



**TODAY**  
**FOR TOMORROW**

**SUBSIDIARIES' FINANCIALS**  
**2017-18**

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# MARICO BANGLADESH LIMITED

## BOARD OF DIRECTORS

(As on March 31, 2018)

Mr. Saugata Gupta	Chairman
Mr. Sanjay Mishra	Director
Mr. Vivek Karve	Director
Mr. Naveen Pandey	Managing Director
Mr. Barrister Ashraful Hadi	Independent Director
Mr. Masud Khan	Independent Director
Ms. Rokia Afzal Rehman	Independent Director

## MANAGEMENT TEAM

Mr. Naveen Pandey	Managing Director
Mr. Elias Ahmed	Chief Financial Officer
Mr. Prashant Verma	Director-Marketing
Mr. Sidhartha Das	Director-HR
Mr. Kazi Amirul Hoque	Director-Sales
Mr. Md. Nazim Uddin	Director- Supply Chain
Mr. Md. Saiful Alam	Director- Manufacturing
Ms. Christabel Randolph	Head- Legal & Secretarial

## COMPANY SECRETARY

Ms. Christabel Randolph

## REGISTERED

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

Hoda Vasi Chowdhury &Co.

## PRINCIPAL BANKERS

Standard Chartered Bank  
HSBC  
BRAC Bank Ltd.  
Islami Bank

## STOCK INFORMATION

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

## INVESTOR RELATIONS

Telephone: +880 (02) 9897180, Ext: 783  
Fax: +88 (02) 9897140  
Email: [info@marico.com](mailto:info@marico.com)  
Website: [www.marico.com/bangladesh](http://www.marico.com/bangladesh)

## **INDEPENDENT AUDITOR'S REPORT**

To the shareholders of Marico Bangladesh Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Marico Bangladesh Limited (the "Company") which comprise the statement of financial position as at 31 March 2018, 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 a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the companies Act 1994, Securities and Exchange Rules 1987, 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). 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 auditors' 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 auditors 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 give a true and fair view of the financial position of the Company as at 31 March 2018, its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

### **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 purpose 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;
- (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
- (d) the expenditure incurred was for the purposes of the Company's business.

Dhaka, 25 April, 2018

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**Hoda Vasi Chowdhury & Co.**

Chartered Accountants

**STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2018

Particulars	Notes	As at March 31,			
		2018 Taka	2017 Taka	2018 ₹ Crore	2017 ₹ Crore
<b>Assets</b>					
Property, plant and equipment	4	511,585,227	593,536,255	39.78	48.31
Intangible assets	5	6,188,057	9,118,422	0.48	0.74
Deferred tax assets	6	58,510,013	76,756,882	4.55	6.25
Non-current financial assets	7	11,504,048	10,366,331	0.89	0.84
Other non-current assets	8	28,563,337	41,750,162	2.22	3.35
<b>Total Non-current assets</b>		<b>616,350,682</b>	<b>731,528,052</b>	<b>47.92</b>	<b>59.49</b>
Inventories	9	1,717,322,020	1,348,927,101	133.43	109.81
Other current financial assets	10	1,244,197,702	1,311,435,690	96.68	106.75
Other current assets	11	610,794,216	193,377,297	47.46	15.78
Cash and cash equivalents	12	269,743,772	166,833,748	20.96	13.58
<b>Total Current assets</b>		<b>3,842,057,710</b>	<b>3,020,573,836</b>	<b>298.53</b>	<b>245.92</b>
<b>Total assets</b>		<b>4,458,408,392</b>	<b>3,752,101,888</b>	<b>346.45</b>	<b>305.41</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital	13	315,000,000	315,000,000	24.47	25.64
Share premium		252,000,000	252,000,000	19.58	20.51
Retained earnings		925,586,729	1,013,110,293	71.91	82.48
<b>Total equity</b>		<b>1,492,586,729</b>	<b>1,580,110,293</b>	<b>115.97</b>	<b>128.63</b>
<b>Liabilities</b>					
Employee benefit obligation	14	49,861,763	44,296,120	3.87	3.61
<b>Total Non-current liabilities</b>		<b>49,861,763</b>	<b>44,296,120</b>	<b>3.87</b>	<b>3.61</b>
Loans and borrowings	15	300,000,000	-	23.31	-
Employee benefit obligation	14	6,984,584	5,220,211	0.54	0.42
Trade and other payables	16	2,222,763,532	1,740,557,065	172.72	141.69
Current tax liabilities	17	386,211,784	381,918,199	30.01	31.10
<b>Total Current liabilities</b>		<b>2,915,959,900</b>	<b>2,127,695,475</b>	<b>226.58</b>	<b>173.21</b>
<b>Total liabilities</b>		<b>2,965,821,663</b>	<b>2,171,991,595</b>	<b>230.46</b>	<b>176.78</b>
<b>Total equity and liabilities</b>		<b>4,458,408,392</b>	<b>3,752,101,888</b>	<b>346.45</b>	<b>305.41</b>

The annexed notes 1 to 39 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, 25 April, 2018

Note: The exchange rate use to convert Taka to ₹ 0.777 (Previous year Taka to ₹ 0.814)

MARICO BANGLADESH LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 March, 2018

Particulars	Notes	Year ended March 31,			
		2018 Taka	2017 Taka	2018 ₹ Crore	2017 ₹ Crore
Revenue	18	7,814,663,479	6,916,109,929	607.19	562.97
Cost of sales	19	(4,229,519,648)	(3,710,291,705)	(328.63)	(302.02)
<b>Gross profit</b>		<b>3,585,143,831</b>	<b>3,205,818,224</b>	<b>278.56</b>	<b>260.95</b>
Marketing, selling and distribution expenses	20	(579,697,303)	(537,613,344)	(45.04)	(43.76)
General and administrative expenses	21	(860,442,410)	(800,982,856)	(66.85)	(65.20)
Other income/(expense)	22	(8,961,977)	(8,771,723)	(0.70)	(0.71)
<b>Operating profit</b>		<b>2,136,042,141</b>	<b>1,858,450,301</b>	<b>165.97</b>	<b>151.28</b>
Finance income, net	23	107,703,132	68,516,585	8.36	5.57
<b>Profit before tax</b>		<b>2,243,745,273</b>	<b>1,926,966,886</b>	<b>174.34</b>	<b>156.85</b>
Income tax expense	24	(601,117,912)	(486,774,815)	(46.71)	(39.62)
<b>Profit after tax</b>		<b>1,642,627,361</b>	<b>1,440,192,071</b>	<b>127.63</b>	<b>117.23</b>
<b>Other comprehensive income</b>					
Remeasurement of defined benefit plan	14	(205,229)	10,011,988	(0.02)	0.81
Related taxes	6.1	2,554,304	(2,502,997)	0.20	(0.20)
<b>Total other comprehensive income</b>		<b>2,349,075</b>	<b>7,508,991</b>	<b>0.18</b>	<b>0.61</b>
<b>Total comprehensive income</b>		<b>1,644,976,436</b>	<b>1,447,701,062</b>	<b>127.81</b>	<b>117.84</b>
<b>Earnings per share</b>					
Basic earnings per share (par value of Tk 10)	25	52.15	45.72	40.52	37.22

The annexed notes 1 to 39 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, 25 April, 2018

Note: The exchange rate use to convert Taka to ₹ 0.777 (Previous year Taka to ₹ 0.814)

MARICO BANGLADESH LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31 , 2018

Particulars	Share capital	Share premium	Retained earnings	Total equity	Share capital	Share premium	Retained earnings	Total equity
	Taka	Taka	Taka	Taka	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Balance as at 1 April 2016</b>	315,000,000	252,000,000	1,141,720,944	1,708,720,944	25.64	20.51	92.94	139.09
Net profit for the year	-	-	1,440,192,071	1,440,192,071	-	-	117.23	117.23
Other comprehensive income for the year	-	-	7,508,991	7,508,991	-	-	0.61	0.61
Prior year adjustment	-	-	(1,311,713)	(1,311,713)	-	-	(0.11)	(0.11)
Final dividend for 2015-2016	-	-	(157,500,000)	(157,500,000)	-	-	(12.82)	(12.82)
1st interim dividend for 2016-2017	-	-	(472,500,000)	(472,500,000)	-	-	(38.46)	(38.46)
2nd interim dividend for 2016-2017	-	-	(945,000,000)	(945,000,000)	-	-	(76.92)	(76.92)
<b>Balance as at 31 March 2017</b>	315,000,000	252,000,000	1,013,110,293	1,580,110,293	25.64	20.51	82.48	128.63
<b>Balance as at 1 April 2017</b>	315,000,000	252,000,000	1,013,110,293	1,580,110,293	24.48	19.58	78.72	122.78
Net profit for the year	-	-	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 2016-2017	-	-	(157,500,000)	(157,500,000)	-	-	(12.24)	(12.24)
1st interim dividend for 2017-2018	-	-	(787,500,000)	(787,500,000)	-	-	(61.19)	(61.19)
2nd interim dividend for 2017-2018	-	-	(787,500,000)	(787,500,000)	-	-	(61.19)	(61.19)
<b>Balance as at 31 March 2018</b>	315,000,000	252,000,000	925,586,729	1,492,586,729	24.48	19.58	71.91	115.97

Note: The exchange rate use to convert Taka to ₹0.777 (Previous year Taka to ₹ 0.814)



## STATEMENT OF CASH FLOWS

For the year ended 31 March, 2018

Particulars	Year ended March 31,			
	2018 Taka	2017 Taka	2018 ₹ Crore	2017 ₹ Crore
<b>Cash flows from operating activities</b>				
Collection from customers	7,747,157,791	6,934,216,275	601.96	564.45
Payment to suppliers and for operating expenses	(5,761,396,296)	(4,582,285,098)	(447.66)	(373.00)
<b>Cash generated from operating activities</b>	<b>1,985,761,495</b>	<b>2,351,931,177</b>	<b>154.30</b>	<b>191.45</b>
Interest paid	(3,288,784)	(1,816,132)	(0.26)	(0.15)
Interest received	134,627,224	78,682,153	10.46	6.40
Income tax paid	(576,023,154)	(525,820,940)	(44.76)	(42.80)
<b>Net cash from operating activities</b>	<b>1,541,076,781</b>	<b>1,902,976,258</b>	<b>119.74</b>	<b>154.90</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(83,293,327)	(193,103,896)	(6.47)	(15.72)
Acquisition of intangible assets	(871,000)	(847,822)	(0.07)	(0.07)
Disposal of property, plant and equipment	5,650,074	2,570,132	0.44	0.21
(Investment in)/encashment of short-term investments	72,847,496	(450,285,500)	5.66	(36.65)
<b>Net cash used in investing activities</b>	<b>(5,666,757)</b>	<b>(641,667,086)</b>	<b>(0.44)</b>	<b>(52.23)</b>
<b>Cash flows from financing activities</b>				
Net proceeds from loans and borrowings	300,000,000	-	23.31	-
Dividend paid	(1,732,500,000)	(1,575,000,000)	(134.62)	(128.20)
<b>Net cash used in financing activities</b>	<b>(1,432,500,000)</b>	<b>(1,575,000,000)</b>	<b>(111.31)</b>	<b>(128.20)</b>
Net increase/(decrease) in cash and cash equivalents	102,910,024	(313,690,827)	8.00	(25.53)
Opening cash and cash equivalents	166,833,748	480,524,575	12.96	39.11
<b>Closing Cash and cash equivalents</b>	<b>269,743,772</b>	<b>166,833,748</b>	<b>20.96</b>	<b>13.58</b>

Note: The exchange rate use to convert Taka to ₹ 0.777 (Previous year Taka to ₹ 0.814)

## NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 March 2018

### 1 Reporting entity

#### 1.1 Formation and legal status

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. The Company was initially registered as a private limited company and subsequently converted into a public limited company on 21 September 2008. The Company listed its shares with both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 16 September 2009. The ultimate parent of MBL is Marico Limited incorporated in India.

#### 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 Advansed, 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

These financial statements have been prepared in accordance with International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities & Exchange rules 1987 and other applicable laws in Bangladesh.

Details of the Company's accounting policies are included in note 39.

#### 2.2 Authorisation for issue

These financial statements are authorised for issue by the Board of Directors in its 99th Board of Directors Meeting held on 25 April 2018.

#### 2.3 Basis of measurement

These financial statements have been prepared on going concern basis under the historical cost convention.

