300	206,608,300
<u>Other equity</u>			
Reserves and Surplus	7(b)	37,694,630	165,737,392
Total equity		244,302,930	372,345,692
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	8	-	2,782,706
Total non-current liabilities		-	2,782,706
Current liabilities			
<u>Financial liabilities</u>			
Trade payables	9	2,821,054	1,601,044
Other current liabilities	10	2,999,546	4,513,831
Total current liabilities		5,820,600	6,114,875
Total liabilities		5,820,600	8,897,581
Total equity and liabilities		250,123,530	381,243,273
Significant accounting policies	2 (A)		
Critical estimates and judgements	2 (B)		

The above balance sheet should be read in conjunction with the accompanying notes.

As per our attached report of even date.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No. 101248W/W-100022

SADASHIV SHETTY
Partner
Membership No. 048648

Place : Mumbai
Date : May 6, 2019

For and on behalf of
Marico Consumer Care Limited

HARSH MARIWALA Director
[DIN 00210342]

SAUGATA GUPTA Managing Director
[DIN 05251806]

VIVEK KARVE Director & CFO
[DIN 06840707]

RENU DESAI Company Secretary
[Membership No. A43450]

Place : Mumbai
Date : May 6, 2019

Statement Of Changes In Equity

For the year ended 31 March, 2019

A. Equity Share Capital

Particulars	Note	Amount in ₹
As at 31st March, 2017	7 (a)	206,608,300
Changes in equity share capital		-
As at 31st March 2018		206,608,300
Changes in equity share capital		-
As at 31st March 2019		206,608,300

B. Other Equity

Particulars	Note	Amount in ₹	
		Attributable to owners Reserves and surplus Retained earnings	Total other equity
Balance as at 31st March, 2017	7(b)	114,868,338	114,868,338
Profit for the year	7(b)	50,869,054	50,869,054
Other comprehensive income for the year		-	-
Total comprehensive income for the year		50,869,054	50,869,054
Dividend paid	7(b)	-	-
Balance as at 31st March, 2018		165,737,392	165,737,392
Balance as at 31st March, 2018	7(b)	165,737,392	165,737,392
Profit for the year	7(b)	58,765,167	58,765,167
Total comprehensive income for the year		58,765,167	58,765,167
Dividend paid (including dividend distribution tax of ₹. 3,18,51,704 Cr)	7(b)	(186,807,929)	(186,807,929)
Balance as at 31st March, 2019		37,694,630	37,694,630

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Nature and purpose of reserve Retained earnings Retaining earnings are the profits that the company has earned till date less any transfers to general reserve, dividends or other distributions paid to share holders.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No. 101248W/W-100022

SADASHIV SHETTY
Partner
Membership No. 048648

Place : Mumbai
Date : May 6, 2019

For and on behalf of
Marico Consumer Care Limited

HARSH MARIWALA Director
[DIN 00210342]

SAUGATA GUPTA Managing Director
[DIN 05251806]

VIVEK KARVE Director & CFO
[DIN 06840707]

RENU DESAI Company Secretary
[Membership No. A43450]

Place : Mumbai
Date : May 6, 2019

Statement of Cash Flow

For the year ended 31 March, 2019

Particulars	Amount in ₹	
	Year ended March 31, 2019	Year ended March 31, 2018
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before income tax	77,435,190	68,180,178
Adjustments for:		
Depreciation and amortisation	-	-
Finance costs	4,540	202,928
Interest income from financial assets at amortised cost	(9,680,315)	(14,979,959)
Net gain on sale of investments	(13,524,225)	(9,248,499)
Net gain on financial assets mandatorily measured at fair value through profit or loss	-	(50,691)
	(23,200,000)	(24,076,221)
Cash generated from operations before working capital changes	54,235,188	44,103,957
Change in operating assets and liabilities:		
Increase in other current financial assets	(15,486,353)	(4,335,385)
(Increase) / Decrease in other current assets	25,675	(25,675)
Increase / (Decrease) in trade payables	1,220,011	(1,410,931)
Increase in other current liabilities	(1,514,285)	3,471,161
Changes in Working Capital	(118,420,750)	(2,300,830)
Cash generated from Operations	(64,185,562)	41,803,127
Income taxes paid (net of refunds)	(24,813,922)	(17,047,259)
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	(88,999,484)	24,755,868
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments (net)	239,616,134	(120,887,572)
Purchase of inter-corporate deposits	(175,000,000)	(120,000,000)
Proceeds from redemption of inter- corporate deposits	195,000,000	200,000,000
Investment in fixed deposits	(102,665,799)	-
Interest income from financial assets at amortised cost	16,586,792	16,235,312

Marico Consumer Care Limited

Cash Flow Statement(Contd.)

For the year ended 31 March, 2019

Particulars	Amount in ₹	
	Year ended March 31, 2019	Year ended March 31, 2018
Net cash (used in) / generated from investing activities (b)	276,202,926	(24,652,260)
C CASH FLOW FROM FINANCING ACTIVITIES		
Finance charges paid	(4,540)	(202,928)
Dividend paid (including Tax thereon)	(186,807,929)	-
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES (C)	(186,812,469)	(202,928)
D NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	390,974	(99,320)
E Cash and cash equivalents at the beginning of the financial year	180,664	279,984
F Cash and cash equivalents at end of the year (Refer note 4 (c))	571,638	180,664

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

The above statement of cash flows should be read in conjunction with the accompanying notes.

As per our attached report of even date.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No. 101248W/W-100022

SADASHIV SHETTY
Partner
Membership No. 048648

Place : Mumbai
Date : May 6, 2019

For and on behalf of
Marico Consumer Care Limited

HARSH MARIWALA Director
[DIN 00210342]

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[DIN 05251806]

VIVEK KARVE Director & CFO
[DIN 06840707]

RENU DESAI Company Secretary
[Membership No. A43450]

Place : Mumbai
Date : May 6, 2019

Notes to the Financial Statements

For the year ended 31 March, 2019

1 The Company and nature of its operations:

Marico Consumer Care Limited ('MCCL' or 'the Company') was incorporated on April 20, 2012 under the Companies Act, 1956. MCCL is a 100% subsidiary of Marico Limited. MCCL is headquartered in Mumbai, Maharashtra, India and was formed with the main objective of carrying out the business of fast moving consumer products and skin care segment. The Company presently owns various Intellectual Property Rights which were licensed during the year under consideration to Marico Limited, the holding Company and Marico Middle East FZE its fellow subsidiary.

2(A) Summary of significant accounting policies:

a) Basis of preparation:

i. Compliance with IND AS:

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with rule 4 of the Companies (Indian Accounting standards) Rules, 2015 & other relevant provisions of the act.

ii. Historical cost convention:

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

b) Property, plant and equipment

All items of property, plant and equipment are stated at historical cost, less accumulated depreciation/amortisation and impairments, if any. Historical cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Indirect expenses during construction period, which are required to bring the asset in the condition for its intended use by the management and are directly attributable to bringing the asset to its position, are also capitalized.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs & maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the year end.

Depreciation and amortization

Depreciation is calculated using the straight-line method to allocate cost of Property, Plant and Equipment, net of their residual values, over their estimated useful lives.

As per technical evaluation of the Company, the useful life considered for the following items is lower than the life stipulated in Schedule II to the Companies Act, 2013:

Asset	Useful Life (years)
Plant & Machinery – Mould	6

Assets individually costing Rs. 25,000 or less are depreciated fully in the year of acquisition.

Depreciation on additions / deletions during the year is provided from the month in which the asset is capitalized up to the month in which the asset is disposed off.

Notes to the Financial Statements

For the year ended 31 March, 2019

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

c) Intangible Assets:

i. Intangible assets with finite useful life:

Intangible assets with finite useful life are stated at cost of acquisition, less accumulated depreciation/ amortisation and impairment loss, if any. Cost includes taxes, duties and other incidental expenses related to acquisition and other incidental expenses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of respective intangible assets, but not exceeding the useful lives given here under:

Assets	Usefull life(Years)
Computer Software	3

ii. Intangible assets with infinite useful life:

Intangible assets with indefinite useful lives are measured at cost and are not amortised, but are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

d) Investment & Other financial assets:

i. 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, or through profit or loss), and
- those measured at amortised cost.

Classification of debt assets will be driven by the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, 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.

ii. Measurement:

At initial recognition, the Company measures a financial asset at its fair value. In the case of financial assets which are recognized at fair value through profit and loss (FVTPL), transaction costs incurred for acquisition of assets (transaction costs) are recognized in the statement of profit and loss. In case of financial assets not measured at fair value through profit and loss, the transaction costs are attributed to the acquisition value of the financial asset.

Notes to the Financial Statements

For the year ended 31 March, 2019

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset.

Amortised Cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows & for selling the financial assets, where the assets cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset 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 other income.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

iii. Impairment of financial assets:

The Company assesses if there is any significant increase in credit risk pertaining to the assets and accordingly create necessary provisions, wherever required.

iv. Derecognition of financial assets:

A financial asset is derecognised only when the company

- has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows so received to one or more recipients

Where the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset

Notes to the Financial Statements

For the year ended 31 March, 2019

e) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the Balance Sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of Section 115JB of the Income tax Act, 1961) over normal income-tax is recognized as an item in deferred tax asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of fifteen succeeding assessment years.

f) Impairment of 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost 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). Nonfinancial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

g) Provisions and Contingent Liabilities

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

Notes to the Financial Statements

For the year ended 31 March, 2019

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

A contingent asset is disclosed, where an inflow of economic benefits is probable. An entity shall not recognise a contingent asset unless the recovery is virtually certain.

h) Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and good & service tax.

The company recognizes revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement

- i. Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.
- ii. Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.
- iii. Revenue from royalty income is recognized on accrual basis.

i) Foreign Currency Transaction:

- i) Functional and presentation currencies:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in INR which is the functional and presentation currency for Marico Limited.

- ii) Transactions & Balances:

Foreign currency transactions are translated into the functional currency at the exchange rates on the date of transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from translation of monetary assets and liabilities at the year-end exchange rates are generally recognized in the profit and loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Notes to the Financial Statements

For the year ended 31 March, 2019

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis.

Non-monetary foreign currency items are carried at cost.

j) Cash and Cash Equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

k) Trade Receivables:

Trade receivables are recognised initially at fair value and subsequently measured at cost less provision for impairment.

l) 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. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

m) Earnings Per Share:

i) Basic earnings per share: Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

ii) Diluted earnings per share: Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

n) Segment Reporting:

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The Managing Director is designated as CODM.

o) Contributed Equity:

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

p) Dividend:

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Notes to the Financial Statements

For the year ended 31 March, 2019

2 (B) Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. These estimates & associated assumptions are based on historical experience & management's best knowledge of current events & actions the Company may take in future.