#### 2.4 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.

#### 2.5 Reporting period

These financial statements of the Company cover the financial year from 1 April 2017 to 31 March 2018 with comparative figures for the financial year from 1 April 2016 to 31 March 2017.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 2.6 Use of estimates and judgments

The preparation of financial statements in conformity with BFRS requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Judgments and estimates are based on historical experiences and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, 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 estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements are included in the following notes:

Note-4	Property, plant and equipment
Note-5	Intangible assets
Note- 6	Deferred tax assets
Note-9	Inventories
Note-14	Employee benefit obligation
Note- 17	Current tax liabilities
Note-39.10	Provisions
Note-39.16	Contingencies

### 2.7 Basis of fair value measurement

As fair value is a market based measurement, when measuring the fair value of an asset or a liability, MBL uses market observable data as far as possible though entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant while measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

MBL recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 31: Financial instruments - Fair values and financial risk management.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 2.8 Materiality and aggregation

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

### 2.9 Current vs. non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

#### **An asset is current when it is:**

- i) expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) held primarily for the purpose of trading
- iii) expected to be realised within twelve months after the reporting period or
- iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months

#### **All other assets are classified as non-current.**

#### **A liability is current when it is:**

- i) expected to be settled in normal operating cycle
- ii) held primarily for the purpose of trading
- iii) due to be settled within twelve months after the reporting period or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets/liabilities are classified as non-current assets/liabilities.

### 2.10 Offsetting

The Company reports separately both assets and liabilities, and income and expenses, unless required or permitted by applicable accounting standards or offsetting reflects the substance of the transaction or other event and hence permitted by applicable accounting standards.

### 2.11 Comparative and reclassification

Comparative information has been disclosed for all numerical, narrative and descriptive information where it is relevant for understanding of the current year's financial statements. Comparative figures have been rearranged/reclassified wherever considered necessary, to ensure better comparability with the current year's financial statements and to comply with relevant BFRSs.

### 2.12 Statement of cash flows

Statement of cash flows is prepared under direct method in accordance with BAS 7 *Statement of Cash Flows* as required by the Securities and Exchange Rules 1987.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 2.13 Going concern

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

### 3 New accounting standards not yet adopted

The Company has consistently applied the accounting policies as set out in Note 39 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 April 2017 have been considered. However, these amendments have no material impact on the financial statements of the Company.

In December 2017, ICAB has decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted. However, the Company has not early applied the following new standards in preparing these financial statements.

#### **IFRS 9 Financial instruments (to be adopted as IFRS 9)**

IFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

#### **IFRS 15 Revenue from contracts with customers (to be adopted as IFRS 15)**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRS 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on preliminary assessment the Company has determined that IFRS 15 has no material impact on its financial statements.

#### **IFRS 16 Leases**

IFRS 16, issued in January 2016 replaces existing leases guidance and effective for reporting period beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The Company has not yet assessed any potential impact of IFRS 16 on its financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 4. Property, plant and equipment

Cost											
In Taka	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	-	50,294,372	742,179	-	-	18,066,687	5,083,583	45,880,400	4,247,800	113,696,672	238,011,693
Transfer	-	-	-	-	-	-	-	-	-	(124,315,021)	(124,315,021)
Disposals	-	-	-	-	(16,440,910)	(922,541)	(36,000)	(24,000)	-	-	(17,423,451)
<b>Balance at 31 March 2018</b>	<b>176,749,959</b>	<b>855,195,128</b>	<b>231,650,100</b>	<b>193,910,204</b>	<b>-</b>	<b>69,216,997</b>	<b>18,835,419</b>	<b>94,501,721</b>	<b>17,332,333</b>	<b>1,038,825</b>	<b>1,658,430,686</b>
Balance at 1 April 2016	176,749,959	662,238,394	203,274,332	193,910,204	20,537,027	43,381,974	15,365,527	44,088,624	12,030,711	-	1,371,576,752
Additions	-	148,464,929	27,633,589	-	-	9,355,995	807,440	5,833,442	1,210,681	204,963,250	398,269,326
Transfer	-	-	-	-	-	-	-	-	-	(193,306,076)	(193,306,076)
Disposals	-	(5,802,567)	-	-	(4,096,117)	(665,118)	(2,385,131)	(1,276,745)	(156,859)	-	(14,382,537)
<b>Balance at 31 March 2017</b>	<b>176,749,959</b>	<b>804,900,756</b>	<b>230,907,921</b>	<b>193,910,204</b>	<b>16,440,910</b>	<b>52,072,851</b>	<b>13,787,836</b>	<b>48,645,321</b>	<b>13,084,533</b>	<b>11,657,174</b>	<b>1,562,157,465</b>

Accumulated depreciation and impairment loss											
In Taka	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	-	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	-	96,406,189	33,231,930	21,413,696	-	18,783,471	2,633,025	7,620,679	946,660	-	181,035,650
Impairment loss	-	12,277,774	-	-	-	-	-	2,316,274	-	-	14,594,048
Disposals	-	-	-	-	(16,440,910)	(922,541)	(17,998)	(24,000)	-	-	(17,405,449)
<b>Balance at 31 March 2018</b>	<b>-</b>	<b>680,365,944</b>	<b>187,437,198</b>	<b>137,415,175</b>	<b>-</b>	<b>59,218,064</b>	<b>13,824,726</b>	<b>55,704,905</b>	<b>12,879,447</b>	<b>-</b>	<b>1,146,845,459</b>
Balance at 1 April 2016	-	458,143,321	113,454,520	94,117,540	19,440,253	33,916,389	10,971,655	36,069,493	9,703,506	-	775,816,677
Depreciation	-	115,186,278	40,750,748	21,883,939	1,096,774	8,028,750	2,488,378	5,208,990	1,201,357	-	195,845,214
Impairment loss	-	4,112,184	-	-	-	11,520	17,113	5,653,241	1,163,158	-	10,957,216
Disposals	-	(5,759,802)	-	-	(4,096,117)	(599,525)	(2,267,447)	(1,139,772)	(135,234)	-	(13,997,897)
<b>Balance at 31 March 2017</b>	<b>-</b>	<b>571,681,981</b>	<b>154,205,268</b>	<b>116,001,479</b>	<b>16,440,910</b>	<b>41,357,134</b>	<b>11,209,699</b>	<b>45,791,952</b>	<b>11,932,787</b>	<b>-</b>	<b>968,621,210</b>
<b>Carrying amounts</b>											
<b>At 31 March 2018</b>	<b>176,749,959</b>	<b>174,829,184</b>	<b>44,212,902</b>	<b>56,495,029</b>	<b>-</b>	<b>9,998,933</b>	<b>5,010,693</b>	<b>38,796,816</b>	<b>4,452,886</b>	<b>1,038,825</b>	<b>511,585,227</b>
At 31 March 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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### Property, plant and equipment

Cost											
In ₹	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	13.73	62.54	17.94	15.07	1.28	4.05	1.07	3.78	1.02	0.91	121.39
Additions	-	3.91	0.06	-	-	1.40	0.39	3.56	0.33	8.83	18.48
Transfer	-	-	-	-	-	-	-	-	-	(9.65)	(9.65)
Disposals	-	-	-	-	(1.28)	(0.07)	-	-	-	-	(1.35)
<b>Balance at 31 March 2018</b>	<b>13.73</b>	<b>66.45</b>	<b>18.00</b>	<b>15.07</b>	<b>-</b>	<b>5.38</b>	<b>1.46</b>	<b>7.34</b>	<b>1.35</b>	<b>0.09</b>	<b>128.87</b>
Balance at 1 April 2016	14.39	53.91	16.55	15.78	1.67	3.53	1.25	3.59	0.98	-	111.65
Additions	-	12.09	2.25	-	-	0.76	0.07	0.47	0.10	16.68	32.42
Transfer	-	-	-	-	-	-	-	-	-	(15.74)	(15.74)
Disposals	-	(0.47)	-	-	(0.33)	(0.05)	(0.19)	(0.10)	(0.01)	-	(1.15)
<b>Balance at 31 March 2017</b>	<b>14.39</b>	<b>65.53</b>	<b>18.80</b>	<b>15.78</b>	<b>1.34</b>	<b>4.24</b>	<b>1.13</b>	<b>3.96</b>	<b>1.07</b>	<b>0.94</b>	<b>127.18</b>

### Accumulated depreciation and impairment loss

Cost											
In ₹	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	-	44.42	11.98	9.01	1.28	3.21	0.87	3.56	0.93	-	75.26
Depreciation	-	7.49	2.58	1.66	-	1.46	0.20	0.59	0.07	-	14.05
Impairment loss	-	0.95	-	-	-	-	-	0.18	-	-	1.13
Disposals	-	-	-	-	(1.28)	(0.07)	-	-	-	-	(1.35)
<b>Balance at 31 March 2018</b>	<b>-</b>	<b>52.86</b>	<b>14.56</b>	<b>10.67</b>	<b>-</b>	<b>4.60</b>	<b>1.07</b>	<b>4.33</b>	<b>1.00</b>	<b>-</b>	<b>89.09</b>
Balance at 1 April 2016	-	37.29	9.24	7.66	1.58	2.76	0.89	2.94	0.79	-	63.15
Depreciation	-	9.38	3.32	1.78	0.09	0.65	0.20	0.42	0.10	-	15.94
Impairment loss	-	0.33	-	-	-	-	-	0.46	0.09	-	0.88
Disposals	-	(0.47)	-	-	(0.33)	(0.05)	(0.18)	(0.09)	(0.01)	-	(1.13)
<b>Balance at 31 March 2017</b>	<b>-</b>	<b>46.53</b>	<b>12.56</b>	<b>9.44</b>	<b>1.34</b>	<b>3.36</b>	<b>0.91</b>	<b>3.73</b>	<b>0.97</b>	<b>-</b>	<b>78.84</b>
<b>Carrying amounts</b>											
At 31 March 2018	13.73	13.59	3.44	4.40	-	0.78	0.39	3.01	0.35	0.09	39.78
At 31 March 2017	14.39	19.00	6.24	6.34	-	0.88	0.22	0.23	0.10	0.94	48.31

#### 4.1 Asset under construction

Year 2018

Particulars	As at 1 April 2017	Additions	Transfers	As at 31 March 2018
	Taka	Taka	Taka	Taka
Plant and Machinery	11,530,759	39,802,438	50,294,372	1,038,825
Factory building	-	742,179	742,179	-
Office equipment	-	18,066,687	18,066,687	-
Computers	100,000	4,983,583	5,083,583	-
Furniture and fixtures	26,415	45,853,985	45,880,400	-
A.C and refrigerators	-	4,247,800	4,247,800	-
	<b>11,657,174</b>	<b>113,696,672</b>	<b>124,315,021</b>	<b>1,038,825</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

Year 2017

Particulars	As at 1 April 2016	Additions	Transfers	As at 31 March 2017
	Taka	Taka	Taka	Taka
Plant and machinery	-	159,995,688	148,464,929	11,530,759
Factory building	-	27,633,589	27,633,589	-
Office equipment	-	9,355,995	9,355,995	-
Computers	-	907,440	807,440	100,000
Furniture and fixtures	-	5,859,857	5,833,442	26,415
A.C and refrigerators	-	1,210,681	1,210,681	-
	-	<b>204,963,250</b>	<b>193,306,076</b>	<b>11,657,174</b>

Year 2018

Particulars	As at 1 April 2017	Additions	Transfers	As at 31 March 2018
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Plant and machinery	0.90	3.09	3.91	0.08
Factory building	-	0.06	0.06	-
Office equipment	-	1.40	1.40	-
Computers	0.01	0.39	0.39	0.01
Furniture and fixtures	-	3.56	3.56	-
A.C and refrigerators	-	0.33	0.33	-
	<b>0.91</b>	<b>8.83</b>	<b>9.65</b>	<b>0.09</b>

Year 2017

Particulars	As at 1 April 2016	Additions	Transfers	As at 31 March 2017
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Plant and machinery	-	13.02	12.09	0.93
Factory building	-	2.25	2.25	-
Office equipment	-	0.76	0.76	-
Computers	-	0.07	0.07	-
Furniture and fixtures	-	0.48	0.47	0.01
A.C and refrigerators	-	0.10	0.10	-
	-	<b>16.68</b>	<b>15.74</b>	<b>0.94</b>

#### 4.2 Disposal of property, plant and equipment

Year 2018

Particulars	Original cost	Accumulated depreciation	Book value	Sale value	Gain/(loss) on sale of assets
	Taka	Taka	Taka	Taka	Taka
Vehicles	16,440,910	16,440,910	-	5,538,000	5,538,000
Office equipment	922,541	922,541	-	66,074	66,074
Computers	36,000	17,998	18,002	31,000	12,998
Furniture and fixtures	24,000	24,000	-	15,000	15,000
	<b>17,423,451</b>	<b>17,405,449</b>	<b>18,002</b>	<b>5,650,074</b>	<b>5,632,072</b>

Year 2017

Particulars	Original cost	Accumulated depreciation	Book value	Sale value	Gain/(loss) on sale of assets
	Taka	Taka	Taka	Taka	Taka
Plant and machinery	5,802,567	5,759,802	42,764	339,010	296,246
Vehicles	4,096,117	4,096,117	-	1,998,000	1,998,000
Office equipment	665,118	599,525	65,593	97,187	31,594
Computers	2,385,131	2,267,447	117,684	55,914	(61,770)
Furniture and fixtures	1,276,745	1,139,772	136,973	61,026	(75,947)
A.C and refrigerators	156,859	135,234	21,625	18,995	(2,630)
	<b>14,382,537</b>	<b>13,997,897</b>	<b>384,639</b>	<b>2,570,132</b>	<b>2,185,493</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

Year 2018

Particulars	Original cost	Accumulated depreciation	Book value	Sale value	Gain/(loss) on sale of assets
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Vehicles	1.28	1.28	-	0.43	0.43
Office equipment	0.07	0.07	-	0.01	0.01
Computers	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-
	<b>1.35</b>	<b>1.35</b>	-	<b>0.44</b>	<b>0.44</b>

Year 2017

Particulars	Original cost	Accumulated depreciation	Book value	Sale value	Gain/(loss) on sale of assets
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Plant and machinery	0.47	0.47	-	0.03	0.03
Vehicles	0.33	0.33	-	0.16	0.16
Office equipment	0.05	0.05	0.01	0.01	-
Computers	0.19	0.18	0.01	-	(0.01)
Furniture and fixtures	0.10	0.09	0.01	-	(0.01)
A.C and refrigerators	0.01	0.01	-	-	-
	<b>1.15</b>	<b>1.13</b>	<b>0.03</b>	<b>0.20</b>	<b>0.17</b>

#### 4.3 Fully depreciated assets – at cost

Particulars	2018	2017	2018	2017
	Taka	Taka	₹ Crore	₹ Crore
Plant and machinery	563,500,430	169,476,463	43.78	13.80
Factory building	147,817,188	374,052	11.49	0.03
Office building	5,642,912	5,642,912	0.44	0.46
Vehicles	-	16,440,910	-	1.34
Factory equipment	53,400,325	29,965,932	4.15	2.44
Computers	10,068,840	7,243,271	0.78	0.59
Furniture and fixtures	33,256,211	30,618,785	2.58	2.49
A.C and refrigerators	9,657,111	9,342,962	0.75	0.76
	<b>823,343,017</b>	<b>269,105,287</b>	<b>63.97</b>	<b>21.91</b>

#### 4.4 Depreciation allocated to:

Particulars	Note	2018	2017	2018	2017
		Taka	Taka	₹ Crore	₹ Crore
Cost of sales	19.1.2	137,941,076	164,052,019	10.72	13.35
General and administrative expenses	21	43,094,574	31,793,195	3.35	2.59
		<b>181,035,650</b>	<b>195,845,214</b>	<b>14.07</b>	<b>15.94</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

## 4.5 Impairment loss

Particulars	Reason for impairment	2018	2018
		Taka	₹ Crore
Plant and machinery	Change in expected economic benefit of few plant and machinery. Some moulds will not be used as per initial expectation	12,277,774	0.95
Furniture and fixtures	Change in expected economic benefit due to relocation of Head Office	2,316,274	0.18
		<b>14,594,049</b>	<b>1.13</b>

## 5 Intangible assets-Computer software

Particulars	2018	2017	2018	2017
	Taka	Taka	₹ Crore	₹ Crore
<b>Cost</b>				
Balance at 1 April	<b>21,190,875</b>	20,343,052	<b>1.65</b>	1.66
Additions	<b>871,000</b>	847,823	<b>0.07</b>	0.07
Disposals	-	-	-	-
<b>Balance at 31 March</b>	<b>22,061,875</b>	<b>21,190,875</b>	<b>1.72</b>	<b>1.73</b>
<b>Accumulated amortisation</b>				
Balance at 1 April	<b>12,072,453</b>	7,200,732	<b>0.94</b>	0.59
Amortisation	<b>3,801,365</b>	4,871,721	<b>0.30</b>	0.40
Disposals	-	-	-	-
<b>Balance at 31 March</b>	<b>15,873,818</b>	<b>12,072,453</b>	<b>1.24</b>	<b>0.99</b>
<b>Carrying amounts</b>	<b>6,188,057</b>	<b>9,118,422</b>	<b>0.48</b>	<b>0.74</b>

## 5.1

Fully amortised assets - at cost	3,904,960	-	0.30	-
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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 6 Deferred tax asset

Deferred tax (asset)/liability is arrived as follows:

Particulars	Note	Accounting base as at 31 March	Tax base as at 31 March	Temporary difference Taxable/ (deductible)	Accounting base as at 31 March	Tax base as at 31 March	Temporary difference Taxable/ (deductible)
		Taka	Taka	Taka	₹ Crore	₹ Crore	₹ Crore
<b>Year 2018</b>							
Property, plant and equipment	4	333,796,443	504,416,028	(170,619,585)	25.94	39.19	(13.26)
Intangible assets	5	6,188,057	12,762,178	(6,574,121)	0.48	0.99	(0.51)
Provision for gratuity	14.1	44,272,692	-	(44,272,692)	3.44	-	(3.44)
Provision for leave encashment	14.2	12,573,655	-	(12,573,655)	0.98	-	(0.98)
Net deductible temporary difference				(234,040,053)			(18.18)
Income tax rate				25%			25%
Deferred tax assets				(58,510,013)			(4.55)
<b>Year 2017</b>							
Property, plant and equipment	4	405,129,122	490,914,655	(85,785,533)	32.98	39.96	(6.98)
Intangible assets	5	9,118,422	13,309,199	(4,190,777)	0.74	1.08	(0.34)
Deferred revenue expense		-	8,791,645	(8,791,645)	-	0.72	(0.72)
Provision for gratuity	14.1	36,415,189	-	(36,415,189)	2.96	-	(2.96)
Provision for leave encashment	14.2	13,101,142	-	(13,101,142)	1.07	-	(1.07)
Royalty payable		139,398,614	-	(139,398,614)	11.35	-	(11.35)
General and technical assistance fees payable		19,344,629	-	(19,344,629)	1.57	-	(1.57)
Net deductible temporary difference				(307,027,529)			(24.99)
Income tax rate				25%			25%
Deferred tax assets				(76,756,882)			(6.25)

#### 6.1 Change in deferred tax assets and liability

Particulars	Note	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
Balance as at 1 April- deferred tax asset		(76,756,882)	(81,632,588)	(5.96)	(6.64)
Recognised in profit or loss	24	20,801,173	2,372,709	1.62	0.19
Recognised in other comprehensive income		(2,554,304)	2,502,997	(0.20)	0.20
<b>Balance as at 31 March- deferred tax asset</b>		<b>(58,510,013)</b>	<b>(76,756,882)</b>	<b>(4.54)</b>	<b>(6.25)</b>

Deferred tax assets as of 31 March 2018 includes deferred tax asset of Tk. 2,554,304 recognised against actuarial gain/(loss) from re-measurement of defined benefit obligations corresponding impact of which has been recognised under other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 7 Non-current financial assets

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
Security deposits	6,365,600	2,605,000	0.49	0.21
Loans to employees	5,138,448	7,761,331	0.40	0.63
	<b>11,504,048</b>	<b>10,366,331</b>	<b>0.89</b>	<b>0.84</b>

### 8 Other non-current assets

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
Advance for capital goods	8,170,635	17,452,584	0.63	1.42
Advance to suppliers and others	18,067,559	23,755,450	1.40	1.93
Prepaid expenses	2,325,143	542,128	0.18	0.04
	<b>28,563,337</b>	<b>41,750,162</b>	<b>2.22</b>	<b>3.35</b>

### 9 Inventories

Particulars	Note	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
Raw materials		1,093,091,743	800,554,140	84.93	65.17
Packing materials		62,093,471	86,516,844	4.82	7.04
Finished goods		174,804,729	152,398,038	13.58	12.41
Stores and spares		18,744,592	17,159,318	1.46	1.40
Materials in transit		368,587,485	292,298,761	28.64	23.79
		<b>1,717,322,020</b>	<b>1,348,927,101</b>	<b>133.43</b>	<b>109.81</b>

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.

### 10 Other current financial assets

Particulars	Note	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
Fixed deposits	10.1	1,237,525,917	1,308,587,800	96.16	106.52
Security deposits		2,775,870	159,000	0.22	0.01
Loans to employees		3,895,915	2,688,890	0.30	0.22
		<b>1,244,197,702</b>	<b>1,311,435,690</b>	<b>96.68</b>	<b>106.75</b>

#### 10.1 Fixed deposits (having original maturity of more than three months)

Fixed deposits with	Credit rating	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
Brac Bank Limited	AA1	341,791,399	222,964,722	26.56	18.15
Delta Brac Housing Finance Corporation Ltd.	AAA	163,727,455	333,093,789	12.72	27.11
IPDC Finance Limited	AA1	102,586,111	-	7.97	-
IDLC Finance Limited	AAA	327,887,619	334,812,869	25.48	27.25
One Bank Limited	AA	-	120,660,000	-	9.82
Standard Chartered Bank	AAA	301,533,333	-	23.43	-
South East Bank Limited	AA	-	297,056,420	-	24.19
		<b>1,237,525,917</b>	<b>1,308,587,800</b>	<b>96.16</b>	<b>106.52</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 11 Other current assets

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
<b>Advances</b>				
Advance to suppliers and others	549,391,820	145,321,666	42.69	11.83
<b>Deposits</b>				
VAT current account	50,630,088	41,324,458	3.93	3.36
Supplementary duty	116,584	839,950	0.01	0.07
	50,746,672	42,164,408	3.94	3.43
<b>Prepayments</b>				
Prepaid expenses	10,655,724	5,891,223	0.83	0.48
	610,794,216	193,377,297	47.46	15.74

### 12 Cash and cash equivalents

Particulars		31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
Cash in hand		239,770	168,451	0.02	0.01
Cash at banks:	Credit rating				
BRAC Bank Limited	AA1	7,347,690	34,839,167	0.57	2.84
Citibank N.A.	AAA	59,692	3,848	0.00	0.00
Islami Bank Bangladesh Limited	AA+	1,268,514	41,720	0.10	0.00
Sonali Bank Limited		514,933	189,424	0.04	0.02
Standard Chartered Bank	AAA	26,027,375	55,736,233	2.02	4.54
Dutch Bangla Bank Limited	AA+	-	890,000	-	0.07
The Hongkong and Shanghai Banking Corporation Ltd.	AAA	14,831,514	1,126,129	1.15	0.09
		50,049,718	92,826,521	3.89	7.56
Fixed deposits	12.2	219,454,284	73,838,776	17.05	6.01
		269,743,772	166,833,748	20.96	13.58

#### 12.1 Overdraft facility

The Company also has overdraft facility with the below banks under which inventories are hypothecated.

Bank	Currency	Overdraft Limit	Overdraft Limit
		Taka	₹ Crore
The Hongkong and Shanghai Banking Corporation Limited	BDT	100,000,000	7.77
Standard Chartered Bank	BDT	30,000,000	2.33
Citibank N.A.	USD	4,000,000	0.01

As of 31 March 2018, the Company has no overdraft balance.