3 Property, plant and equipment

Particulars	Amount in ₹	
	Plant and machinery	Total
Year ended March 31, 2018		
Gross carrying amount		
Deemed Cost as at March 31, 2017	1,600,829	1,600,829
Additions	—	—
Closing gross carrying amount	1,600,829	1,600,829
Accumulated depreciation	1,600,829	1,600,829
Depreciation charge during the year	—	—
Closing accumulated depreciation	1,600,829	1,600,829
Net carrying amount	—	—
Year ended March 31, 2019		
Gross carrying amount		
Opening gross carrying amount	1,600,829	1,600,829
Additions	—	—
Closing gross carrying amount	1,600,829	1,600,829
Accumulated depreciation		
Opening accumulated depreciation	1,600,829	1,600,829
Depreciation charge during the year	—	—
Closing accumulated depreciation	1,600,829	1,600,829
Net carrying amount	—	—

Notes to the Financial Statements

For the year ended 31 March, 2019

4(a) Investments

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
Current Investments		
Inter corporate deposits	102,879,384	127,122,230
Mutual funds	9,028,290	235,120,219
	111,907,674	362,242,449
Total Investments	111,907,674	362,242,449
Aggregate carrying amount of Unquoted investments	111,907,674	362,242,449

4(b) Other Non current financial assets

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
Fixed Deposits-maturing after 12 months	103,098,043	432,244
Total other non-current financial assets	103,098,043	432,244

4(c) Other current financial assets

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
Receivables from related parties	31,138,716	18,315,994
Total other current financial assets	31,138,716	18,315,994

4(d) Cash and cash equivalents

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
Bank balances in current accounts	571,508	180,534
Cash on hand	130	130
Total cash and cash equivalents	571,638	180,664

5 Non current tax assets

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
Current Tax Asset (Net)	714,059	46,247
Current Tax Asset (Net)	714,059	46,247

Notes to the Financial Statements

For the year ended 31 March, 2018

6 Other current assets

Particulars	Amount in ₹	
	As at March 31 st , 2019	As at March 31 st , 2018
Other receivables	-	25,675
Total other current assets	-	25,675

7(a) Share capital

Particulars	No. of shares	Amount in ₹
		Amount
Authorised share capital		
As at 31st March, 2018		
Equity shares of ₹ 10/- each	80,000,000	800,000,000
Total	80,000,000	800,000,000
As at 31st March, 2019		
Equity shares of ₹ 10/- each	80,000,000	800,000,000
Total	80,000,000	800,000,000
Issued, subscribed and paid-up as at 31st March, 2019 and 31st March, 2018		
20,660,830 equity shares of ₹ 10/- each fully paid-up	20,660,830	206,608,300
Total	20,660,830	206,608,300

Rights of equity shareholders

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Details of shareholders holding more than 5% shares in the company

Name of Shareholder	As at March 31 st , 2019		As at March 31 st , 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares of Rs. 10/- each fully paid-up				
Marico Limited and its nominees	20,660,830	100%	20,660,830	100%

7(b) Reserves and surplus

Particulars	Amount in ₹	
	As at March 31 st , 2019	As at March 31 st , 2018
Retained earnings	37,694,630	165,737,392
Total Reserve and surplus	37,694,630	165,737,392

Notes to the Financial Statements

For the year ended 31 March, 2019

(i) Retained earnings

Particulars	Amount in ₹	
	As at March 31 st , 2019	As at March 31 st , 2018
Opening Balance	165,737,392	114,868,338
Net Profit for the year	58,765,167	50,869,054
Remeasurements of post-employment benefit obligation, net of tax	-	-
Less: Dividend	154,956,225	-
Less: Tax on dividend	31,851,704	-
Closing balance	37,694,630	165,737,392

8 Deferred tax assets/liabilities net

The balance comprises temporary differences attributable to :

Particulars	Amount in ₹	
	As at March 31 st , 2019	As at March 31 st , 2018
Financial assets at fair value through Profit & Loss	2,693,400	-
Total deferred tax assets	2,693,400	-
Financial assets at fair value through Profit & Loss	-	2,782,706
Total deferred tax liabilities	-	2,782,706

Movement in deferred tax (assets)/liabilities net

Particulars	Amount in ₹	
	Financial assets at fair value through Profit & Loss	Total deferred tax liabilities
As at 31st March, 2017	3,070,684	3,070,684
(Charged)/credited:		
to Profit and loss	(287,979)	(287,979)
As at 31st March 2018	2,782,706	2,782,706
(Charged)/credited:		
to Profit and loss	(5,476,106)	(5,476,106)
As at 31st March 2019	(2,693,400)	(2,693,400)

9 Trade payables

Particulars	Amount in ₹	
	As at March 31 st , 2019	As at March 31 st , 2018
Current		
Trade payables	2,821,054	1,601,044
Total Trade Payables	2,821,054	1,601,044

Note:

The Company does not have any dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Notes to the Financial Statements

For the year ended 31 March, 2019

Amount in ₹

Particulars	As at	As at
	March 31 st , 2019	March 31 st , 2018
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting year	-	-
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act beyond the appointed day during the year.	-	-
Interest due and payable towards suppliers registered under MSMED Act for payments already made.	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-
Total	-	-

10 Other current liabilities

Particulars	As at	As at
	March 31 st , 2019	March 31 st , 2018
Statutory dues	2,999,546	3,061,818
Book Overdraft	-	1,452,013
Total other current liabilities	2,999,546	4,513,831

11 Other income

Particulars	Year ended	Year ended
	March 31 st , 2019	March 31 st , 2018
Interest income from financial assets at amortised cost	9,680,315	14,979,959
Net fair value changes (including net gain on sale of investments)	13,524,225	9,299,190
Royalty income	59,769,844	50,524,125
Net gain on foreign currency transactions and translation	42,794	(14,013)
Others	-	172,499
Total	83,017,178	74,961,760

Notes to the Financial Statements

For the year ended 31 March, 2019

12 Depreciation and amortization expense

Particulars	Amount in ₹	
	Year ended March 31 st , 2019	Year ended March 31 st , 2018
Depreciation on property, plant and equipment (refer note 3)	-	-
Total depreciation and amortization expense	-	-

13 Finance costs

Particulars	Amount in ₹	
	Year ended March 31 st , 2019	Year ended March 31 st , 2018
Interest expense	-	195,281
Bank and other financial charges	4,540	7,647
Finance costs expensed in profit or loss	4,540	202,928

14 Other expenses

Particulars	Amount in ₹	
	Year ended March 31 st , 2019	Year ended March 31 st , 2018
Legal and professional charges	4,089,577	4,684,640
Payments to the auditor as Statutory Audit fees	175,000	174,605
Rates and taxes	10	32,768
Insurance	15,590	-
Miscellaneous expenses	-	286,641
Expenditure towards Corporate Social Responsibility	1,297,271	1,400,000
Total	5,577,448	6,578,654

Note 1: Expenses towards Corporate Social Responsibility:

- (a) Gross amount required to be spent by the company during the year: ₹ 13,00,000 (31st March 2018: ₹ 14,00,000)
- (b) Amount spent during the year: ₹ 12,97,271 (31st March 2018: ₹ 14,00,000)

Particulars	Amount in ₹	
	Year ended March 31 st , 2019	Year ended March 31 st , 2018
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	1,297,271	1,400,000
(iii) The Company does not carry any provisions for corporate social responsibility expenses for current year and previous year.	-	-

Notes to the Financial Statements

For the year ended 31 March, 2019

15 Income tax expense

Particulars	Amount in ₹	
	Year ended March 31 st , 2019	Year ended March 31 st , 2018
(a) Income tax expense		
Current tax	24,146,129	17,599,103
Total current tax expense	24,146,129	17,599,103
Deferred tax		
Expenses of current year	(5,476,106)	(287,979)
Total deferred tax expense/(benefit)	(5,476,106)	(287,979)
Total income tax expense recognised during the year	18,670,023	17,311,124

Reconciliation of tax expense and accounting profit multiplies by India tax rate

Particulars	Year ended	
	March 31 st , 2019	March 31 st , 2018
Profit from continuing operations before income tax expense (A)	77,435,190	68,180,178
Income tax rate as applicable in India (B)	27.820%	27.553%
Calculated taxes based on above without any adjustments for deductions (A * B)	21,542,470	18,785,344
Tax effect of amounts which are not deductible (allowable) in calculating taxable income:		
Expenses not deductible for tax purposes	(2,661,526)	(19,575)
Disallowance for Corporate Social Responsibility expenditure	360,901	385,735
Deduction under Section 80 G of the Income Tax Act, 1961	-	(192,868)
Income Tax at lower rate	(571,822)	(1,647,513)
Income tax expense	18,670,023	17,311,123

16 Fair Value Measurements

a) Financial Instruments by category

Particulars	Note	March 31 st , 2019			March 31 st , 2018		
		FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
Financial Assets							
Investments							
Mutual funds	4(a)	9,028,290	-	-	235,120,219	-	-
Inter corporate deposits	4(a)	-	-	102,879,384	-	-	127,122,230
Advance to related parties	4(b)	-	-	31,138,716	-	-	18,315,994
Cash and cash equivalent	4(c)	-	-	571,638	-	-	180,664
Fixed deposits	4(b)	-	-	103,098,043	-	-	432,244
Total financial assets		9,028,290	-	237,687,780	235,120,219	-	146,051,132
Financial Liabilities							
Trade payables	9	-	-	2,821,054	-	-	1,601,044
Total financial liabilities		-	-	2,821,054	-	-	1,601,044

Notes to the Financial Statements

For the year ended 31 March, 2019

(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Amount in ₹

Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31st March 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Mutual funds	4(a)	-	9,028,290	-	9,028,290
Total financial assets		-	9,028,290	-	9,028,290

Financial assets and liabilities measured at amortized cost for which fair value are disclosed as at 31st March 2019	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Inter - corporate deposits	4(a)	-	-	102,879,384	102,879,384
Advance to related parties	4(b)	-	-	31,138,716	31,138,716
Cash and cash equivalent	4(c)	-	-	571,638	571,638
Fixed deposits	4(b)	-	-	103,098,043	103,098,043
Total financial assets		-	-	237,687,780	237,687,780

Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31st March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Mutual funds	4(a)	-	235,120,219	-	235,120,219
Total financial assets		-	235,120,219	-	235,120,219

Financial assets and liabilities measured at amortized cost for which fair value are disclosed as at 31st March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Inter - corporate deposits	4(a)	-	-	127,122,230	127,122,230
Advance to related parties	4(b)	-	-	18,315,994	18,315,994
Cash and cash equivalent	4(c)	-	-	180,664	180,664
Fixed deposits	4(b)	-	-	432,244	432,244
Total financial assets		-	-	146,051,132	146,051,132

The fair value of financial instruments as referred to in note above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurement) and lowest priority to unobservable inputs (level 3 measurements). The categories used are as follows:

Level 1: Financial instruments measured using quoted prices. This includes mutual funds, that have quoted price. The fair value of all instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Notes to the Financial Statements

For the year ended 31 March, 2019

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 considered here. The mutual funds are valued using the closing NAV published by the mutual fund.

Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the company carries such instruments at cost less impairment, if applicable.

The company policy is to recognize transfers into and transfer out of fair value hierarchy levels as at the end of the reporting period.

c) Fair Value of financial assets and liabilities measured at amortised cost

Particulars	Note	Amount in ₹			
		As at		As at	
		March 31 st , 2019		March 31 st , 2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets					
Investments					
Inter-Corporate Deposits	4(a)	102,879,384	102,879,384	127,122,230	127,122,230
Total financial assets		102,879,384	102,879,384	127,122,230	127,122,230

The carrying amounts of trade payables, fixed deposit, cash and cash equivalents and advances to related parties are considered to be the same as their fair values, due to their short-term nature.

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

17 Financial risk management

Financial Risks

In the course of its business, the company is exposed to credit Risk and price risk. This note presents the company's objectives, policies and processes for managing these risks.

(A) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk arises on liquid assets and financial assets.

The company aims to minimize its financial credit risk through the application of risk management policies. Credit limits are set based on counter party value. The methodology used to set the list of counterparty limits includes counterparty Credit Ratings (CR) and sector exposure. Evolution of counterparties is monitored regularly, taking into consideration CR and sector exposure evolution. As a result of this review, changes on credit limits and risk allocation are carried out. The company avoids the concentration of credit risk on its liquid assets by spreading them over several asset management companies and monitoring of underlying sector exposure.