#### 12.2 Fixed deposits (having original maturity of three months or less)

Fixed deposits with:	Credit rating	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
Standard Chartered Bank	AAA	219,454,284	73,838,776	17.05	6.01
		219,454,284	73,838,776	17.05	6.01

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 13 Share capital

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
<b>Authorised</b>				
40,000,000 ordinary shares of Tk 10 each	400,000,000	400,000,000	31.08	32.56
<b>Issued, subscribed and paid up</b>				
Issued for cash	41,500,000	41,500,000	3.22	3.38
Issued for consideration other than cash	273,500,000	273,500,000	21.25	22.26
	<b>315,000,000</b>	<b>315,000,000</b>	<b>24.47</b>	<b>25.64</b>

#### 13.1 Composition of shareholding

Details	No. of share		% of holding	
	2018	2017	2018	2017
Marico Limited, India	28,350,000	28,350,000	90.00	90.00
Institutions	2,896,169	2,786,979	9.00	8.85
General shareholders	253,831	363,021	1.00	1.15
	<b>31,500,000</b>	<b>31,500,000</b>	<b>100.00</b>	<b>100.00</b>

#### 13.2 Classification of shareholders by holding

Holdings	Number of holders		% of total holding	
	2018	2017	2018	2017
Less than 500 shares	1800	2868	0.34	0.63
500 to 5,000 shares	85	164	0.37	0.61
5,001 to 10,000 shares	13	17	0.32	0.40
10,001 to 20,000 shares	17	10	0.71	0.42
20,001 to 30,000 shares	3	3	0.25	0.23
30,001 to 40,000 shares	0	0	0.00	0.00
40,001 to 50,000 shares	1	1	0.16	0.16
50,001 to 100,000 shares	3	5	0.62	0.95
100,001 to 1,000,000 shares	10	9	7.23	6.59
Over 1,000,000 shares	1	1	90.00	90.00
	<b>1933</b>	<b>3078</b>	<b>100.00</b>	<b>100.00</b>

#### 13.3 Number of shares held by the members of the Company's leadership team

	No. of share	
	2018	2017
Managing Director	1	-
	1	-

### 14 Employee benefit obligation

Particulars	Note	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
Provision for gratuity	14.1	44,272,692	36,415,189	3.44	2.96
Provision for leave encashment	14.2	12,573,655	13,101,142	0.98	1.07
		<b>56,846,347</b>	49,516,331	<b>4.42</b>	4.03
Current		<b>6,984,584</b>	5,220,211	<b>0.54</b>	0.42
Non-current		<b>49,861,763</b>	44,296,120	<b>3.87</b>	3.61
		<b>56,846,347</b>	49,516,331	<b>4.42</b>	4.03

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

## 14.1 Provision for gratuity

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
Balance as at 1 April	36,415,189	40,434,105	2.83	3.29
Current service cost	9,865,179	9,054,987	0.77	0.74
Interest cost/(income)	4,005,671	4,447,752	0.31	0.36
Actuarial loss/(gain)	205,229	(10,011,988)	0.02	(0.81)
Benefit paid	(6,218,576)	(7,509,667)	(0.48)	(0.61)
<b>Balance as at 31 March</b>	<b>44,272,692</b>	<b>36,415,189</b>	<b>3.44</b>	<b>2.96</b>
Current	4,759,929	2,997,417	0.37	0.24
Non-current	39,512,763	33,417,772	3.07	2.72
	<b>44,272,692</b>	<b>36,415,189</b>	<b>3.44</b>	<b>2.96</b>

## 14.1.1 Significant actuarial assumptions

Particulars	31 March, 2018	31 March, 2017
	Taka	Taka
Discount rate	11%	11%
Salary growth	11%	12%
Employee turnover	17.50%	17.50%
Year of mortality rate	2006-08	2006-08

## 14.1.2 Sensitivity analysis

Due to change in discount rate by 1%, potential impact would range from:

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
Delta effect of +1% change in rate of discounting	(1,904,936)	(1,638,437)	(0.15)	(0.13)
Delta effect of -1% change in rate of discounting	2,087,444	1,801,401	0.16	0.15

## 14.2 Provision for leave encashment

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
Balance as at 1 April	13,101,142	10,857,899	1.02	0.88
Provision made during the year	2,253,708	8,655,681	0.18	0.70
Paid during the year	(2,781,195)	(6,412,438)	(0.22)	(0.52)
<b>Balance as at 31 March</b>	<b>12,573,655</b>	<b>13,101,142</b>	<b>0.98</b>	<b>1.06</b>
Current	2,224,655	2,222,794	0.17	0.18
Non-current	10,349,000	10,878,348	0.80	0.89
	<b>12,573,655</b>	<b>13,101,142</b>	<b>0.98</b>	<b>1.07</b>

## 15 Loans and borrowings

The Company has taken a short-term loan of Tk. 300,000,000 for a duration of three months from Citibank N.A. Bangladesh.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

## 16 Trade and other payables

Particulars	Note	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
<b>Trade payables</b>					
Payable against raw material		418,464,212	313,181,017	32.51	25.49
Payable against packing material		34,730,704	29,992,995	2.70	2.44
Payable against finished goods		98,497,363	43,093,080	7.65	3.51
Payable against services		168,373,123	50,002,104	13.08	4.07
		720,065,402	436,269,196	55.94	35.51
<b>Other payables</b>					
Workers' profit participation and welfare fund		118,091,844	101,419,310	9.18	8.26
Royalty payable	26	209,646,298	134,901,377	16.29	10.98
General and technical assistance fees payable	26	220,299,097	136,302,429	17.12	11.10
Advance from customers		1,529,067	69,034,750	0.12	5.62
Withholding tax and VAT payable		36,116,225	23,966,370	2.81	1.95
Payable against business promotion expenses		204,071,165	243,702,939	15.86	19.84
Payable against advertisement expenses		243,427,986	219,058,877	18.91	17.83
Audit fees payable		1,302,950	1,302,950	0.10	0.11
Interest accrued on loans		1,054,391	-	0.08	-
Payable against capital goods		29,284,718	8,163,323	2.28	0.66
Import duty and related charges payable		96,604,481	104,568,363	7.51	8.51
Payable against expenses		341,269,908	261,867,181	26.52	21.32
		1,502,698,130	1,304,287,869	116.78	106.18
		2,222,763,532	1,740,557,065	172.72	141.69

## 17 Current tax liabilities

Particulars	Note	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
Balance as at 1 April		381,918,199	423,337,033	29.68	34.46
Add: Provision during the year:					
Provision for current year	24	603,956,939	511,139,076	46.93	41.61
Provision for prior years					
Assessment year 2013-2014	24	(23,640,200)	-	(1.84)	-
Assessment year 2012-2013		-	(30,518,071)	-	(2.48)
Assessment year 2011-2012		-	3,781,101	-	0.31
		962,234,938	907,739,139	74.77	73.90
Less: Payment during the year:					
Payment for current year		(388,901,091)	(295,710,722)	(30.22)	(24.07)
Payment for prior years					
Assessment year 2017-2018		(187,122,063)	-	(14.54)	-
Assessment year 2016-2017		-	(219,329,117)	-	(17.85)
Assessment year 2013-2014		-	(7,000,000)	-	(0.57)
Assessment year 2011-2012		-	(3,781,101)	-	(0.31)
Balance as at 31 March		386,211,784	381,918,199	30.01	31.10



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 17.1 Year wise break up of provision for current tax and advance income tax for those assessment is open

Accounting year ended	Assessment year	Provision for income tax Taka	Advance income tax Taka	Status	Provision for income tax ₹ Crore	Advance income tax ₹ Crore
31 March 2018	AY 2018-19	603,956,939	388,901,091	To be submitted	46.93	30.22
31 March 2017	AY 2017-18	511,139,076	482,832,785	Return submitted	39.72	37.52
31 March 2016	AY 2016-17	536,229,894	516,829,134	Return submitted	41.67	40.16
31 March 2015	AY 2015-16	502,672,641	438,992,339	Return submitted	39.06	34.11
31 March 2014	AY 2014-15	475,304,697	468,166,315	At High Court	36.93	36.38
31 March 2013	AY 2013-14	279,549,372	206,086,374	At TAT*	21.72	16.01
31 March 2012	AY 2012-13	206,588,040	236,519,377	At TAT*	16.05	18.38
30 September 2008	AY 2009-10	9,098,540	-	At TAT*	0.71	-
<b>Total</b>		<b>3,124,539,199</b>	<b>2,738,327,415</b>		<b>242.79</b>	<b>212.78</b>

\*Taxes Appellate Tribunal

### 18 Revenue

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
Parachute coconut oil	5,808,522,439	5,345,714,157	451.32	435.14
Value added hair oil (VAHO)	1,496,713,608	1,077,951,369	116.29	87.75
Haircode	48,372,357	67,953,922	3.76	5.53
Saffola - Edible oil	51,343,440	25,850,605	3.99	2.10
Parachute body lotion	69,540,191	61,896,012	5.40	5.04
Others	340,171,444	336,743,864	26.43	27.41
	<b>7,814,663,479</b>	<b>6,916,109,929</b>	<b>607.19</b>	<b>562.97</b>

### 19 Cost of sales

Particulars	Note	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
Opening stock of finished goods		152,398,038	142,234,909	11.84	11.58
Cost of goods manufactured	19.1	4,251,926,339	3,720,454,834	330.37	302.85
		4,404,324,377	3,862,689,743	342.21	314.43
Closing stock of finished goods		(174,804,729)	(152,398,038)	(13.58)	(12.41)
		<b>4,229,519,648</b>	<b>3,710,291,705</b>	<b>328.63</b>	<b>302.02</b>

#### 19.1 Cost of goods manufactured

Particulars	note	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
Materials consumed	19.1.1	3,949,660,726	3,423,648,040	306.89	278.68
Factory overhead	19.1.2	302,265,613	296,806,794	23.48	24.17
		<b>4,251,926,339</b>	<b>3,720,454,834</b>	<b>330.37</b>	<b>302.85</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

## 19.1.1 Materials consumed

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
Opening stock of raw materials, packing materials & others	1,196,529,063	1,120,057,871	92.97	91.17
Purchases during the year	4,295,648,954	3,500,119,232	333.77	284.91
Closing stock of raw materials, packing materials & others	(1,542,517,291)	(1,196,529,063)	(119.85)	(97.40)
	3,949,660,726	3,423,648,040	306.89	278.68

## 19.1.2 Factory overhead

Particulars	Note	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
Salaries and allowances		42,359,081	37,323,541	3.29	3.04
Cost of outsourced human resources		40,925,468	38,430,423	3.18	3.13
Power expenses		58,978,247	35,030,285	4.58	2.85
Repair and maintenance		6,596,635	4,344,933	0.51	0.35
Depreciation	4.4	137,941,076	164,052,019	10.72	13.35
Communication expenses		602,271	794,180	0.05	0.06
Entertainment		4,338,993	5,089,806	0.34	0.41
Printing and stationery		866,615	869,918	0.07	0.07
Security charges		4,456,628	5,412,406	0.35	0.44
Travelling and conveyance-Local		5,016,599	5,459,283	0.39	0.44
Warehouse rent		184,000	-	0.01	-
		302,265,613	296,806,794	23.48	24.17

## 20 Marketing, selling and distribution expenses

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
Advertisement	400,736,422	341,993,035	31.14	27.84
Business promotion expenses	16,770,444	14,834,452	1.30	1.21
Other selling & distribution expenses	59,719,215	81,684,908	4.64	6.65
Entertainment	8,877,285	10,682,327	0.69	0.87
Free sample	11,170,144	1,124,531	0.87	0.09
Freight- outward	59,605,556	57,901,993	4.63	4.71
Market research expenses	22,818,237	29,392,098	1.77	2.39
	579,697,303	537,613,344	45.04	43.76

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 21 General and administrative expenses

Particulars	Note	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
Salaries and allowances		<b>336,557,902</b>	326,598,757	<b>26.15</b>	26.59
Gratuity	14.1	<b>13,870,850</b>	13,502,739	<b>1.08</b>	1.10
Workers' profit participation and welfare fund		<b>118,091,844</b>	101,419,310	<b>9.18</b>	8.26
Rent, rates and taxes		<b>16,815,546</b>	1,433,848	<b>1.31</b>	0.12
Professional and legal charges		<b>15,509,313</b>	31,937,168	<b>1.21</b>	2.60
Security charges		<b>1,693,760</b>	1,732,177	<b>0.13</b>	0.14
Stamp and license fees		<b>5,954,378</b>	3,807,122	<b>0.46</b>	0.31
Directors' remuneration		<b>29,299,253</b>	24,787,585	<b>2.28</b>	2.02
Directors' fees		<b>993,474</b>	667,645	<b>0.08</b>	0.05
Repair and maintenance		<b>14,497,499</b>	20,796,575	<b>1.13</b>	1.69
Communication expenses		<b>8,962,686</b>	11,020,081	<b>0.70</b>	0.90
Subscription to trade association		<b>360,970</b>	150,715	<b>0.03</b>	0.01
Entertainment		<b>16,374,672</b>	14,493,130	<b>1.27</b>	1.18
Printing and stationery		<b>2,713,463</b>	3,065,889	<b>0.21</b>	0.25
Vehicle running expenses		<b>43,579,672</b>	46,655,549	<b>3.39</b>	3.80
Travelling and conveyance-Local		<b>7,363,420</b>	9,890,079	<b>0.57</b>	0.81
Travelling and conveyance-Foreign		<b>5,228,279</b>	4,595,041	<b>0.41</b>	0.37
Statutory audit fees		<b>1,302,950</b>	1,302,950	<b>0.10</b>	0.11
Insurance premium		<b>5,807,120</b>	5,602,784	<b>0.45</b>	0.46
Books and periodicals		<b>110,811</b>	116,171	<b>0.01</b>	0.01
Bank charges		<b>1,735,451</b>	653,695	<b>0.13</b>	0.05
AGM and public relation expenses		<b>802,088</b>	2,898,131	<b>0.06</b>	0.24
Conference and training expenses		<b>5,036,784</b>	2,507,097	<b>0.39</b>	0.20
Electricity and gas charges		<b>2,714,965</b>	2,911,766	<b>0.21</b>	0.24
Amortisation	5	<b>3,801,365</b>	4,871,721	<b>0.30</b>	0.40
Royalty	26	<b>74,744,920</b>	65,561,325	<b>5.81</b>	5.34
Depreciation	4.4	<b>43,094,574</b>	31,793,195	<b>3.35</b>	2.59
Listing fees		<b>315,000</b>	315,000	<b>0.02</b>	0.03
General and technical assistance fees	26	<b>76,822,856</b>	54,071,433	<b>5.97</b>	4.40
CSR project	21.1	<b>6,286,545</b>	11,824,178	<b>0.49</b>	0.96
		<b>860,442,410</b>	<b>800,982,856</b>	<b>66.85</b>	<b>65.20</b>

**21.1** MARICO Bangladesh Limited (MARICO) and Dhaka Ahsania Mission (DAM) entered into an agreement to implement "DAM-Marico Children Learning Centre (DAM-Marico CLC)" project from 01 October 2014 to 30 September 2017 in 1 (one) Upazila (Melandah) under Jamalpur District 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 uprooted children who are also dropped out from school. The project ended at the scheduled time at 30 September 2017 and Marico has no further commitment or plan to extend the project or any of the same kind as of 31 March 2018.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 22 Other income/(expense)

Particulars	Note	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
Gain on sale of assets	4.2	5,632,072	2,185,493	0.44	0.18
Impairment loss	4.5	(14,594,049)	(10,957,216)	(1.13)	(0.89)
		(8,961,977)	(8,771,723)	(0.70)	(0.71)

### 23 Finance income, net

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
Interest on fixed deposits	133,653,604	74,846,945	10.38	6.09
Interest on call deposits	2,759,233	881,377	0.21	0.07
Interest on overdraft and loans	(4,343,175)	(1,816,132)	(0.34)	(0.15)
Foreign exchange gain/(loss)	(24,366,530)	(5,395,605)	(1.89)	(0.44)
	107,703,132	68,516,585	8.36	5.57

### 24 Income tax expense

Particulars	Note	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
Current tax expense					
Current year	17	603,956,939	511,139,076	46.93	41.61
Adjustment for prior years	17	(23,640,200)	(26,736,970)	(1.84)	(2.18)
Deferred tax (income)/expense	6.1	20,801,173	2,372,709	1.62	0.19
		601,117,912	486,774,815	46.71	39.62

#### 24.1 Reconciliation of effective tax

Particulars	31 March, 2018		31 March, 2017		31 March, 2018	31 March, 2017
	%	Taka	%	Taka	₹ Crore	₹ Crore
Profit before tax		2,243,745,273		1,926,966,886	174.34	156.85
Income tax using the corporate tax rate	25%	560,936,319	25%	481,741,722	43.58	39.21
<b>Factors affecting the tax charge for current year</b>						
Non deductible expenses		117,429,506		107,253,412	9.12	8.73
Deductible expenses		(74,408,886)		(77,856,058)	(5.78)	(6.34)
Adjustment for prior years		(23,640,200)		(26,736,970)	(1.84)	(2.18)
Deferred tax (income)/expense		20,801,173		2,372,709	1.62	0.19
<b>Total income tax expenses</b>	<b>26.79%</b>	<b>601,117,912</b>	<b>25.26%</b>	<b>486,774,815</b>	<b>46.70</b>	<b>39.61</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 25 Earnings per share

#### 25.1 Basic earnings per share

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
The computation of EPS is given below:				
Earnings attributable to ordinary shareholders (Net profit after tax)	1,642,627,361	1,440,192,071	127.63	117.23
Weighted average number of ordinary shares outstanding during the year	31,500,000	31,500,000	31,500,000	31,500,000
<b>Earnings per share (EPS) in Taka</b>	<b>52.15</b>	<b>45.72</b>	<b>40.52</b>	<b>37.22</b>

#### 25.2 Diluted earnings per share

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

### 26 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 BAS 24 Related party disclosure:

Name of the related party	Relationship	Nature of transactions	Transaction Amount	As at 31 March, 2018	As at 31 March, 2017	Transaction Amount	As at 31 March, 2018	As at 31 March, 2017
			Taka	Taka	Taka	₹ Crore	₹ Crore	₹ Crore
Marico Limited, India	Parent company	Purchase of RM, PM and FG	76,634,358	1,531,650	153,267,190	5.95	0.12	12.48
		Royalty	74,744,920	209,646,298	134,901,377	5.81	16.29	10.98
		Dividend	1,559,250,000	-	-	121.15	-	-
		General and technical assistance fees	76,822,856	220,299,097	136,302,429	5.97	17.12	11.10
Marico Middle East FZE	Subsidiary of parent company	Purchase of raw materials	2,851,146,491	100,477,183	90,381,891	221.53	7.81	7.36

### 27 Capacity

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**28 Operating leases – leases as lessee**

Non-cancellable operating lease rentals are payable as follows:

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
No later than one year	27,754,560	1,840,000	2.16	0.15
Between two and five years	43,297,114	5,520,000	3.36	0.45
More than five years	-	-	-	-
	71,051,674	7,360,000	5.52	0.60

The Company leases corporate office, a number of warehouses, depots and sales office facilities under operating leases. During the year, an amount of BDT 1,4803,778 was recognised relating to non-cancellable operating lease.

**29 Commitment****(i) Capital commitment**

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
Estimated amount of contracts remaining to be executed on capital account	1,500,885	39,831,095	0.12	3.24

**(ii) Other commitment**

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
Outstanding L/C	432,496,086	493,308,632	33.60	40.16

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 Taka 1,074,416,048 as on 31 March 2018 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

## 31 Financial instruments – Fair values and financial risk management

## 31.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. 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, 2018

*Figures in Taka*

Particulars	Note	Carrying amount							Fair value					
		Held for trading	Designated at fair value	Fair value - hedging instruments	Held -to-maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
<b>Financial assets measured at fair value</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>														
Fixed deposits	10.1	-	-	-	1,237,525,917	-	-	-	-	-	-	-	1,237,525,917	-
Security deposits	7 & 10	-	-	-	-	9,141,470	-	-	-	-	-	-	9,141,470	-
Loan to employees	7 & 10	-	-	-	-	9,034,363	-	-	-	-	-	-	9,034,363	-
Cash and cash equivalents	12	-	-	-	-	269,743,772	-	269,743,772	-	-	-	-	269,743,772	-
		-	-	-	1,237,525,917	287,919,605	-	-	-	-	-	-	1,525,445,522	-
<b>Financial liabilities measured at fair value</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>														
Loans and borrowings	15	-	-	-	-	-	-	-	-	-	-	300,000,000	300,000,000	-
Trade and other payables	16	-	-	-	-	-	-	-	-	-	-	2,222,763,532	2,222,763,532	-
		-	-	-	-	-	-	-	-	-	-	2,522,763,532	2,522,763,532	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

Figures in Taka

Particulars	Note	Carrying amount							Fair value					
		Held for trading	Designated at fair value	Fair value - hedging instruments	Held -to-maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value														
Fixed deposits	10.1	-	-	-	1,308,587,800	-	-	-	-	-	-	-	1,308,587,800	-
Security deposits	7 & 10	-	-	-	-	2,764,000	-	-	-	-	-	-	2,764,000	-
Loan to employees	7 & 10	-	-	-	-	10,450,221	-	-	-	-	-	-	10,450,221	-
Cash and cash equivalents	12	-	-	-	-	-	166,833,748	-	-	-	-	-	166,833,748	-
		-	-	-	1,308,587,800	-	180,047,969	-	-	-	-	-	1,488,635,769	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value														
Trade and other payables	16	-	-	-	-	-	-	-	-	-	-	-	1,740,557,065	-
		-	-	-	-	-	-	-	-	-	-	-	1,740,557,065	-



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### Financial instruments – Fair values and financial risk management

#### 31.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. 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, 2018

Figures in ₹ in Crore

Particulars	Note	Carrying amount						Fair value						
		Held for trading	Designated at fair value	Fair value - hedging instruments	Held -to-maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
<b>Financial assets measured at fair value</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>														
Fixed deposits	10.1	-	-	-	96.16	-	-	-	96.16	-	-	-	-	-
Security deposits	7 & 10	-	-	-	-	0.71	-	-	0.71	-	-	-	-	-
Loan to employees	7 & 10	-	-	-	-	0.70	-	-	0.70	-	-	-	-	-
Cash and cash equivalents	12	-	-	-	-	20.96	-	-	20.96	-	-	-	-	-
		-	-	-	96.16	22.37	-	-	118.53	-	-	-	-	-
<b>Financial liabilities measured at fair value</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>														
Loans and borrowings	15	-	-	-	-	-	-	23.31	23.31	-	-	-	-	-
Trade and other payables	16	-	-	-	-	-	-	172.71	172.71	-	-	-	-	-
		-	-	-	-	-	-	196.02	196.02	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

31 March, 2017

Figures in ₹ in Crore

Particulars	Note	Carrying amount							Fair value					
		Held for trading	Designated at fair value	Fair value - hedging instruments	Held -to-maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
<b>Financial assets measured at fair value</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>														
Fixed deposits	10.1	-	-	-	106.52	-	-	-	-	-	-	-	106.52	-
Security deposits	7 & 10	-	-	-	-	0.22	-	-	-	-	-	-	0.22	-
Loan to employees	7 & 10	-	-	-	-	0.85	-	-	-	-	-	-	0.85	-
Cash and cash equivalents	12	-	-	-	-	13.58	-	-	-	-	-	-	13.58	-
		-	-	-	106.52	14.65	-	-	-	-	-	-	121.17	-
<b>Financial liabilities measured at fair value</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>														
Trade and other payables	16	-	-	-	-	-	-	-	-	-	-	-	141.68	-
		-	-	-	-	-	-	-	-	-	-	-	141.68	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 31.2 Financial risk management

The Company management has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments-

- Credit risk
- Liquidity risk
- Market risk

#### 31.2.1 Credit risk

Credit risk is the risk of financial loss if a customer or counterpart to a financial instrument fails to meet its contractual obligation which arises principally from the Company's receivables from customers.

The Company makes sales on advance basis i.e. it receives advance from customers prior to sale so there is no credit risk due to uncollectibility from the customers. However, the Company maintains most of the financial assets with short-term deposits and cash and cash equivalents.

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

Financial assets	Note	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
		Taka	Taka	₹ Crore	₹ Crore
Fixed deposits	10.1	1,237,525,917	1,308,587,800	96.16	106.52
Security deposits	7 & 10	9,141,470	2,764,000	0.71	0.22
Loans to employees	7 & 10	9,034,363	10,450,221	0.70	0.85
Cash and cash equivalents	12	269,743,772	166,833,748	20.96	13.58
Total financial assets		1,525,445,522	1,488,635,769	118.53	121.18

#### 31.2.2 Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

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.

The contractual maturities of financial liabilities of the Company are as follows:

Contractual cash flows									
Year	Note	Carrying amount	Total	Upto 1 year	Above 1 year	Carrying amount	Total	Upto 1 year	Above 1 year
		Taka	Taka	Taka	Taka	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>2018</b>									
Loans and borrowings	15	300,000,000	300,000,000	300,000,000	-	23.31	23.31	23.31	-
Trade and other payables	16	2,222,763,532	2,222,763,532	2,222,763,532	-	172.72	172.72	172.72	-
<b>2017</b>									
Trade and other payables	16	1,740,557,065	1,740,557,065	1,740,557,065	-	141.69	141.69	141.69	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

**31.2.3 Market risk**

Market risk is the risk that includes changes in market price, such as foreign exchange rate, interest rates and equity prices that may 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.