(B) Price Risk

The company's exposure to price risk arise from the investment held by the company in mutual funds and inter-corporate deposits which are classified as fair value through profit and loss. To manage its price risk arising from investment in mutual fund & Inter-corporate deposits, company has diversified its portfolio.

Notes to the Financial Statements

For the year ended 31 March, 2019

Mutual fund Net Asset Values (NAVs) are impacted by a number of factors like interest rate risk, credit risk, liquidity risk, market risk in addition to other factors. A movement of 1% in NAV on either side can lead to a gain/loss of Rs. 0.01 Crore on the overall portfolio as at 31st March, 2019 and Rs. 0.01 Crore as on 31st March, 2018.

18 Capital management

The company's capital management is driven by company's policy to maintain a sound capital base to support the continued development of its business.

The Board of Directors seeks to maintain a prudent balance between different components of the company's capital.

The company complies with all statutory requirement as per the extant regulations.

19 There are no contingent liabilities and contingent assets as at 31st March, 2019 and 31st March 2018.

20 Capital / Other Commitments:

There are no contracts remaining to be executed on capital / other account and not provided for as at 31st March, 2019.

21 There is no reportable segment in terms of India Accounting standard (Ind AS) 108 'Segment reporting' mandated by Rule 4 of the Companies (Indian Accounting Standard) Rules 2015.

22 Related party disclosure

a) Name of Related parties and nature of relationship :

Holding Company:

Marico Limited

Subsidiary Company:

Halite Personal Care Private Limited (A Company under Voluntary Liquidation)

Fellow Subsidiaries with whom the Company has transactions:

Marico Middle East FZE (MME)

Marico Innovation Foundation

Direct & Key Management Personnel:

Mr. Harsh Mariwala :- Non-Executive Director

Mr. Saugata Gupta :- Managing Director (KMP as well)

Mr. Vivek Karve :- Director & CFO (KMP as well)

Ms. Renu Desai :- Company Secretary (KMP)

b) Transactions with related parties

Particulars	Amount in ₹	
	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Marico Limited		
Royalty income	59,577,364	49,879,978
Dividend Paid	154,956,225	-
Reimbursement of expenses paid by holding company	-	79,445
Marico Middle East FZE		
Royalty Income	192,481	644,146
Key management personnel compensation		
Remuneration / sitting fees to Non-Executive and Independent Directors	-	170,000

Notes to the financial STATEMENTS

For the year ended 31 March, 2019

C) Outstanding balances at the year end

Particulars	Amount in ₹	
	March 31 st , 2019	March 31 st , 2018
Other Receivable		
Marico Limited	30,946,236	13,475,159
Marico Middle East FZE	192,481	505,450

23 Earnings per share

Particulars	March 31 st , 2019	March 31 st , 2018
Profit during the year (Amount in ₹) (A)	58,765,167	50,869,054
Number of equity shares as at year end	20,660,830	20,660,830
Weighted average number of equity shares used as denominator for calculating basic / diluted earnings per share. (B)	20,660,830	20,660,830
Nominal value of equity share	10	10
Basic / Diluted Earnings per share (A)/(B)	2.84	2.46

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

SADASHIV SHETTY

Partner

Membership No. 048648

Place : Mumbai

Date : May 6, 2019

For and on behalf of

Marico Consumer Care Limited

HARSH MARIWALA

[DIN 00210342]

Director

SAUGATA GUPTA

[DIN 05251806]

Managing Director

VIVEK KARVE

[DIN 06840707]

Director & CFO

RENU DESAI

[Membership No. A43450]

Company Secretary

Place : Mumbai

Date : May 6, 2019

Marico Innovation Foundation

**BOARD OF DIRECTORS
(AS ON MARCH 31, 2019)**

Mr. Harsh Mariwala
Mr. Saugata Gupta
Mr. Rishabh Mariwala

REGISTERED OFFICE

7th Floor, Grande Palladium, 175, CST Road,
Kalina, Santa Cruz (East), Mumbai 400 098

AUDITORS

Kirtane & Pandit LLP

BANKERS

Corporation Bank

INDEPENDENT AUDITORS' REPORT

To the Members Marico Innovation Foundation,

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of Marico Innovation Foundation ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Income & Expenditure, (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 and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and excess of income over expenditure, Changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and 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 Board of Directors 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 SAs 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.

Audit Report: FY. 2018-19

Marico Innovation Foundation

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Income & Expenditure, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) The requirement of reporting under Section 143(3)(1) of the Act is not applicable to the Company vide General Circular No. 08/2017 dated July 25, 2017 issued by the Ministry of Corporate Affairs;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. No pending litigations.
 - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
 - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education Fund and Protection Fund. The question of delay in transferring such sums does not arise.

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No. 105215W/ W100057

CA Milind Bhave

Partner

Membership No.: 047973

Place: Mumbai

Date :

Balance Sheet

As at 31st March, 2019

Amount in ₹

Particulars	Note No.	As at March 31,	
		2019	2018
ASSETS			
Current assets			
Financial Assets			
Cash and Cash Equivalents	3	59,988	4,207,758
Other Current Financial Assets	4	1,000,000	1,065,000
		<u>1,059,988</u>	<u>5,272,758</u>
TOTAL ASSETS		<u>1,059,988</u>	<u>5,272,758</u>
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital		-	-
Other Equity	5	(1,527,588)	(2,641,145)
		<u>(1,527,588)</u>	<u>(2,641,145)</u>
Current liabilities			
Financial Liabilities			
Other Financial Liabilities	6	2,450,950	7,560,366
Other Current Liabilities	7	136,625	353,537
		<u>2,587,575</u>	<u>7,913,903</u>
TOTAL EQUITY AND LIABILITIES		<u>1,059,988</u>	<u>5,272,758</u>

As per our report of even date

For Kirtane & Pandit LLP
Chartered Accountants

Firm's Registration No: 105215W/W100057

Milind Bhave
Partner
M. No : 047973

Place: Mumbai
Date : May 26, 2019

For and on behalf of the Board of Directors

Harsh Mariwala
Director
(DIN: 00210342)

Place: Mumbai
Date : May 26, 2019

Statement of Income and Expenditure

For the year ended 31st March, 2019

Amount in ₹

Particulars	Note No.	Year ended 31st March,	
		2019	2018
I Donations Received	8	10,100,000	23,550,000
II Miscellaneous Income	9	25,000	65,000
III Total Income		10,125,000	23,615,000
IV Expenses			
Employee Benefit Expenses	10	-	100,955
Other Expenses	11	9,011,443	24,661,115
Total expenses		9,011,443	24,762,071
V Excess of Income over Expenditure		1,113,557	(1,147,071)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kirtane & Pandit LLP

Chartered Accountants

Firm's Registration No: 105215W/W100057

Milind Bhawe
Partner

M. No : 047973

Place: Mumbai

Date : May 26, 2019

For and on behalf of the Board of Directors

Harsh Mariwala
Director

(DIN: 00210342)

Place: Mumbai

Date : May 26, 2019

Saugata Gupta
Director

(DIN: 05251806)

Cash Flow Statement

For the year ended 31st March, 2019

Amount in ₹

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
A. Cash Flow from Operating Activities		
Excess of Income over Expenditure	1,113,557	(1,147,071)
Adjustments for :	-	-
Operating Loss Before Working Capital Changes	1,113,557	(1,147,071)
Adjustments for :		
(Increase)/Decrease in Other Current Financial Assets	65,000	(1,065,000)
Increase/(Decrease) in Other Current Financial Liabilities	(5,109,416)	6,152,895
Increase/(Decrease) in Other Current Liabilities	(216,912)	266,547
	(5,261,328)	5,354,442
Cash (used in) / generated from Operating Activities	(4,147,770)	4,207,371
Taxes Paid (Net)	-	-
Net Cash (used in) / generated from Operating Activities	(4,147,770)	4,207,371
Net (Decrease) / Increase in Cash and Cash Equivalents	(4,147,770)	4,207,371
Cash and Cash Equivalents at the beginning of the year	4,207,758	385
Cash and Cash Equivalents at the end of the year	59,988	4,207,758

As per our report of even date

For Kirtane & Pandit LLP
Chartered Accountants

Firm's Registration No: 105215W/W100057

Milind Bhave
Partner
M. No : 047973

Place: Mumbai
Date : May 26, 2019

For and on behalf of the Board of Directors

Harsh Mariwala
Director
(DIN: 00210342)

Place: Mumbai
Date : May 26, 2019

Saugata Gupta
Director
(DIN: 05251806)

STATEMENT OF Changes Equity

For the year ended 31 March, 2019

A. Other Equity

Amount in ₹

Particulars	Share Application Money	Equity Component of compound financial instruments	Reserves & Surplus				Total
			Capital Reserves	Securities Premium	Other Reserves	Retained Earnings	
Balance as at 1st April, 2018	-	-	-	-	-	(2,641,145)	(2,641,145)
Changes in Accounting Policy or Prior Period Errors	-	-	-	-	-	-	-
Restated Balance at the beginning of the Reporting Period	-	-	-	-	-	(2,641,145)	(2,641,145)
Total OCI for the year	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Transfer to Retained Earnings	-	-	-	-	-	1,113,557	1,113,557
Any other change (specify)	-	-	-	-	-	-	-
Balance as at 31st March, 2019	-	-	-	-	-	(1,527,588)	(1,527,588)

B. Other Equity

Amount in ₹

Particulars	Share Application Money	Equity Component of compound financial instruments	Reserves & Surplus				Total
			Capital Reserves	Securities Premium	Other Reserves	Retained Earnings	
Balance as at 1st April, 2017	-	-	-	-	-	(1,494,076)	(1,494,076)
Changes in Accounting Policy or Prior Period Errors	-	-	-	-	-	-	-
Restated Balance at the beginning of the Reporting Period	-	-	-	-	-	(1,494,076)	(1,494,076)
Total OCI for the year	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Transfer to Retained Earnings	-	-	-	-	-	(1,147,069)	(1,147,069)
Any other change (specify)	-	-	-	-	-	-	-
Balance as at 31st March, 2018	-	-	-	-	-	(2,641,145)	(2,641,145)

Notes to the financial statements

For the year ended 31 March, 2019

1 GENERAL INFORMATION

Marico Innovation Foundation ("the Company") U93090MH2009NPL193455(CIN) is a wholly owned subsidiary of Marico Limited, incorporated in India, a not-for-profit institution, established in 2003, registered as a Section 25 company under provision of Companies Act 1956 in 2009 (fosters innovation in the business & social sector). The address of the registered office and principal office is at 7th Floor, Grande Palladium, 175 CST Road, Kalina, Santacruz (East) Mumbai.

MIF works closely with social and profit oriented organisations, philanthropic institutions, social entrepreneurs and the social innovation ecosystem to nurture and implement 'direct impact' innovations to overcome systemic challenges inhabiting growth and scale. The focus of the foundation is to work with people who have scalable ideas and help them scale it to benefit India in a direct way. To this effect, MIF has already done work in the areas of renewable energy, waste management, employability, livelihoods and healthcare.

2 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation of Financial Statements

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). Further, the Company has prepared the opening balance sheet as at April 01, 2016 (the transition date) in accordance with Ind AS. For all the periods up to the year ended March 31, 2019, the Company had prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). These are the Company's first Ind AS financial statements.

B. Compliance with Ind AS

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP and guidelines issues by the Securities Exchange Board of India (SEBI).