**i) Currency risk**

The Company's exposures to foreign currency risk at 31 March, 2018 are as follows:

Particulars	2018	2017
	US Dollar	US Dollar
Import of goods and services	(4,919,224)	(5,152,613)
Bank balance	79,805	79,805
	(4,839,419)	(5,072,809)

The following significant exchange rates have been applied during the year:

Particulars	Average rate		Year-end spot rate		Exchange rate (USD/INR)			
					Average rate		Year-end spot rate	
	2018	2017	2018	2017	2018	2017	2018	2017
Exchange rate (USD/BDT)	81.81	78.57	83.9	79.71	64.46	64.49	65.18	63.87

**ii) Foreign exchange rate sensitivity analysis**

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies.

A 1% change in foreign exchange rates would have increased/(decreased) equity and profits or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

Particulars	Effect in BDT				Effect in INR			
	Profit/(loss)		Equity		Profit/(loss)		Equity	
	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2018</b>								
USD (1% movement)	(4,060,273)	4,060,273	(4,060,273)	4,060,273	(3,154,213)	3,154,213	(3,154,213)	3,154,213
<b>31 March 2017</b>								
USD (1% movement)	(4,043,536)	4,043,536	(4,043,536)	4,043,536	(3,240,066)	3,240,066	(3,240,066)	3,240,066

**iii) Interest rate risk**

Interest rate risk is the risk that arises due to changes in interest rates. The Company is not exposed to fluctuations in interest rates as it has no floating interest rate bearing financial liability as at the reporting date. The Company has not entered into any agreement involving derivative instrument at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

As at 31 March 2018, the interest rate profile of the Company's interest bearing financial instruments was:

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
<b>Fixed rate instruments</b>				
Financial assets				
Fixed deposit receipts	1,456,980,201	1,382,426,576	113.21	112.53
Financial liabilities	300,000,000	-	23.31	-
<b>Variable rate instruments</b>				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-

### 32. Value of import calculated on CIF Basis

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
Materials and finished goods	3,237,870,800	2,431,319,139	251.58	197.91
Capital goods	27,881,291	96,801,369	2.17	7.88
	3,265,752,091	2,528,120,508	253.75	205.79

### 33. Expenditure in foreign currency

Particulars	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
General and technical assistance fees	76,822,856	54,071,433	5.97	4.40
Professional consultation fees	3,301,685	14,719,725	0.26	1.20
	80,124,541	68,791,158	6.23	5.60

### 34. 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, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	Taka	Taka	₹ Crore	₹ Crore
Final dividend for 2015-2016	-	127,575,000	-	10.38
1st interim dividend for 2016-2017	-	382,725,000	-	31.15
2nd interim dividend for 2016-2017	-	765,450,000	-	62.31
Final dividend for 2016-2017	127,575,000	-	9.91	-
1st interim dividend for 2017-2018	637,875,000	-	49.56	-
2nd interim dividend for 2017-2018	637,875,000	-	49.56	-
	1,403,325,000	1,275,750,000	109.03	103.84

### 35 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.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March, 2018

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 years ended 31 March 2018 and 2017.

### 36 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.

### 37 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 256 (previous year: 252) among them 44 employees left from Marico Bangladesh Limited and total 213 (previous year: 212) employees existed as at 31 March 2018.

### 38 Subsequent events

For the year ended 31 March 2018 the Board of Directors recommended final cash dividend @ 100% per share at 99th Board of Directors Meeting held on 25 April 2018.

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

### 39 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
39.1	Foreign currency transactions
39.2	Property, plant and equipment
39.3	Intangible assets
39.4	Inventories
39.5	Financial instruments
39.6	Share capital
39.7	Dividend to the equity holders
39.8	Employee benefits
39.9	Accruals
39.10	Provisions
39.11	Property, plant and equipment
39.12	Revenue
39.13	Finance income and finance cost
39.14	Lease
39.15	Impairment
39.16	Contingencies
39.17	Earnings per share
39.18	Events after the reporting period

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 39.1 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.

### 39.2 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

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:

<b>Assets</b>	<b>Depreciation rate</b>
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%

#### 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/BAS 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.

### 39.3 **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 BAS 38 Intangible assets. Intangible assets include cost of acquisition of computer software, intellectual property, copyright and other costs incidental to such capital expenditure.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 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.

## 39.4 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.

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

## 39.5 Financial instruments

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial instrument comprises any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-derivative financial instruments comprise of investments in shares and term deposit, trade and other receivables, cash and cash equivalents, trade and other payables, share capital and interest-bearing borrowings.

### i) Financial assets

The Company initially recognises receivables and deposits issued on the date when they are originated. All other financial assets are initially recognised on the trade date.

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 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

The Company's financial assets comprise short term investment, refundable deposits, loans to employees and cash and cash equivalents.

### 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 classified as held-to-maturity. 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.

### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value. An investment normally meets the definition of a cash equivalent when it has a maturity of three months or less from the date of acquisition.

### ii) Financial liabilities

The Company initially recognises financial liabilities on the transaction date at which the Company becomes a party to the contractual provisions of the liability. The Company's financial liabilities comprise loans and borrowings, trade and other payable.

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

### Trade and other payables

The Company's financial liabilities comprise trade and other payables which consist of payable against raw material, packing material, payable against transport and service, payable against royalty, general and technical assistance fees, payable against ASP and SLI activities, purchase of capital goods and for FOH expenses. These payables are classified as other financial liabilities.

The Company recognises such financial liability 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 benefits.

### 39.6 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 39.7 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.

### 39.8 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.

#### ii) Defined benefit plans (Gratuity)

The Company operates 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 22 July 2013 and the trust deed.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 39.9 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.

### 39.10 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.

### 39.11 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 2017 i.e 25% (2016: 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.

### 39.12 Revenue

Revenue is recognised when the risk and reward of the ownership is transferred to the buyer, recovery of the consideration is probable, the associated cost and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods sold and the amount of revenue can be measured reliably. Transfer of risk and rewards occurs for the sale of goods when the product is delivered along with dispatch documents and invoiced to customers. Revenue from sale of goods is measured at fair value of the consideration received or receivable net off return and allowance, volume rebates and value added tax.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 39.13 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.

#### ii) 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.

### 39.14 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.

### 39.15 Impairment

#### i) Financial assets (non-derivative)

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

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 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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 39.16 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.

### 39.17 Earnings per share

The Company represents 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.

### 39.18 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, 2018)

Mr. Naveen Pandey  
Mr. Gaurav Sarda (w.e.f. April 24, 2017)  
Mr. Vivek Karve (till October 25, 2017)  
Mr. Pawan Agrawal (till April 24, 2017)  
Mr. Mohammad Iqbal Chowdhury (till July 17, 2017)  
Mr. Elias Ahmed (w.e.f. November 1, 2017)  
Mr. Md. Ismail (w.e.f July 17, 2017)

**Registered Office**

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

**Auditors**

Ahmed Mashuque & Co.

**Bankers**

Citi N.A.

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

## Report on the Financial Statements

We have audited the accompanying financial statements of MBL Industries Limited ("the Company") which comprise the balance sheet as at 31 March 2018, and the profit and loss account, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh 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.

## 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 Bangladesh Standards on Auditing. Those standards require that we comply with the 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 auditors' 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 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 the 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 present fairly, in all material respects, the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

## Report on Other Legal and Regulatory Requirements

In accordance with the applicable sections of the Companies Act, 1994 we also report that:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose 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 balance sheet and profit and loss account dealt with by the report are in agreement with the books of account.

**Dated, 25 April 2018**  
**Dhaka**

**Ahmed Mashuque & Co.**  
**Chartered Accountants**



## BALANCE SHEET

As at 31 March, 2018

Particulars	Note	As at March 31,		As at March 31,	
		2018	2017	2018	2017
		Taka	Taka	₹Crore	₹Crore
<b>Assets</b>					
<b>Non current assets</b>		-	-	-	-
Cash and cash equivalents	5	8,035,017	8,425,490	0.62	0.69
<b>Total current assets</b>		<b>8,035,017</b>	<b>8,425,490</b>	<b>0.62</b>	<b>0.69</b>
<b>Total assets</b>		<b>8,035,017</b>	<b>8,425,490</b>	<b>0.62</b>	<b>0.69</b>
<b>Equity &amp; Liabilities</b>					
<b>Equity</b>					
Share capital	6	1,000,000	1,000,000	0.08	0.08
Retained earnings		4,003,933	4,127,286	0.31	0.33
<b>Total equity</b>		<b>5,003,933</b>	<b>5,127,286</b>	<b>0.39</b>	<b>0.41</b>
<b>Liabilities</b>					
<b>Non current liabilities</b>					
Payable for expenses	7	934,922	963,672	0.07	0.08
Other payable	8	26,250	-	0.00	-
Current tax liabilities	9	2,069,912	2,334,532	0.16	0.19
<b>Total current liabilities</b>		<b>3,031,084</b>	<b>3,298,204</b>	<b>0.23</b>	<b>0.27</b>
<b>Total liabilities</b>		<b>3,031,084</b>	<b>3,298,204</b>	<b>0.23</b>	<b>0.27</b>
<b>Total equity and liabilities</b>		<b>8,035,017</b>	<b>8,425,490</b>	<b>0.62</b>	<b>0.68</b>

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

As per our annexed report of same date.

Dated: 25 April, 2018  
Dhaka

Ahmed Mashuque & Co.  
Chartered Accountants

Note: The exchange rate use to convert Taka to ₹ 0.777 (Previous year Taka to ₹ 0.814)

## PROFIT AND LOSS ACCOUNT

For the year ended 31 March, 2018

Particulars	Note	As at March 31,		As at March 31,	
		2018	2017	2018	2017
		Taka	Taka	₹Crore	₹Crore
Revenue		-	-	-	-
Cost of sales		-	-	-	-
<b>Gross profit</b>		-	-	-	-
General and administrative expenses	10	(123,353)	(420,200)	(0.01)	(0.03)
Other income	11	-	3,960,792	-	0.32
<b>Net operating profit</b>		<b>(123,353)</b>	<b>3,540,592</b>	<b>(0.01)</b>	<b>0.29</b>
Net finance (expense)/income	12	-	(350,811)	-	(0.03)
<b>Net profit before income tax</b>		<b>(123,353)</b>	<b>3,189,781</b>	<b>(0.01)</b>	<b>0.26</b>
<b>Income tax expense</b>					
Current tax (expense)/income	13	-	(1,075,611)	-	(0.09)
<b>Net profit after income tax</b>		<b>(123,353)</b>	<b>2,114,170</b>	<b>(0.01)</b>	<b>0.17</b>

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

As per our annexed report of same date.

Dated: 25 April, 2018  
Dhaka

**Ahmed Mashuque & Co.**  
**Chartered Accountants**

Note: The exchange rate use to convert Taka to ₹ 0.777 (Previous year Taka to ₹ 0.814)

## STATEMENT OF CASH FLOWS

For the year ended 31 March, 2018

Particulars	As at March 31,		As at March 31,	
	2018	2017	2018	2017
	Taka	Taka	₹Crore	₹Crore
<b>Cash flows from operating activities</b>				
Net profit/(loss) before income tax	(123,353)	3,189,782	(0.01)	0.26
(Decrease)/Increase in payable for expenses	(28,750)	343,417	(0.00)	0.03
(Decrease)/Increase in other payable	26,250	(3,609,981)	0.00	(0.29)
<b>Cash generated from/(used in) operating activities</b>	<b>(125,853)</b>	<b>(76,782)</b>	<b>(0.01)</b>	<b>(0.00)</b>
Income tax paid	(264,620)	(852,643)	(0.02)	(0.07)
Net cash generated from/(used in) operating activities	(390,473)	(929,425)	(0.03)	(0.07)
<b>Cash flows from investing activities</b>	-	-	-	-
<b>Cash flows from financing activities</b>	-	-	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(390,473)</b>	<b>(929,425)</b>	<b>(0.03)</b>	<b>(0.07)</b>
Opening cash and cash equivalents	8,425,490	9,354,915	0.65	0.76
Closing cash and cash equivalents	8,035,017	8,425,490	0.62	0.69

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March, 2018

Particulars	Share capital	Retained earnings	Total	Share capital	Retained earnings	Total
	Taka	Taka	Taka	₹ Crore	₹ Crore	₹ Crore
Balance as at 1 April 2016	1,000,000	2,013,116	3,013,116	0.08	0.16	0.24
Profit for the year	-	2,114,170	2,114,170	-	0.17	0.17
Balance as at 31 March 2017	1,000,000	4,127,286	5,127,286	0.08	0.33	0.41
Balance as at 1 April 2017	1,000,000	4,127,286	5,127,286	0.08	0.32	0.40
Loss for 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

Note: The exchange rate use to convert Taka to ₹ 0.777 (Previous year Taka to ₹ 0.814)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

## 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 Bangladesh 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 25 April 2018.

### 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 2017 to 31 March 2018 (12 Months).

### 2.6 Use of estimates and judgments

The preparation of the financial statements in conformity with Bangladesh 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 *BAS 7: Statement of cash flows* under indirect method.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

## 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.

#### ***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 classified as held-to-maturity. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

## ***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.

### **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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 4. Comparative information

Comparative information have been disclosed for (for 12 months covering period from 1 April 2016 to 31 March 2017) all numerical information in the financial statements when it is relevant for understanding the current period's financial statements.

### 5. Cash and cash equivalents

Particulars	31-Mar-18 Taka	31-Mar-17 Taka
Cash at banks:		
Citibank, N.A.	8,035,017	8,425,490
	8,035,017	8,425,490
	31-Mar-18 ₹Crore	31-Mar-17 ₹Crore
Cash at banks:		
Citibank, N.A.	0.62	0.69
	0.62	0.69

### 6. Share capital

Particulars	31-Mar-18 Taka	31-Mar-17 Taka
<b>Authorised</b>		
1,000,000 Ordinary shares of Tk 10 each	10,000,000	10,000,000
<b>Issued, subscribed and paid-up</b>		
100,000 Ordinary shares of Tk 10 each fully paid up in cash	1,000,000	1,000,000
<b>Shareholding position of the Company is as follows</b>		
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-18 ₹ Crore	31-Mar-17 ₹ Crore
<b>Authorised</b>		
1,000,000 Ordinary shares of Tk 10 each	0.78	0.81
<b>Issued, subscribed and paid-up</b>		
100,000 Ordinary shares of Tk 10 each fully paid up in cash	0.08	0.08
<b>Shareholding position of the Company is as follows</b>		
Marico Middle East FZE (MME)	0.08	0.08
Directors (as joint holders with MME)	0.00	0.00
	0.08	0.08

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 7 Payable for expenses

Particulars	As at March 31,		As at March 31,	
	2018	2017	2018	2017
	Taka	Taka	₹ Crore	₹ Crore
Audit fees	57,500	115,000	0.00	0.01
Services	877,422	848,672	0.07	0.07
	<b>934,922</b>	<b>963,672</b>	<b>0.07</b>	<b>0.08</b>

### 8 Other payable

Particulars	As at March 31,		As at March 31,	
	2018	2017	2018	2017
	Taka	Taka	₹ Crore	₹ Crore
Withholding tax and VAT payable	26,250	-	0.00	-

### 9 Current tax liabilities

Particulars	As at March 31,		As at March 31,	
	2018	2017	2018	2017
	Taka	Taka	₹ Crore	₹ Crore
Provision for income tax (Note 9.1)	5,438,646	5,438,646	0.42	0.44
Advance income tax (Note 9.2)	(3,368,734)	(3,104,114)	(0.26)	(0.25)
	<b>2,069,912</b>	<b>2,334,532</b>	<b>0.16</b>	<b>0.19</b>

#### 9.1 Provision for tax

Opening balance	5,438,646	41,208,502	0.42	3.35
Add: Provision made during the period	-	1,075,611	-	0.09
Less: Adjustment for completed assessments	-	(36,845,467)	-	(3.00)
	<b>5,438,646</b>	<b>5,438,646</b>	<b>0.42</b>	<b>0.44</b>

#### 9.2 Advance income tax

Opening balance	3,104,114	39,096,938	0.24	3.18
Add: Advance income tax paid during the period	264,620	852,643	0.02	0.07
Less: Adjustment for completed assessments	-	(36,845,467)	-	(3.00)
	<b>3,368,734</b>	<b>3,104,114</b>	<b>0.26</b>	<b>0.25</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 10 General and administrative expenses

Particulars	As at March 31,		As at March 31,	
	2018	2017	2018	2017
	Taka	Taka	₹ Crore	₹ Crore
Professional charges	30,000	346,918	0.00	0.02
Statutory audit fees	57,500	57,500	0.01	0.01
Bank charges	2,500	2,930	0.00	0.00
License fees	5,261	5,328	0.00	0.00
Legal fees	28,092	7,524	0.00	0.00
	<b>123,353</b>	<b>420,200</b>	<b>0.01</b>	<b>0.03</b>

### 11 Other income

Particulars	As at March 31,		As at March 31,	
	2018	2017	2018	2017
	Taka	Taka	₹ Crore	₹ Crore
Write back of bank guarantee commission	-	3,960,792	-	0.32
	-	3,960,792	-	0.32

### 12 Net finance (expense)/income

Particulars	As at March 31,		As at March 31,	
	2018	2017	2018	2017
	Taka	Taka	₹ Crore	₹ Crore
Foreign exchange loss	-	(350,811)	-	(0.03)
	-	(350,811)	-	(0.03)

### 13 Current tax expenses

Particulars	As at March 31,		As at March 31,	
	2018	2017	2018	2017
	Taka	Taka	₹ Crore	₹ Crore
Current year tax expense	-	1,075,611	-	0.09
	-	1,075,611	-	0.09

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 14 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.

#### 14.1 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,			
		2018	2017	2018	2017
		Taka	Taka	₹ Crore	₹ Crore
Cash and cash equivalents	5	80,35,017	84,25,490	0.62	0.69
		80,35,017	84,25,490	0.62	0.69

#### 14.2 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, 2018

The following are the contractual maturities of financial liabilities:

Particulars	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
<b>As at 31 March 2018</b>								
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
		Taka	Taka	Taka	Taka	Taka	Taka	Taka
<b>As at 31 March 2017</b>								
Payable for expenses	7	963,672	963,672	963,672	-	-	-	-
Other payable	8	-	-	-	-	-	-	-
		963,672	963,672	963,672	-	-	-	-

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
<b>As at 31 March 2018</b>								
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	-	-	-	-

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
<b>As at 31 March 2017</b>								
Payable for expenses	7	0.08	0.08	0.08	-	-	-	-
Other payable	8	-	-	-	-	-	-	-
		0.08	0.08	0.08	-	-	-	-

### 14.3 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.

#### 14.3.1 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 2018.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 14.3.2 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.

### 15 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.

### 16 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 2018		As at 31 March 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
<b>Financial assets</b>				
<b>Asset carried at fair value through profit or loss</b>				
Held to maturity assets	–	–	–	–
<b>Loans and receivables</b>				
Cash and cash equivalents	8,035,017	8,035,017	8,425,490	8,425,490
<b>Available for sale financial assets</b>	–	–	–	–
<b>Financial liabilities</b>				
<b>Liabilities carried at fair value through profit or loss</b>	–	–	–	–
<b>Liabilities carried at amortised costs</b>				
Payable for expenses	934,922	N/A*	963,672	N/A*
Other payable	26,250	N/A*	–	N/A*

Particulars	As at 31 March 2018		As at 31 March 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Financial assets</b>				
<b>Asset carried at fair value through profit or loss</b>				
Held to maturity assets	–	–	–	–
<b>Loans and receivables</b>				
Cash and cash equivalents	0.62	0.62	0.69	0.69
<b>Available for sale financial assets</b>	–	–	–	–
<b>Financial liabilities</b>				
<b>Liabilities carried at fair value through profit or loss</b>	–	–	–	–
<b>Liabilities carried at amortised costs</b>				
Payable for expenses	0.07	N/A*	0.08	N/A*
Other payable	0.00	N/A*	–	N/A*

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

- \* Determination of fair value is not required as per the requirements of BFRS 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.

### 17 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.

### 18 Capital expenditure commitment

There is no such commitment as at 31 March 2018.

### 19 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, 2018)

Mr. Vivek Karve  
Mr. Saugata Gupta  
Mr. Ashish Modak  
Mr. Durgesh Chugh (w.e.f. May 8, 2017)  
Mr. Zakir Mansoori (from May 8, 2017 till October 1, 2017)  
Mr. Ashish Joshi (w.e.f. May 8, 2017)

### **Secretary, Manager & Negotiator**

Mr. Prasad Shinde (w.e.f. May 8, 2017)

### **Registered Office**

Office No. LOB 15326, 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

## Qualified opinion

We have audited the financial statements of Marico Middle East FZE ("the Company"), which comprise the statement of financial position as at 31 March 2018, the statement of profit or loss and other comprehensive income, changes in equity and cash flow for the year then ended and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

## Basis for Qualified Opinion

The Company has not consolidated its subsidiaries namely MEL Consumer Care Company, Egypt American Investment and Industrial Development Company, Marico Malaysia SDN. BHD and MBL Industries Limited which were acquired in the prior years. These investments are accounted for on a cost basis. Under IFRS 10 Consolidated Financial Statements, the Company should have consolidated these subsidiaries. Had MEL Consumer Care Company, Egypt American Investment and Industrial Development Company, Marico Malaysia SDN. BHD and MBL Industries Limited, been consolidated, many elements in the accompanying financial statements would have been materially affected. The effects on the financial statements of the failure to consolidate have not been determined.

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 ethical requirements that are relevant to our audit of the financial statements in IESBA code, 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 qualified opinion.

## Other Matter:

The financial statements of the Company as at and for the year ended 31 March, 2017 were audited by another auditor who expressed a qualified opinion on those statements on 19th July, 2017 due to their disagreement on non-consolidation of subsidiaries as per IFRS 10 "Consolidated financial statements".

Responsibilities of management and Those Charged with Governance for the Financial Statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and their preparation in compliance with the applicable provision of The Jebel Ali Free Zone companies Implementing Regulation 2016, and for such internal control as management determines is necessary to enable the preparation the financial statement 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 operation, or as to realistic alternative but to do so.

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risk of material misstatements 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 misstatements resulting from fraud is higher than for one resulting omissions, misrepresentations, or the override of internal controls.
- 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 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 exist related to events or condition 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 a attention in our auditors' report to 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 to the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that archives fair presentations.

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

## Report on Legal and Regulatory Requirements

Except for the matter described in the Basis of Qualified Opinion section of our report, we further report that the financial statements comply, in all material respects, with the applicable provision of the Jebel Ali Free Zone Companies Implementing Regulations 2016.

**KPMG Lower Gulf Limited**

24 June, 2018

Fawzi AbuRass  
Registration No.: 968  
Dubai, UAE



**STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2018

Particulars	Note	As at March 31,			
		2018 AED	2017 AED	2018 ₹ Crore	2017 ₹ Crore
<b>ASSETS</b>					
<b>Non-current assets</b>					
Equipment and vehicles	7	35,370	94,053	0.06	0.17
Investments in subsidiaries	8	-	422,294	-	0.75
		<b>35,370</b>	<b>516,347</b>	<b>0.06</b>	<b>0.91</b>
<b>Current assets</b>					
Inventories		-	241,815	-	0.43
Trade and other receivables	9	30,561,390	22,280,325	54.23	39.34
Advance to a subsidiary	10	6,791,900	2,017,000	12.05	3.56
Due from related parties	10	4,551,172	4,493,556	8.08	7.93
Cash at bank and in hand	11	197,145	1,761,172	0.35	3.11
		<b>42,101,607</b>	<b>30,793,868</b>	<b>74.71</b>	<b>54.37</b>
<b>Current liabilities</b>					
Trade and other payables	12	37,299,816	39,187,803	66.19	69.19
Due to related parties	10	23,455,860	16,302,518	41.62	28.78
Bank borrowings	13	80,230,820	71,235,368	142.37	125.77
		<b>140,986,496</b>	<b>126,725,689</b>	<b>250.18</b>	<b>223.75</b>
<b>Net current liabilities</b>					
		<b>(98,884,889)</b>	<b>(95,931,821)</b>	<b>(175.47)</b>	<b>(169.38)</b>
<b>Non-current liabilities</b>					
Staff terminal benefits	14	(1,080,294)	(1,458,437)	(1.92)	(2.58)
<b>Net liabilities</b>					
		<b>(99,929,813)</b>	<b>(96,873,911)</b>	<b>(177.33)</b>	<b>(171.04)</b>
<b>Represented by:</b>					
Share capital	15	22,000,000	22,000,000	39.04	38.84
Accumulated losses		(121,929,813)	(118,873,911)	(216.36)	(209.88)
<b>Total shareholder's equity</b>					
		<b>(99,929,813)</b>	<b>(96,873,911)</b>	<b>(177.33)</b>	<b>(171.04)</b>

The notes on pages 9 to 26 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

\_\_\_\_\_  
Director

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

The exchange rate use to convert AED to ₹ 17.745 (Previous year AED to ₹ 17.656)