C. Revenue Recognition

Donation received are accounted on the date of receipt. All donations received during the year are towards the objectives of the Company

D. Income Taxes

The Company has been granted exemption from Income Tax under section 12AA (1) (b) (i) of the Income Tax Act, 1961.

E. Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Notes to the financial statements

For the year ended 31 March, 2019

F. Financial Instruments

(i) Classification of Financial Assets

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised 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 other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, 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. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

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

(iii) Debt Instruments

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

- **Amortised Cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method."
- **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 fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is de-recognised, 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 other income using the effective interest rate method.
- **Fair Value through Profit or Loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that

Notes to the financial statements

For the year ended 31 March, 2019

is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

(iv) 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 investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(v) Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(vi) De-recognition of financial assets

A financial asset is de-recognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or;
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

G. Financial Liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of income & expenditure.

Notes to the financial statements

For the year ended 31 March, 2019

(iii) De-recognition

A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

H. Fair Value Measurement

Fair Value Hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of following three levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted prices included within Level 1 that are observable asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are unobservable inputs for the asset or liability.

I. Provisions

Provisions for legal claims and discounts / incentives are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

J. Use of Estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes to the financial statements

For the year ended 31 March, 2019

Note 3 Cash and Cash Equivalents Amount in ₹

Particulars	As at 31st March, 2019	As at 31st March, 2018
Balances with Banks	30,063	4,203,248
Cash on hand	29,925	4,510
Total	59,988	4,207,758

Note 4 Other Current Financial Assets Amount in ₹

Particulars	As at 31st March, 2019	As at 31st March, 2018
Deposits to Suppliers	1,000,000	1,000,000
Receivable for services rendered	-	65,000
Total	1,000,000	1,065,000

Note 5 Other Equity Amount in ₹

Particulars	As at 31st March, 2019	As at 31st March, 2018
Retained Earnings		
Balance at the beginning of the year	(2,641,145)	(1,494,076)
Excess of income over expenditure	1,113,557	(1,147,069)
Balance at the end of the year	(1,527,588)	(2,641,145)

Note 6 Other Financial Liabilities Amount in ₹

Particulars	As at 31st March, 2019	As at 31st March, 2018
Book Overdraft	-	-
Payable for services availed	2,450,950	7,560,366
Total	2,450,950	7,560,366

Note 7 Other Current Liabilities Amount in ₹

Particulars	As at 31st March, 2019	As at 31st March, 2018
Other Payables		
For Statutory Dues	136,625	353,537
Total	136,625	353,537

Note 8 Donations Received Amount in ₹

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Donations	10,100,000	23,550,000
Total	10,100,000	23,550,000

Note 9 Miscellaneous Income Amount in ₹

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Miscellaneous Income	25,000	65,000
Total	25,000	65,000

Notes to the financial statements

For the year ended 31 March, 2019

Note 10 Employee Benefit Expenses

Amount in ₹

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Staff welfare expenses	-	100,955
Total	-	100,955

Note 11 Other Expenses

Amount in ₹

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Project Expenses	7,302,238	21,581,240
Legal and Professional Charges	1,518,398	2,595,510
Event Management Expenses	-	142,610
Travelling & Conveyance	2,602	1450
Recruitment Expenses	46,914	231,940
Printing & Stationery	4,273	2400
Audit Fees	100,300	97,750
Communication Expenses	8,302	2308
Bank Charges	1,416	1357
Miscellaneous Expenses	27,000	4550
Total	9,011,443	24,661,115

Auditor's Remuneration (Including Service Tax/GST)

Amount in ₹

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Audit Fees	100,300	100,300
Total	100,300	100,300

Note 12 Related party disclosures

12.1 Details of Related Parties

Sr No.	Names of related parties where control exists and description of relationships	Country of Incorporation	Proportion of ownership interest for the year ended	
			31st March, 2019	31st March, 2018
A	Holding			
	Marico Limited	India	100.00%	100.00%
B	Enterprises over which Key Managerial Personnel are able to exercise significant influence			
	Innovation for India (Association of person where one of the director of the company is a party of the Association).	India	-	-

(Note: Related parties have been identified by the management)

Notes to the financial statements

For the year ended 31 March, 2019

12.2 Details of transactions with related parties Amount in ₹

Sr No.	Nature of Transactions	Holding	Others	Total
1	Donations Received : FY 2018-2019	10,100,000	-	10,100,000
	<i>FY 2017-2018</i>	22,200,000	1,350,000	23,550,000

Figures in italic represents Previous Year's amounts.

Note 13 Other Disclosures

- (a) Based on the information available with the Company and as informed to us by the management, there are no suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and hence the disclosure relating thereto under the said Act is not applicable.
- (b) Prior year comparatives have been regrouped and reclassified wherever necessary to conform to the current year's presentation. Amounts and other disclosures for the prior year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date

For Kirtane & Pandit LLP

Chartered Accountants

Firm's Registration No: 105215W/W100057

Milind Bhave
Partner

M. No : 047973

Place: Mumbai

Date : May 26, 2019

For and on behalf of the Board of Directors

Harsh Mariwala
Director

(DIN: 00210342)

Place: Mumbai

Date : May 26, 2019

Saugata Gupta
Director

(DIN: 05251806)

MARICO FOR CONSUMER CARE PRODUCTS S.A.E.

**BOARD OF DIRECTORS
(AS ON MARCH 31, 2019)**

Mr. Padmanabh Maydeo
Mr. Ashish Modak
Mr. Durgesh Chugh
Mr. Ashish Joshi

REGISTERED OFFICE

Building 3, Section 1141, 34,
IBAD Elrahman Street, Masaken Sheraton,
Nozha District-Cairo-Egypt

AUDITORS

KPMG Hazem Hassan

BANKERS

HSBC
QNB Al-Ahly
SAIB Bank
Arab Bank

LEGAL ADVISORS

Yasser Maharem Office for Accounting & Auditing,
Nassef Law Firm

INDEPENDENT AUDITOR'S REPORT

**To the shareholder of Marico Consumer Care Product
Report on the financial statement**

We have audited the accompanying financial statements of Marico Egypt for Industries Company S.A.E., which comprise the statement of financial position as at 31 December 2018, the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

These financial statements are the responsibility of the Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marico for Consumer Care Products S.A.E. as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Emphasis of a matter

As indicated in note no. (27) Of the notes to the financial statements related to the company's going concern, the Company incurred cumulative losses of L.E. 51 614 944 up to 31 December 2018, which exceeded the issued and paid up capital. This raises material uncertainty that may cast significant doubt that the Company will be able to continue as a going concern. However, the Company's management are of the opinion that the Company depends on the financial support from the holding company for continuing its operation. In accordance with the Companies Law No. 159 of 1981 and its Executive Regulation and the Company's Articles of incorporation, an extraordinary general meeting should be convened to decide whether the Company should continue its operations.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company; the financial statements are in agreements thereto. The Company maintains proper costing accounts and the inventory was counted by management in accordance with methods in practice.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the Company's books of account.

KPMG Hazem Hassan

Cairo February 14, 2019

STATEMENT OF FINANCIAL POSITION

As at 31 December, 2018

Particulars	Note No.	2018 EGP	2017 EGP	2018 Crore	2017 Crore
Asset					
Non current assets					
Fixed assets	(28-7,13)	22,970,684	9,114,204	8.92	3.27
Intangible assets (net)	(28-8,14)	77,395	1	0.03	-
Projects under construction	(28-7)	8,000	-	0.00	-
Deferred tax assets	(28-5,12A)	-	11,898	-	0.00
Total Non current assets		23,056,079	9,126,103	8.95	3.27
Current assets					
Inventories	(28-6,15)	20,897,881	9,186,702	8.13	3.28
Trade and other receivables	(28-14,16)	24,490,707	4,415,332	9.51	1.58
Prepayments	(28-14,17)	5,286,666	2,010,254	2.05	0.73
Due from related parties	(28-14,18A)	-	875,300	-	0.31
Investment held to maturity	(28-9,19)	9,602,877	-	3.73	-
Cash and cash equivalents	(28-15,20)	203,421	2,206,668	0.08	0.85
Total current assets		60,481,552	18,694,256	23.50	6.75
Total Assets		83,537,631	27,820,359	32.45	10.02
Equity					
Issued & paid-up capital	(21)	14,453,300	14,453,300	5.62	5.19
Reserves	(28-13)	19,658	19,658	0.01	0.01
Retained (losses)		(51,614,944)	(24,430,758)	(20.05)	(8.78)
Total Equity		(37,141,986)	(9,957,800)	(14.42)	(3.58)
Liabilities					
Non current Liabilities					
Deferred Tax liabilities	(28-5,12A)	466,097	-	0.18	-
Total Non current Liabilities		466,097	-	0.18	-
Current Liabilities					
Bank Facilities	(23)	3,729,839	1,064,832	1.45	0.38
Trade and other payables	(28-16,24)	35,521,547	10,526,464	13.80	3.77
Due to related parties	(28-16,18B)	77,607,898	24,906,098	30.14	8.95
Provisions	(28-12,22)	3,354,236	1,280,765	1.30	0.50
Total current liabilities		120,213,520	37,778,159	46.69	13.60
Total liabilities		120,213,520	37,778,159	46.87	13.60
Total equity & liabilities		83,537,631	27,820,359	32.45	10.02

The accompanying notes from (8) to (29) form an integral part of these financial statements.

Head of Finance
Ashish Modak
(Auditors' report "attached")

Chairman
Durgesh Chugh

Note: The exchange rate use to convert EGP to ₹ 3.884 (Previous year EGP to ₹ 3.593)

INCOME STATEMENT

For the financial year ended 31 December, 2018

Particulars	Notes No.	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Revenue	(28-2,3)	115,994,303	30,293,808	45.04	10.88
Less:					
Cost of sales	(4)	94,590,417	32,664,125	36.72	11.75
Gross (loss)/profit		21,403,886	(2,370,317)	8.32	(0.87)
Other income	(5)	2,339,170	2,164,794	0.91	0.77
Selling & distribution expenses	(6)	(29,405,332)	(6,406,387)	(11.43)	(2.31)
Administrative expenses	(7)	(22,032,359)	(6,231,992)	(8.55)	(2.25)
Other expenses	(8)	(305,527)	(1,093,245)	(0.12)	(0.39)
Operating profit		(28,000,162)	(13,937,147)	(10.87)	(5.05)
Finance income	(28-4,9)	1,793,922	126,928	0.70	0.05
Finance cost	(28-4,10)	(314,648)	(728,141)	(0.12)	(0.27)
Net finance (cost)		1,479,274	(601,213)	0.58	(0.22)
(Loss) before tax		(26,520,888)	(14,538,360)	(10.29)	(5.27)
Income tax expense	(28-5,11)	(663,298)	(146,985)	(0.26)	(0.05)
(Loss) for the year		(27,184,186)	(14,685,345)	(10.55)	(5.32)

-The accompanying notes from (8) to (29) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.884 (Previous year EGP to ₹ 3.593)

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December, 2018

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Net losses for the year	(27,184,186)	14,685,345	(10.56)	5.27
Comprehensive income item:				
Other comprehensive income	-	-	-	-
Total Comprehensive loss for the year	(27,184,186)	14,685,345	(10.56)	5.27

-The accompanying notes from (8) to (29) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.884 (Previous year EGP to ₹ 3.593)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the financial year ended 31 December, 2018

Particular	Issued & paid in capital EGP	Shareholders` current accounts EGP	Genral reserve EGP	Retained losses EGP	Total EGP
Balance as at 1 January 2017	1,000,000	73,824,158	-	(51,291,015)	23,533,143
Reconciliation:					
Reconciliation for revaluation	13,453,300	(55,018,560)	19,658	41,545,602	-
Reconciliation for changing the legal from - transfer to related parties	-	(18,805,598)	-	-	(18,805,598)
Comprehensive income					
Net (loss) for the year 2017	-	-	-	(14,685,345)	(14,685,345)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(14,685,345)	(14,685,345)
Balance as at 31 December 2017	14,453,300	-	19,658	(24,430,758)	(9,957,800)
Balance as at 1 January 2018	14,453,300	-	19,658	(24,430,758)	(9,957,800)
Comprehensive income					
Net (loss) for the year 2018	-	-	-	(27,184,186)	(27,184,186)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(27,184,186)	(27,184,186)
Balance as at 31 December 2018	14,453,300	-	19,658	(51,614,944)	(37,141,986)

Particular	Issued & paid in capital ₹ Crore	Shareholder` current accounts ₹ Crore	Genral reserve ₹ Crore	Retained earnings ₹ Crore	Total ₹ Crore
Balance as at 1 January 2017	0.36	26.53	-	(18.43)	8.46
Reconciliation:					
Reconciliation for revaluation	4.83	(19.77)	0.01	14.93	-
Reconciliation for changing the legal from - transfer to related parties	-	(6.76)	-	-	(6.76)
Total comprehensive income					
Net (loss) for the year	-	-	-	(5.28)	(5.28)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(5.28)	(5.28)
Balance as at 31 December 2017	5.19	0.00	0.01	(8.78)	(3.58)
Balance as at 1 January 2018	5.61	-	0.01	(9.49)	(3.87)
Comprehensive income					
Net (loss) for the year	-	-	-	(10.56)	(10.56)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(10.56)	(10.56)
Balance as at 31 December 2018	5.61	-	0.01	(20.05)	(14.43)

STATEMENT OF CASH FLOW

For the financial year ended 31 December, 2018

Particulars	Note No.	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Cash flow from operating activities					
Net (loss) for the year		(27,184,186)	(14,685,345)	(10.56)	(5.28)
Adjustments for:					
Depreciation and amortization	(13,14)	3,035,678	1,674,345	1.18	0.60
Impairment fixed assets		(129,911)	(342,080)	(0.05)	-
Claims provision		2,154,405	1,251,641	0.84	(0.12)
Written-down of inventories		(161,733)	7,752,763	(0.06)	0.45
Return on treasury bills		(697,572)	-	(0.27)	2.79
Income tax expense		663,298	146,985	0.26	0.05
Changes In					
Inventories		(7,211,918)	4,246,211	(2.80)	1.53
Used from Write-down of inventories		(4 337 528)	-	(1.68)	-
Trade and other receivables		(20,075,375)	1,630,678	(7.80)	0.59
Prepayments		(3,276,412)	2,200,124	(1.27)	0.79
Trade and other payables		24,809,780	(8,545,681)	9.64	(3.07)
Related parties		53,577,100	5,148,448	20.81	1.85
Provisions used		(80,934)	(94,105)	(0.03)	(0.03)
Cash from operating activities		21,084,692	383,984	8.21	0.15
Income tax paid		-	3,512	-	-
Net cash from operating activities		21,084,692	387,496	8.21	0.15
Cash Flows From Investing Activities :					
Proceeds from sale of fixed assets					
Acquisition of fixed assets and projects under		(16,847,641)	(148,394)	(6.54)	(0.05)
Investments held to maturity		(8,905,305)	-	(3.46)	-
Net cash used in investing activities		(25,752,946)	(148,394)	(10.00)	(0.05)
Cash Flows From Financing Activities					
Proceeds from banks overdraft		2,665,007	372,182	1.04	0.13
Net cash from financing activities		2,665,007	372,182	1.04	0.13
Net change in cash and cash equivalents		(2,003,247)	611,284	(0.78)	0.22
Cash and cash equivalents at the beginning of the year		2,206,668	1,595,384	0.86	0.57
Cash and cash equivalents at the end of the year	28-15,20	203,421	2,206,668	0.08	0.79

-The accompanying notes from (8) to (29) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.884 (Previous year EGP to ₹ 3.593)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

1- General

1-1 Company's Background

The company was incorporated according to the law No(8) year 1997 of investment guarantees and its executive regulations and was registered in the commercial register No(114) date 16/5/2005 and issued tax card No 250/93/5 in tax investment office under the name "Naeema Abdu Mohamed Matter and partner" (Limited Partnership Company)

The contract of the company was amended by leaving partners and entering others according to the general authority of investment and free zones chairman decree No 1160/E year 2007 which approved to amend the articles No(2),(5),(7) from company's contract according to the decision of the partners meeting which was held on 19/7/2007 and the approving of the amendment project dated 22/7/2007 which was ratified in Heliopolis notary office under ratification No 4002/E year 2007 dated 24/7/2007 to change the name of the company to Wind Co.(MEL Consumer Care & Partners Wind)"General partnership Co."

According to the decision of the partners meeting which was held on 20/7/2016 for approving the changing of the legal status of the company from general partnership Co to joint stock Company using the book value of the assets and liabilities as of 31/12/2015.

On 30 October 2017, the partners meeting approved the change of legal status of the company from general partnership company to joint stock company as per the resolution No 4/525 for year 2016, and the resolution of Chairman of General authority for investment No.72 for year 2017 that resulted in company's net equity amount to L.E 14 453 300 as of 31/12/2015

On 18 December 2017 the company was registered in commercial register under No 31640 and changing the name of company to Marico for Consumer Care Company (S.A.E)

1-2 Purpose of the Company

Establishing and operating factory for the manufacture, treatment and extraction all kinds of oil, detergents and all kinds of cosmetics including perfumes, gill and shampoo.

1-3 The Company's duration

The period of the company is 25 years starting from 10/4/2008 till 9/4/2033.

1-4 Company's location

The main building of the company is located on plot No 6004, 6005 Six Industrial settlement – Sadat – Monofya.

The main branch of the company is located at plot No 3 – square No 1141 – Sheraton – Nozha – Cairo.

2- Basis of accounting

2-1 Statement of compliance

The financial statements are prepared in accordance with Egyptian Accounting Standards, and relevant Egyptian laws and regulations.

These financial statements were authorized by the board of directors for issue on February 10, 2019

2-2 Basis of measurement

These financial statements have been prepared on historical cost basis

2-3 Function and presentation currency

These financial statements are presented in Egyptian pound (LE) , which is the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

2-4- Use of estimates and judgments

The preparation of the financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that may affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

- The estimates and underlying assumptions are reviewed on an ongoing basis.
- Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects the year under revision and future periods, these differences are recognized only in the year under revision and future periods.

Measurement of Fair Value

- The fair value of the financial instruments measured based on the market value of the financial instrument or similar financial instrument on the date of the financial statements without deducting any evaluated future cost of sales. The financial assets value measured based on the current purchase price of these assets, while the value of the financial liabilities measured based on the current prices that these liabilities could be settled.
- In the absence of an active market to determine the fair value of the financial instruments, the fair value is estimated using various valuation techniques considering the prices of recent transactions occurred, and according to the current fair value of other similar instruments substantially – the discounted cash flows – or any other ways for evaluation, resulting in values that can rely on.
- When using the discounted cash flows as a measurement technique, the future cash flows are evaluated based on the best estimates of management. Used discounted rates is evaluated in the light of the prevailing market price at the date of the financial statements for similar financial instruments in nature and conditions

3- Revenues

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Domestic sales	198,845,674	49,906,025	77.23	17.93
Exports sales	2,407,076	1,385,482	0.93	0.50
Intercompany sales	5,256,046	373,678	2.04	0.13
Less:				
Sales discount	(89,186,205)	(21,212,981)	(34.64)	(7.62)
Sales return provision	(1,328,288)	(158,396)	(0.52)	(0.06)
	115,994,303	30,293,808	45.04	10.88

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

4- Cost of sales

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Materials	74,007,133	15,074,815	28.74	5.42
Depreciation	2,844,957	1,674,345	1.10	0.60
Salaries and wages	4,079,758	3,119,068	1.58	1.12
Out sourcing labor	5,701,753	2,312,067	2.21	0.83
Other manufacturing cost	4,804,022	1,390,153	1.87	0.50
Write -down of inventories	(161,733)	7,752,763	(0.06)	2.79
Others expenses	6,803,339	3,521,963	2.64	1.27
	98,079,229	34,845,174	38.08	12.53
Change in finished goods and work in progress inventory	(3,488,812)	(2,181,049)	(1.36)	(0.78)
	94,590,417	32,664,125	36.72	11.75

5- Other income

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Scrap sales	2,209,259	1,822,714	0.86	0.65
Reversal of impairment in fixed assets	129,911	342,080	0.05	0.12
	2,339,170	2,164,794	0.91	0.77

6- Selling and distribution expenses

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Salaries and wages	1,894,649	-	0.74	-
Advertising and marketing expense	19,932,679	5,163,513	7.74	1.86
Agencies commission	2,647,800	294,518	1.03	0.11
Medical expenses	6,374	251,396	0.00	0.09
Meetings and events expenses	332,367	514,838	0.13	0.18
Transportation and freight	1,796,325	-	0.70	-
Other selling expenses	2,795,138	182,122	1.09	0.07
	29,405,332	6,406,387	11.43	2.31

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended March 31, 2018

7- General and administrative expenses

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Salaries and wages	10,567,301	4,424,494	4.10	1.59
Travel expenses	1,045,498	598,644	0.41	0.22
Consulting services	2,053,092	585,847	0.80	0.21
Insurance expenses	470,329	213,563	0.18	0.08
Medical expenses	282,976	159,449	0.11	0.06
Rents	1,416,116	-	0.55	-
Maintenance expense	1,037,306	-	0.40	-
Other expenses	5,159,741	249,995	2.00	0.09
	22,032,359	6,231,992	8.55	2.25

8- Other expenses

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Provision formed during the year	305,527	1,093,245	0.12	0.39
	305,527	1,093,245	0.12	0.39

9- Finance income

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Credit interest	823,567	126,928	0.32	0.05
foreign currency translation difference for monetary items	970,355	-	0.38	-
	1,793,922	126,928	0.70	0.05

10- Finance cost

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Debit interest	314,648	15,519	0.12	0.01
Foreign currency exchange losses	-	712,622	-	0.26
	314,648	728,141	0.12	0.27

11- Reconciliation of effective tax rate

Particulars	Tax Rate	2018 EGP	Tax Rate	2017 EGP	Tax Rate	2018 ₹ Crore	Tax Rate	2017 ₹ Crore
Net profit before income tax		(26,520,888)		(14,538,360)		(10.30)		(5.22)
Income tax on accounting profit	22.50%	(5,967,200)	22.50%	(3,271,131)	22.50%	(2.32)	22.50%	(1.18)
Non – deductible expenses		60,265		7,446		0.02		0.00
Treasury bills revenue		185,303		28,559		0.07		0.01
Deferred tax differences from prior years		-		216,704		-		0.08
Unrecognized Forex exchange		6,930,745		1,237,558		2.69		0.44
Provisions		(545,815)		1,927,849		(0.21)		0.69
Tax exemptions		-		-		-		-
Income tax	2.53%	663,298	1.01%	146,985	1.01%	0.25 (4.64%)		0.04

MARICO FOR CONSUMER CARE PRODUCTS S.A.E.

12- Deferred tax asset / (liabilities)

A- Recognized deferred tax assets/ (liabilities)

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Fixed assets	(466,097)	11,898	(0.18)	0.00
Net deferred tax assets	(466,097)	11,898	(0.18)	0.00
Less:				
Deffered tax previously charged	11,898	130,324	0.00	0.05
Deffered tax charged to the statement of income	(477,995)	(118,426)	(0.19)	(0.04)

B- Unrecognized deferred tax assets

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Write -down of inventories	1,234,024	2,246,358	0.48	0.81
Provision	754,703	288,172	0.29	0.10
Impairment in fixed assets	1,571	30,801	0.00	0.01
	1,990,298	2,565,331	0.77	0.92

Deferred tax assets have not been recognized in respect of these items because there is no sufficient assurance that the company can utilize the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

Particular	Land EGP	Buildings & Constructions EGP	Machinery & Equipment EGP	Tools & Equipment EGP	Office Furniture, Equipment EGP	Computers & Software EGP	Lab Equipment EGP	Office Equipment EGP	Motor Vehicles EGP	Total EGP
Cost as at 1/1/2017	578,340	12,552,680	12,548,803	2,061,430	281,756	170,360	697,970	108,515	181,350	29,181,204
Additions during the year	-	-	541,899	54,221	175	-	-	-	-	596,295
At 31/12/2017	578,340	12,552,680	13,090,702	2,115,651	281,931	170,360	697,970	108,515	181,350	29,777,499
Cost as at 1/1/2018	578,340	12,552,680	13,090,702	2,115,651	281,931	170,360	697,970	108,515	181,350	29,777,499
Additions during the year	-	690,703	11,273,282	3,228,238	1,206,515	312,585	17,871	27,644	-	16,756,838
At 31/12/2018	578,340	13,243,383	24,363,984	5,343,889	1,488,446	482,945	715,841	136,159	181,350	46,534,337
Accumulated depreciation										
At 1/1/2017	-	5,046,853	10,560,461	1,832,433	280,275	170,310	683,652	108,478	169,593	18,852,055
Depreciation for the year	-	627,323	831,136	199,751	1,534	-	6,764	-	7,837	1,674,345
At 31/12/2017	-	5,674,176	11,391,597	2,032,184	281,809	170,310	690,416	108,478	177,430	20,526,400
Accumulated depreciation as at 1/1/2018	-	5,674,176	11,391,597	2,032,184	281,809	170,310	690,416	108,478	177,430	20,526,400
Depreciation for the year	-	647,327	1,301,678	663,293	271,557	109,328	20,857	12,311	3,918	3,030,269
At 31/12/2018	-	6,321,503	12,693,275	2,695,477	553,366	279,638	711,273	120,789	181,348	23,556,669
Impairment of fixed assets										
At 31/12/2017	-	-	136,895	-	-	-	-	-	-	136,895
At 31/12/2018	-	-	6,984	-	-	-	-	-	-	6,984
Carrying amount										
At 31/12/2017	578,340	6,878,504	1,562,210	83,467	122	50	7,554	37	3,920	9,114,204
At 31/12/2018	578,340	6,921,880	11,663,725	2,648,412	935,080	203,307	4,568	15,370	2	22,970,684

13. Fixed assets

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

13. Fixed assets(net)

Particulars	Land ₹ Crore	Buildings & Constructions ₹ Crore	Machinery & Equipment ₹ Crore	Tools & Equipment ₹ Crore	Office Furniture, Equipment ₹ Crore	Computers & Software ₹ Crore	Lab Equipment ₹ Crore	Office Equipment ₹ Crore	Motor Vehicles ₹ Crore	Total ₹ Crore
Cost as at 1/1/2017	0.21	4.51	4.51	0.74	0.10	0.06	0.25	0.04	0.07	10.48
Additions during the year	-	0.19	0.02	0.02	-	-	-	-	-	0.21
At 31/12/2017	0.21	4.51	4.70	0.76	0.10	0.06	0.25	0.04	0.07	10.70
Cost as at 1/1/2018	0.21	4.51	4.70	0.76	0.10	0.06	0.25	0.04	0.07	10.70
Additions during the year	-	0.27	4.38	1.25	0.47	0.12	0.01	0.01	-	6.51
At 31/12/2018	0.22	5.14	9.46	2.08	0.58	0.19	0.28	0.05	0.07	18.07
Accumulated depreciation										
At 1/1/2017	-	1.81	3.79	0.66	0.10	0.06	0.25	0.04	0.06	6.77
Depreciation for the year	-	0.23	0.30	0.07	-	-	-	-	-	0.60
At 31/12/2018	-	2.04	4.09	0.73	0.10	0.06	0.25	0.04	0.06	7.38
Accumulated depreciation as at 1/1/2018	-	2.04	4.09	0.73	0.10	0.06	0.25	0.04	0.06	7.38
Depreciation for the year	-	0.25	0.51	0.26	0.11	0.04	0.01	-	-	1.18
At 31/12/2018	-	2.46	4.93	1.05	0.21	0.11	0.28	0.05	0.07	9.17
Impairment of fixed assets										
At 31/12/2017	-	-	0.05	-	-	-	-	-	-	0.05
At 31/12/2018	-	-	0.00	-	-	-	-	-	-	0.00
Carrying amount										
At 31/12/2017	0.21	2.47	0.56	0.03	0.00	0.00	0.00	0.00	0.00	3.27
At 31/12/2018	0.22	2.69	4.53	1.03	0.36	0.08	0.00	0.01	0.00	8.92

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

14- Intangible assets

Particulars	Software Licenses EGP	Software Licenses ₹ Crore
Cost at 1 January 2018	188,182	0.07
Additions during the year	82,803	0.03
Cost at 31 December 2018	270,985	0.10
Accumulated amortization as of 1 January 2018	188,181	0.07
Amortization for the year	5,409	0.00
Accumulated amortization as of 31 December 2018	193,590	0.08
Net intangible assets at 31 December 2017	1	0.00
Net intangible assets at 31 December 2018	77,395	0.03

15- Inventories

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Raw materials	6,554,979	2,490,432	2.55	0.88
Packing materials	5,046,032	1,846,659	1.96	0.66
Work in process	72,202	-	0.04	-
Finished goods	9,224,668	4,849,611	3.58	1.74
	20,897,881	9,186,702	8.13	3.28

Inventories were written-down by an amount LE 5 484 551 for the year ended December 31,2018 (2017 LE 9 983 812) Note No. (22).

16- Trade and other receivables

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Accounts receivable	19,799,491	4,151,451	7.69	1.49
Notes Receivable	2,099,353	-	0.82	-
Deposits with others	398,650	4,600	0.15	0.00
Other debit balances	2,193,213	259,281	0.85	0.09
	24,490,707	4,415,332	9.51	1.58

17- Prepayments

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Suppliers – advance payments	4,193,866	1,991,836	1.63	0.72
Prepayments	1,092,800	18,418	0.42	0.01
	5,286,666	2,010,254	2.05	0.73

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

18- Related parties transactions

The company transactions with related parties represented in associate companies, shareholders and entities owned by shareholders (affiliate companies).

A summary of significant transactions with related parties is as follows:-

Related party	Country	Type of transactions	Significant transactions during the year 2018	Significant transactions during the year 2017	Significant transactions during the year 2018	Significant transactions during the year 2017
			EGP	EGP	₹ Crore	₹ Crore
-MEL Company Egypt	-Egypt	-Finance for the company without interest	21,107,286	6,033,936	8.20	2.34
-Marico Middle East Company	-UAE	-Finance for the company without interest	30,422,192	-	11.82	-
-Marico Limited Company	- India	- Royalty	569,393	145,417	0.22	0.06
-Marico Limited Company	-India	-Expenses	3,122,805	15,092	1.21	0.01
-Marico Limited Company	- India	-Payments	2,283,679	-	0.89	-
-Marico Egypt for Industries Company	- Egypt	-Sales	3,181,505	425,993	1.24	0.17
-Marico Egypt for Industries Company	-Egypt	-Purchases	15,703,877	234,690	6.10	0.09
-Marico Egypt for Industries Company	-Egypt	payment	12,522,372	-	4.86	-
-Marico Limited Company	-India	-Purchases	-	1,869,057	-	0.73
-Marico Middle East Company	-UAE	-Payment of expenses on behalf of the company	639,102	866,861	0.25	0.34

Those transactions resulted in the following balances as at 31 December 2018:

A) Due from related parties:

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Marico Middle east Company-UAE	-	875,300	-	0.31
	-	875,300	-	0.31

B) Due to related parties:

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Marico Middle east Company-UAE	30,185,994	-	11.72	-
Marico Limited – India	1,475,084	66,564	0.57	0.02
* MEL Consumer care Company	45,946,820	24,839,534	17.85	8.92
	77,607,898	24,906,098	18.42	8.95

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

*The balance include an amount of USD 1,700,000 represented in the value of the loan given from Marico Middle East Company-UAE without interest (agained zero balance at December 31, 2017).

19- Investments held to maturity-Treasury Bills

Particulars	2018						
	Total	Accrued Interest	Paid Amount	Maturity Date	Total	Accrued Interest	Paid Amount
	EGP	EGP	EGP		₹ Crore	₹ Crore	₹ Crore
QNB Bank	16,95,020	1,54,63	18,49,657	June 25, 2019	0.66	0.06	0.72
QNB Bank	42,37,250	3,06,781	45,44,031	August 8,2019	1.65	0.11	1.76
HSBS Bank	17,01,140	1,58,169	18,59,309	June 11,2019	0.66	0.06	0.72
HSBS Bank	12,71,895	77,985	13,49,880	August 20,2019	0.49	0.03	0.52
	89,05,305	6,97,572	96,02,877		3.46	0.26	3.72

20- Cash and cash equivalents

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Banks-current accounts	203,421	1,062,721	0.08	0.41
Short term deposits	-	164,159	-	0.06
Treasury bills -short term	-	979,788	-	0.38
	203,421	2,206,668	0.08	0.85

21- Share capital

- A. Authorized capital of the company is L.E. 50 million.
- B. The issued and fully paid capital of the company is L.E. 14 453 300 represented in 1 445 330 shares, at par value L.E. 10. The share capital of the company is net assets and liabilities of the company according to the evaluation of the committee that was formed from the General Authority for Investment and Free Zones No. 4/525 for the year 2016 for the net assets and liabilities of the company by net book value at 31 December 2015, for the purpose of changing the legal form of the company.

- The share capital is presented as the following :

Name	No. Of Shares	Per value	Per value
		EGP	₹ Crore
- Marico For Consumer Care Products S.A.E	1,430,878	14,308,780	5.56
- Mr.Padmanabh Suresh Maydeo	7,226	72,260	0.03
- Mr.Ashish Sugandh Modak	7,226	72,260	0.03
Total	1,445,330	14,453,300	5.62

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

22- Provisions and impairment in assets and written-down of inventoring

Particulars	Balance at 01/01/2018	Formed during the year	Used during the year	Provisions no longer required	Balance at 31/12/2018
	EGP	EGP	EGP	EGP	EGP
Claims provision	1,043,245	305,527	(80,933)	-	1,267,839
other provision	-	520,589	-	-	520,589
Sales Returns provision	237,520	1,328,288	-	-	1,565,808
Total	1,280,765	2,154,404	(80,933)	-	3,354,236
Written-down of inventory	9,983,812	-	(4,337,528)	(161,733)	5,484,551
Impairment in fixed assets	136,895	-	-	(129,911)	6,984

Particulars	Balance at 01/01/2018	Formed during the year	Used during the year	Provisions no longer required	Balance at 31/12/2018
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Claims provision	0.41	0.12	(0.03)	-	0.49
Others provision	0.09	0.52	-	-	0.61
Sales Returns provision	0.50	0.84	(0.03)	-	1.30
Total	3.88	-	(1.68)	(0.06)	2.13
Written-down of inventory	0.05	-	-	(0.05)	-
Impairment in fixed assets	-	-	-	-	-

23- Bank overdraft

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
*QNB Bank	2,030,034	1,064,832	0.79	0.38
HSBC Bank	1,699,805	-	-	-
	3,729,839	1,064,832	0.79	0.38

*Guaranteed by treasury bills

24- Trade and other payables

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Suppliers	19,482,182	8,574,347	7.57	3.08
Notes payable	906,565	-	0.35	-
Accrued expenses	10,398,650	929,248	4.04	0.33
Salaries & bonus of expats	562,598	117,192	0.22	0.04
Tax authority	3,843,664	891,486	1.49	0.32
Social insurance authority	196,911	3,055	0.08	0.00
Other credit balance	130,977	11,136	0.05	0.00
	35,521,547	10,526,464	13.80	3.77

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

25- Tax position

a) Corporate Tax:

Years from commencement of operation till 2017

- The company has tax exemption for ten years starts from 1/1/2009 to 31/12/2018.
- The company wasn't inspected from the inception till now.

b) Sales Tax:

Years from commencement of operation till 7/9/2016:

The inspection was completed and the company paid all the resulting differences.

c) Value added tax

On 7 September 2016, value added tax law no. 67 of 2016 was issued, which superseded law no. 11 of 1991 of sales tax.

Year 2017 and 2018

The tax inspection has not yet been done for this period and no tax claims were received.

d) Payroll tax:

Years from commencement of operation till 2012

The tax inspection was done and the company paid all the resulting differences.

Years from 2013 to 2018:

The tax inspection has not yet been done for these years and no tax claims were received.

e) Stamp duty tax:

Years from commencement till 31/12/2015:

The inspection was done for this period and the resulting differences were paid.

Year from 1/1/2016 till 31/12/2017:

The tax inspection has not yet been done for these years and no tax claims were received

26- Financial instruments and management of risk related to them

Financial instruments are represented in the balances of cash and cash equivalent, trade & notes receivables, trade and notes payable, due to/from affiliates and subsidiaries and other monetary items included in debtors and creditors accounts and the book value of these financial instruments represents a reasonable estimate of their fair values. Note No. (28) of the notes to the financial statements includes the major accounting policies used in recording and measurement of the significant financial instruments and the related revenues and expenses.

A) Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from trade receivables and other related undertakings. This risk is considered nil as there is no balances due from customers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

B) Foreign exchange risk

This risk is represented in the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the translation of its monetary foreign currency assets and liabilities. As of the balance sheet date the company has monetary, foreign currency, assets and liabilities equivalent to L.E. 1 060 469 and L.E.32 988 843 respectively.

The net balances of foreign currencies at the balance sheet date are shown below:

Foreign Currency	Deficit
US Dollars	(1,748,726)
Euro	(29,658)

And as stated in note (28-1) "Foreign Currency Translation", the above mentioned balances of monetary foreign currency assets and liabilities were translated using the prevailing exchange rate at the balance sheet date.

c) Interest risk

This risk is represented in the changes in interest rates which may influence the result of operations and the value of financial assets and liabilities. The company reduces this risk by settling the accrued liabilities to the banks whenever possible.

d) Liquidity risk

Liquidity risk is represented in the inability of the company to settle its liabilities at its due date. The company's approach in liquidity management is to – whenever possible – assure that it has sufficient liquidity to settle its liabilities at their due date in normal and stressed conditions without bearing any unacceptable losses or damage the company's reputation. Company also assures the availability of the sufficient cash to face expected operating expenditures for a suitable period of time including the financial liabilities encumbrances, excluding from that the effects of severe circumstances that cannot be predicted reasonably as natural disasters.

The carrying amount of the following short term financial liabilities represents the liquidity as at the balance sheet date is as follows:

Particulars	Book Value	Book Value	Book Value	Book Value
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	EGP	EGP	₹ Crore	₹ Crore
Trade and other creditors	36,039,716	10,526,464	14.00	4.09
Due to related parties	77,607,898	24,906,098	30.14	9.67
Bank facilities	3,732,848	1,064,832	1.45	0.41
	117,380,462	36,497,394	45.59	14.17

27- Going concern

The company incurred cumulative losses amounting to L.E 15 156 858 till the year ended 31 December 2017 which exceeded the paid up capital. Most of the company's long and short-term liabilities are represented in the amounts due to the Holding company, which amounted to L.E. 16 501 966, at the balance sheet date. The company's management depends on the financial support from the Holding Company in continuing its operations. In accordance with the Companies Law No. 159 of 1981 and its Executive Regulation and the Company's Articles of incorporation, an Extraordinary General Meeting will be convened to decide to continue the company's operations.

The financial statements are prepared on the assumption that the company will continue as a going concern in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

28- Significant accounting policies

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

28-1 Foreign Currency

Foreign Currency Transaction

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective
- Qualifying cash flow hedges to the extent that the hedges are effective.

28-2 Revenue

Revenues are recognized from sale of goods when the risk and benefits related to the ownership of the sold goods are transferred to the customers and the invoice is issued, when asserting in a reliable manner the collection of the sold goods value and estimating the costs related thereto.

Revenues from interest on bank deposits are recognized on accrual basis.

28-3 Employees Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

28-4 Finance income and finance costs

The company's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- dividends on preference shares issued classified as financial liabilities;
- the net gain or loss on the disposal of available-for-sale financial assets;
- the net gain or loss on financial assets at fair value through profit or loss;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

- the foreign currency gain or loss on financial assets and financial liabilities;
- the gain on the re-measurement to fair value of any pre-existing interest in an acquiree in a business combination;
- the fair value loss on contingent consideration classified as a financial liability;
- impairment losses recognized on financial assets (other than trade receivables);
- the net gain or loss on hedging instruments that are recognized in profit or loss; and
- the reclassification of net gains previously recognized in OCI.

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

28-5 Income taxes

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

i. Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

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

- The initial recognition of good will,
- Or the initial recognition of assets and liabilities for the operations that:
 - 1) Are not business combination
 - 2) And don't affect the net accounting profit nor taxable profit(taxable loss).
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the company. 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; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

28-6 Inventories

Inventories are valued at the lower of cost or net realizable value, also the cost of inventory includes expenditure incurred in acquiring the inventories and bringing it to its existing location and condition on the following basis:

- Inventories of raw materials and packing materials using weighted average method.
- Inventories of finished products at manufacturing cost.

Net realizable value is determined based on the expected selling price during the normal course of business less any cost to complete the selling process.

28-7 Fixed assets and depreciation**1- Recognition and measurement**

Fixed assets are stated at historical cost and presented net of accumulated depreciation and any impairment.

If significant parts of an item of fixed assets have different useful lives, then they are accounted for as items (major components) of fixed assets.

Any gain or loss on disposal of an item of fixed assets is recognized in profit or loss.

2- Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

3- Depreciation

Depreciable assets are depreciated using the straight- line method over the estimated useful life of each type of asset and recognized in profit or loss. Land is not depreciated. The estimated useful lives of the assets for depreciation calculation are as follow:-

Asset	Periods
Building and constructions	20
Machinery and equipment	8
Tools and equipment	4
Office furniture and equipment	4
Computer and software	2
Lab equipment	4
Office equipment	2
Motor vehicles	4

-The estimated remaining useful lives of fixed assets are reviewed periodically (annually).

4- Construction contract in progress

Project under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to property, plant and equipment caption when they are completed and are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

28-8 Intangible assets

Computer Software Licenses

Computer software licenses are stated at cost of acquisition, and it is represented in the balance sheet less the accumulated depreciation and any impairment in value, and it is amortized on a straight-line method over two years.

28-9 Financial Instruments

- The company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.
- The company classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

1) Non-derivative financial assets and financial liabilities – Recognition and de-recognition

The company initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the company is recognized as a asset or liability.

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2) Non-derivative financial assets – Measurement Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

3) Non-derivative financial liabilities – Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

4) Derivative financial instruments and hedge accounting

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

28-10 Share capital**Ordinary shares**

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with Egyptian Accounting Standard No.(24) “ Income Tax”.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

28-11 Impairment**1) Non-derivative financial assets**

- Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.
- Objective evidence that financial assets are impaired includes:
 - default or delinquency by a debtor;
 - restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
 - indications that a debtor or issuer will enter bankruptcy;
 - adverse changes in the payment status of borrowers or issuers;
 - the disappearance of an active market for a security because of financial difficulties; or
 - observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.
- For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortized cost

The company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2018

losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

2) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

28-12 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

28-13 Legal reserve

As per the Company's statutes, 5% of the annual net profit is set aside to form a legal reserve; the transfer to such reserve ceases once it reaches 50% of the Company's issued share capital. If the reserve falls below 50%, the Company should resume setting aside 5% of its annual net profit. The reserve can be utilized in covering losses or increasing the Company's share capital.

28-14 Receivables, due from related parties , debtors and other debit balances

Receivables, due from related parties , debtors and debit balances, that do not carry an interest are stated at cost less impairment losses for any amounts expected to be uncollectible.

MARICO FOR CONSUMER CARE PRODUCTS S.A.E.

28-15 Cash and cash equivalents

The company considers all cash on hand, bank balances and time deposits with maturity less than three months as cash and cash equivalents.

28-16 Payables, due to related parties, creditors and credit balances

Payables, due to related parties, creditors and credit balances are stated at their cost.

28-17 Cash flow statement

Cash flow statement is prepared according to the indirect method.

28-18 Cash dividends

Dividends are recognized as a liability in the period it's declared.

PARACHUTE KALPAVRIKSHA FOUNDATION

**BOARD OF DIRECTORS
(AS ON MARCH 31, 2019)**

Mr. Saugata Gupta
Mr. Jitendra Mahajan
Mr. Udayraj Prabhu

REGISTERED OFFICE

7th Floor, Grande Palladium, 175, CST Road,
Kalina, Santa Cruz (East), Mumbai 400 098

AUDITORS

V. P. Raju & Associates

BANKERS

Standard Chartered Bank

PARACHUTE KALPAVRIKSHA FOUNDATION

To

The Members.

M/s. PARACHUTE KALPAVRIKSHA FOUNDATION

Mumbai.

REPORT ON THE FINANCIAL STATEMENT

We have audited the accompanying financial statements of M/s. PARACHUTE KALPAVRIKSHA FOUNDATION which comprise the Balance Sheet as on 31st March, 2019 and the statement of Profit and Loss Statement and Cash flow statement for the year then ended 31.03.2019 and a summary of significant accounting policies and other explanatory information;

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENT

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143 (10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting

principles generally accepted in India of the state of affairs of the Company as at March 31, 2019, and its surplus and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we further report that:
 - a. We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The balance sheet and the profit and loss account dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014;
 - e. On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of section 164(2) of the Companies Act, 2013.
 - f. In our opinion considering nature of business, size of operation and organizational structure of the entity the Company has, in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India; and
 - g. in our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses there on does not arise.
 - iii. There has not been an occasion in case of the company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

For V P RAJU AND ACCOIATES

Chartered Accountants

(FRN : 015701S)

V P Raju

Proprietor

Membership No. 224604

Place : Coimbatore

Date : 20.05.2019

PARACHUTE KALPAVRIKSHA FOUNDATION

BALANCE SHEET

As at 31 March, 2019

Particulars	Notes No.	As at March 31,	
		2019	2018
		Rs. Inactuals	Rs. Inactuals
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
Share Capital			
Reserves and Surplus	1	677,101	-
2 Non-current liabilities			
Long Term Borrowings		-	-
Deferred Tax Liability		-	-
		677,101	-
3 Current Liabilities			
Short-term borrowings		-	-
Trade Payables:			
Due to Micro and Small Enterprises		-	-
Due to Others		-	-
Other Current Liabilities		-	-
Short Term Provisions	2	20,000	-
TOTAL		697,101	-
II ASSETS			
1 Non-current assets			
Fixed Assets			
Tangible Assets	3	695,061	-
Intangible Assets		-	-
Capital Work-in-Progress		-	-
Long term Loans and advances		-	-
Non-Current Investments		-	-
Other Non-Current Assets		-	-
		695,061	-
2 Current assets			
Current Investments		-	-
Inventories		-	-
Trade Receivables		-	-
Cash and Cash Equivalents	4	2,040	-
Short term Loans and Advances		-	-
Other Current Assets		-	-
		2,040	-
Total		697,101	-

As per Our report of even date attached

For V P RAJU AND ASSOCIATES

Chartered Accountants
(FRN : 015701S)

V P Raju
Proprietor
Memb. No. 224604
Place: Coimbatore
Date: 20.05.2019

For and on behalf of the Board of Directors
PARACHUTE KALPAVRIKSHA FOUNDATION

Saugata Gupta
Director
DIN.05251806

Jitendra Ananda Mahajan
Director
DIN.02602356

Udayraj Vijay Prabhu
Director
DIN.08315364

PARACHUTE KALPAVRIKSHA FOUNDATION

INCOME AND EXPENDITURE STATEMENT

For the year ended 31 March, 2019

Particulars	Note No.	As at March 31,	
		2019	2018
		Rs.	Rs.
I INCOME			
Revenue from Operations		-	-
Other Income	5	1,352,370	-
TOTAL REVENUE		<u>1,352,370</u>	<u>-</u>
II EXPENSES/APPLICATION OF INCOME			
Cost of Purchase		-	-
Change in Inventories of Finished goods			
Employee Benefit Expenses		-	-
Finance Cost		-	-
Depreciation and Amortization Expenses	3	543	-
Other Expenses	6	674,726	-
TOTAL EXPENSES		<u>675,269</u>	<u>-</u>
Net Income/Transferred to Reserve		<u>677,101</u>	<u>-</u>
IV Company is seeking exemption under income tax hence no tax provision		-	-
V Net Income/Transferred to Reserve		<u>677,101</u>	<u>-</u>
VI Earnings per Equity Share		Not Applicable	Not Applicable

See accompanying notes to the financial statements

As per Our report of even date attached

For V P RAJU AND ASSOCIATES

Chartered Accountants
(FRN : 015701S)

V P Raju
Proprietor
Memb. No. 224604
Place: Coimbatore
Date: 20.05.2019

For and on behalf of the Board of Directors
PARACHUTE KALPAVRIKSHA FOUNDATION

Saugata Gupta
Director
DIN.05251806

Jitendra Ananda Mahajan
Director
DIN.02602356

Udayraj Vijay Prabhu
Director
DIN.08315364

PARACHUTE KALPAVRIKSHA FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended 31 March, 2019

Particulars	As at March 31,		As at March 31,	
	2019 Rs.	2019 Rs.	2018 ₹ Crore	2018 ₹ Crore
A CASH FLOW FROM OPERATING ACTIVITIES:				
Net Income		677,101		-
Adjustments for:				
Depreciation	543		-	
Interest paid	-		-	
Interest received				
Other-Provision	20,000		-	
		20,543		-
Operating profit before working capital changes		697,644		-
Adjustments for				
Trade and other receivables	-		-	
Closing Stock	-		-	
Trade Payable and other Payables	-		-	
Short Term Loans and Advances	-		-	
Long Term Loans and Advances	-	-	-	-
		697,644		-
Direct Tax paid		-		-
Cash flow before extraordinary items		697,644		-
Less: Extraordinary Items		-		-
Cash flow after extraordinary items		697,644		-
B CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	695,604		-	
Interest received / Dividend received			-	
		695,604		-
C CASH FLOW FROM FINANCING ACTIVITIES:				
Share Capital	-		-	
Proceeds of Long Term borrowings	-		-	
Dividends and Tax paid	-		-	
Interest paid	-		-	
		-		-
Net increase in cash and cash equivalents-A-B+C		2,040		-
Add:-Opening balance of cash and cash equivalents		-		-
Closing balance of cash and cash equivalents		2,040		-

See accompanying notes to the financial statements

As per Our report of even date attached

For V P RAJU AND ASSOCIATES
Chartered Accountants
(FRN : 015701S)

V P Raju
Proprietor
Memb. No. 224604
Place: Coimbatore
Date: 20.05.2019

For and on behalf of the Board of Directors
PARACHUTE KALPAVRIKSHA FOUNDATION

Saugata Gupta
Director
DIN.05251806

Jitendra Ananda Mahajan
Director
DIN.02602356

Udayraj Vijay Prabhu
Director
DIN.08315364

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

1 Reserves and Surplus

Particulars	As at March 31	As at March 31
	2019	2018
	₹	₹
Reserves and Surplus		
Surplus:Balance in Income and Expenditure Statement		
Opening Balance	-	-
Add: Profit for the year	677,101	-
Total	677,101	

2. Short Term Provisions

Particulars	As at March 31	As at March 31
	2019	2018
	₹	₹
Audit Fees	20,000	-
Total	20,000	-

PARACHUTE KALPVIKSHA FOUNDATION

3 Fixed Assets

Particulars	No. of years Useful life	Date of Capitalisation	Gross Block			Depreciation		Net Block	
			Opening Balance 1.4.2018	Additions	Closing Balance 31.3.2019	Opening Balance 01.04.2018	Depreciation for the year	Closing Balance 31.3.2019	Closing Balance 31.3.2019
Power Tiller	10	29.03.2019	-	367,136	367,136	-	287	287	366,849
Cultivator	10	29.03.2019	-	35,000	35,000	-	27	27	34,973
Rotavator Shredder	10	29.03.2019	-	293,468	293,468	-	229	229	293,239
Total			-	695,604	695,604	-	543	543	695,061

As per Our report of even date attached

For V P RAJU AND ASSOCIATES
Chartered Accountants
(FRN : 015701S)

V P Raju
Proprietor
Memb. No. 224604
Place: Coimbatore
Date: 20.05.2019

For and on behalf of the Board of Directors

PARACHUTE KALPVIKSHA FOUNDATION

Saugata Gupta
Director
DIN.05251806

Jitendra Ananda Mahajan
Director
DIN.02602356

Udayraj Vijay Prabhu
Director
DIN.08315364

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

4 Current Assets

Particulars	As at March 31	As at March 31
	2019	2018
	₹	₹
Cash and Cash Equivalents		-
Balances with Bank	2,040	-
Total	2,040	

5 Other income

Particulars	As at March 31	As at March 31
	2019	2018
	₹	₹
Donations Received	1,350,500	-
Interest Received	1,870	-
Total	1,352,370	

6 Other Expenses

Particulars	2019	2018
	₹	₹
Other Expenses		
Auditors Remuneration		
(a) Auditor		
For Statutory Audit	20,000	-
For Tax Audit	-	-
Root feedings	419,376	-
Coconut seedlings	160,600	-
Banana Saplings	74,750	-
Total	674,726	

7 Related Party Transactions

During the year the Company has entered into following related party Transactions:

Name of the Related Party	Nature of Relationship	Nature of Transaction	2018-19 in Rs.	2017-18 in Rs.
Marico Ltd	Holding Company	Donation received	1,350,500	

Notes to accounts for the year ended March 31, 2019

8. Background:

PARACHUTE KALPAVRIKSHA FOUNDATION (PKF) is a wholly owned subsidiary of Marico Limited, incorporated in India, a not-for-profit institution, established in 2018, registered as a Section 8 company under the Companies Act 2013, to undertake, assist aid, support and promote development of Farmer community.

PKF works closely with Farmers, social organisations, social entrepreneurs to promote Farmer Community, environmental sustainability, ecological balance and conservation of natural resources by performing social activities

including awareness campaigns, undertaking education for crop yield improvement and deployment of farm techniques, implementing best farm practices, .

9. Significant Accounting Policies

The financial statements have been prepared on accrual basis under the historical cost convention in accordance with the Generally Accepted Accounting Principles (Indian GAAP) and the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. The financial statements are prescribed in the Indian rupees.

10. Uses of Estimates:

The preparation of the Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believe that the estimates used in the preparation of the financial statements and the prudent and reasonable. Future results could differ from these estimates.

11. Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of the Cash Flow Statement comprises cash on hand, cash in bank.

12. Provisions

A provision is recognized when the company has present obligations as a result of past events and it is probable that an outflow of resources will be required to settle the obligations in respect of which a reliable estimate can be made. Provisions are not discounted at their present value and are determined based on the best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

13. Cash Flow Statements

Cash Flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

14. Revenue Recognition

Donations received are accounted on the date of receipt. All donations received during the year are towards the objectives of the Company.

15. Income Tax

The Company has filed application for exemption from Income Tax under section 12AA of the Income Tax Act, 1961.

	Notes to the financial statements for the year ended 31.03.2019	(Amount in Rs)
16	Expenditure in Foreign Currency	NIL
17	Earning in Foreign Currency	NIL
18	(a) Segment Information for the year ended 31.03.2019: The Company operates in a single primary business segment . Hence, no separate disclosure is required.	
	(b) Secondary-Geographical Segment	
	Geographical segment has been identified as secondary segment based on segment revenue.	
	Domestic Service	NIL

PARACHUTE KALPAVRIKSHA FOUNDATION

Notes to the financial statements for the year ended 31.03.2019		(Amount in Rs)
	Export Service	NIL
19	Micro Small and Medium Enterprises Development Act 2006: Based on the intimations received from the Suppliers regarding their status under the MSMED Act 2006, the following information is furnished. Payment to MSME suppliers is as per the terms of purchase.	
Principal amount and interest due thereon remaining unpaid :		
	Principal amount and the interest due thereon remaining unpaid as at the end of accounting year	NIL
	Amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	NIL
	Amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED ACT, 2006 not paid)	NIL
	Amount of interest accrued and remaining unpaid at the end of accounting year	NIL
	Amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of dis allowance as a deductible expenditure u/s 23.	NIL
20	Transaction with related parties (Related parties as identified by the management)	
	(a) Key Management Personnel	
		Saugata Gupta Director
		Jitendra Ananda Mahajan Director
		Udayraj Vijay Prabhu Director
	(b) Relatives of Key Management Personnel	NIL
	Particulars	Key Management Personnel
	Total	-
	Outstanding payable	NIL
	Outstanding receivable	NIL
21	This is the first financial report, hence previous year figure is not applicable.	

See accompanying notes to the financial statements

As per Our report of even date attached

For and on behalf of the Board of Directors

PARACHUTE KALPAVRIKSHA FOUNDATION

For V P RAJU AND ASSOCIATES

Chartered Accountants

(FRN : 015701S)

Saugata Gupta

Director

DIN.05251806

V P Raju

Proprietor

Memb. No. 224604

Place: Coimbatore

Date: 20.05.2019

Jitendra Ananda Mahajan

Director

DIN.02602356

Udayraj Vijay Prabhu

Director

DIN.08315364



Purpose Statement

To transform in a sustainable manner, the lives of those we touch,
by nurturing and empowering them to maximise their true potential.

Registered Office

Marico Limited
7th floor, Grande Palladium
175, CST Road, Kalina, Santacruz (East)
Mumbai 400 098



MaricoCampusConnections



MaricoLimited



Marico Limited



@Maricocareers