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March, 2018

Particulars	Note	Year ended March 31,			
		2018	2017	2018	2017
		AED	AED	₹ Crore	₹ Crore
<b>Revenue</b>		<b>201,711,593</b>	107,353,862	<b>357.94</b>	189.54
Cost of sales		<b>(170,351,910)</b>	(69,371,074)	<b>(302.29)</b>	<b>(122.48)</b>
<b>Gross profit</b>		<b>31,359,683</b>	37,982,788	<b>55.65</b>	67.06
Administrative, selling and general expenses	5	<b>(31,720,786)</b>	(44,539,687)	<b>(56.29)</b>	(78.64)
Finance expense	6	<b>(2,835,307)</b>	(2,240,223)	<b>(5.03)</b>	(3.96)
Finance income	6	<b>1,265</b>	5,121	<b>0.01</b>	0.01
Other income		<b>139,243</b>	154,522	<b>0.25</b>	0.27
<b>Loss for the year</b>		<b>(3,055,902)</b>	(8,637,479)	<b>(5.42)</b>	(15.25)
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive loss for the year</b>		<b>(3,055,902)</b>	(8,637,479)	<b>(5.42)</b>	(15.25)

The note on pages 9 to 26 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 ₹ 17.745 (Previous year AED to ₹ 17.656)

**STATEMENT OF CASH FLOWS**

For the year ended 31 March, 2018

Particulars	Year ended March 31,			
	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
<b>Operating activities</b>				
Loss for the year	(3,055,902)	(8,637,479)	(5.42)	(15.25)
<i>Adjustments for:</i>				
Impairment of investment in subsidiaries	422,294	-	0.75	-
Depreciation charge for the year	90,446	91,934	0.16	0.16
Provision for staff terminal benefits	48,995	446,496	0.09	0.79
Loss on disposal of equipment and vehicles	-	598	-	0.00
Interest expense	1,827,459	1,086,862	3.24	1.92
<i>Operating loss before working capital changes</i>	<b>(666,708)</b>	<b>(7,011,589)</b>	<b>(1.18)</b>	<b>(12.38)</b>
Changes in inventories	241,815	1,179,058	0.43	2.08
Changes in trade and other receivables	(8,281,065)	10,123,865	(14.69)	17.87
Changes in due from related parties	(57,616)	(1,736,824)	(0.10)	(3.07)
Changes in trade and other payables	(1,887,987)	(5,552,959)	(3.35)	(9.80)
Changes in due to related parties	7,153,342	1,208,962	12.69	2.13
Staff terminal benefits paid	(427,138)	(226,853)	(0.76)	(0.40)
<i>Net cash used in operating activities</i>	<b>(3,925,357)</b>	<b>(2,016,340)</b>	<b>(6.97)</b>	<b>(3.56)</b>
<b>Investing activities</b>				
Acquisition of equipment and vehicles	(31,763)	(20,182)	(0.06)	(0.04)
Advance to a subsidiary - net	(4,774,900)	1,285,550	(8.47)	2.27
<i>Net cash (used in)/from investing activities</i>	<b>(4,806,663)</b>	<b>1,265,368)</b>	<b>(8.53)</b>	<b>2.23)</b>
<b>Financing activity</b>				
Net movement in bank borrowings	7,340,000	-	13.02	
Interest paid	(1,827,459)	(1,086,862)	(3.24)	(1.92)
<i>Net cash from/(used in) investing activity</i>	<b>5,512,541)</b>	<b>(1,086,862)</b>	<b>9.78)</b>	<b>(1.92)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,219,479)</b>	<b>(1,837,834)</b>	<b>(5.71)</b>	<b>(3.24)</b>
Cash and cash equivalents at the beginning of the year	(18,046,196)	(16,208,362)	(32.02)	(28.62)
<b>Cash and cash equivalents at the end of the year</b>	<b>(21,265,675)</b>	<b>(18,046,196)</b>	<b>(37.74)</b>	<b>(31.86)</b>
These comprise:				
Cash in hand	4,825	26,672	0.01	0.05
Cash at bank	192,320	1,734,500	0.34	3.06
Bank overdraft	(21,462,820)	(19,807,368)	(38.09)	(34.97)
	<b>(21,265,675)</b>	<b>(18,046,196)</b>	<b>(37.74)</b>	<b>(31.86)</b>

The note on pages 9 to 26 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 ₹ 17.745 (Previous year AED to ₹ 17.656)

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March, 2018

Particulars	Share capital	Accumulated losses	Total	Share capital	Accumulated Losses	Total
	AED	AED	AED	₹ Crore	₹ Crore	₹ Crore
At 1 April, 2016	22,000,000	(110,236,432)	(88,236,432)	39.68	(198.83)	(159.15)
<b>Total comprehensive loss for the year</b>						
Loss for the year	-	(8,637,479)	(8,637,479)		(15.25)	(15.25)
Total comprehensive loss for the year	-	(8,637,479)	(8,637,479)		(15.25)	(15.25)
At 31 March, 2017	<b>22,000,000</b>	<b>(118,873,911)</b>	<b>(96,873,911)</b>	<b>38.84</b>	<b>(209.88)</b>	<b>(171.04)</b>
At 1 April 2017	22,000,000	(118,873,911)	(96,873,911)	38.84	(209.88)	(171.04)
<b>Total comprehensive loss for the year</b>						
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)
<b>As at 31 March 2018</b>	<b>22,000,000</b>	<b>(121,929,813)</b>	<b>(99,929,813)</b>	<b>39.04</b>	<b>(215.28)</b>	<b>(177.33)</b>

The note on pages 9 to 26 are integral part of these financial statements.

The exchange rate use to convert AED to ₹ 17.745 (Previous year AED to ₹ 17.656)

## NOTES TO 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 TPOFCB0333,LOB 15326, Jebel Ali Free Zone , PO Box 50394, Dubai, United Arab Emirates.

The principal activity of the Company is 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 3,055,902 (2017: AED 8,637,479) during the year ended 31 March 2018, had net current liabilities amounting to AED 98,884,889 (2017: AED 95,931,821), accumulated losses of AED 121,929,813 (2017: AED 118,873,911) and negative equity amounting to AED 99,929,813 (2017: AED 96,873,911) 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").

#### 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 IFRSs requires management to make judgments, 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are discussed in note 18.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Significant accounting policies

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

#### Revenue recognition

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 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. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

#### Equipment and vehicles

##### *Recognition and measurement*

Equipment and vehicles are carried at cost less accumulated depreciation and any accumulated impairment losses.

The gain or loss arising on the disposal or retirement of an item of equipment and vehicles is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

##### *Subsequent costs*

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

##### *Depreciation*

Depreciation is calculated using the straight-line method to allocate the assets' cost over their estimated useful lives. Estimated useful lives for current and prior year is as follows:

	Years
Equipment	3
Fixture and fittings	8
Motor vehicles	10

The estimated useful lives and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

#### Financial instruments

The Company classifies non-derivative financial assets and non-derivative financial liabilities into loans and receivables and other financial liabilities categories, respectively.

#### ***Non-derivative financial assets and financial liabilities – recognition and derecognition***

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets and financial liabilities are recognized initially on the trade date. 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 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 separate asset or liability.

## NOTES TO THE FINANCIAL STATEMENTS

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### **Non- derivative financial assets – measurement**

#### *Loans and receivables*

These assets are initially recognized 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 comprise trade and other receivables, advance to a subsidiary and due from related parties.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, cash at bank and bank overdraft balances.

### **Non- derivative financial liabilities - measurement**

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

Other financial liabilities comprise trade and other payables, due to related parties and bank borrowings.

### **Impairment**

#### **Non-derivative financial assets**

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

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 and adverse changes in the payment status of borrowers or issuers.

#### *Financial assets measured at amortized cost*

The Company considers evidence of impairment for financial assets measured at amortized cost (loans and receivables) at both specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet 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 trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost 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 recognized in profit or loss and reflected in an allowance account against loans and receivables. When an event occurring after the impairment is recognized causing the amount of impairment to decrease, the decrease in impairment loss is reversed through profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### **Non-financial assets**

The carrying amounts of the Company's non-financial assets, 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. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated 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. In assessing value in use, the estimated future cash flows are 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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash flows of other assets or CGUs.

Impairment losses are recognized 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 amortization, if no impairment loss had been recognized.

### **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.

### **Finance expenses and income**

Finance expenses comprise of interest on bank borrowings and bank charges. Interest on bank borrowings is recognised as it accrues in profit or loss, using the effective interest method.

Finance income comprises of interest on staff loan and miscellaneous interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method

### **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 year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.



## NOTES TO THE FINANCIAL STATEMENTS

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.

### **New standards and interpretations not yet effective**

A number of new standards are effective for annual periods beginning after 1 April 2017 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements. The new standards which may be relevant to the Company have been set out below.

#### *IFRS 9 Financial Instruments*

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets. IFRS 9 also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The final version of IFRS 9 is effective for annual periods beginning on or after 1 April 2018.

#### *i) Classification – Financial assets*

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Based on internal assessment, the Company does not believe that the new classification requirements will have a material impact on its accounting for financial assets.

#### *ii) Impairment*

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI), except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset’s credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the Company has a choice to apply this policy also for trade receivables and contract assets with a significant financing component.

## NOTES TO THE FINANCIAL STATEMENTS

The estimated ECL will be calculated based on actual credit loss experience. The Company will perform the calculation of ECL rates separately for different types of customers including related parties.

Actual credit loss experience will be adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables and related party balances.

Based on internal assessment, the Company does not believe that the application of IFRS 9's impairment requirements as at 1 April 2018 will have a material impact on its financial statements.

### *IFRS 15 Revenue from contracts with customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 April 2018.

Based on internal assessment, the Company does not believe that the application of IFRS 15's requirements as at 1 April 2018 will have a material impact on its financial statements.

### *IFRS 16 Leases*

IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 Leases. Under this revised guidance, leases will be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. It further removes the classification of leases as either operating leases or finance leases treating all leases as finance leases from the perspective of the lessee, thereby eliminating the requirement for lease classification test. The revised guidance has an increased focus on who controls the asset and may change which contracts are leases. IFRS 16 is effective for annual periods beginning on or after 1 April 2019.

Management is currently in the process of assessing the impact of IFRS 16 to the accounting, disclosures and presentation requirement in the financial statement.

## 4 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 senior management is responsible for developing and monitoring the Company's risk management policies. The Company's senior management reports to the Board of Directors on its activities.

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

## NOTES TO THE FINANCIAL STATEMENTS

### **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to trade and other receivables, due from related parties and cash at banks.

#### *Trade 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 and country, in which customers operate, has less of an influence on credit risk. The Company does not have significant exposure to any individual customer or counter-party that has not otherwise been mitigated.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including ageing profile, maturity and existence of previous financial difficulties. Furthermore, the Company seeks to limit its credit risk with respect to customers by reviewing credit to individual customers by tracking their historical business relationship and default risk.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures in respect of losses that have been incurred but not yet identified.

#### *Amount due from related parties*

Amount due from related parties are considered recoverable by the management.

#### *Cash at bank*

Bank balances are with local and international banks of good repute.

### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset or that such obligation will have to be settled in a manner disadvantageous to the Company. 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. Liquidity risk mainly relates to trade and other payables, due to related parties and bank borrowings.

### **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.

#### *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 bank borrowings is subject to change in bank commercial rates.

## NOTES TO THE FINANCIAL STATEMENTS

### 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.

### 5 Administrative, selling and general expenses

Particulars	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
Advertising and promotions	16,333,203	25,853,124	28.98	45.65
Staff costs	7,725,025	11,128,219	13.71	19.65
Royalty charged by Parent Company (refer note 10)	1,787,419	1,660,160	3.17	2.93
Legal and professional fees	1,231,232	1,135,345	2.18	2.00
Travel expenses	1,138,383	1,229,389	2.02	2.17
Freight, clearing and forwarding expenses	1,096,452	1,614,895	1.95	2.85
Rent	457,598	417,024	0.81	0.74
Impairment of investment in subsidiaries (refer note 8)	422,294	-	0.75	-
Repair and maintenance	372,802	286,079	0.66	0.51
Printing and stationery	330,148	335,400	0.59	0.59
Insurance	273,798	136,673	0.49	0.24
Depreciation (refer note 7)	90,446	91,934	0.16	0.16
Others	461,986	651,445	0.82	1.15
	<b>31,720,786</b>	<b>44,539,687</b>	<b>56.29</b>	<b>78.64</b>

### 6 Finance expense and income

Particulars	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
<b>Finance expense</b>				
Interest on bank borrowings	1,827,459	1,086,862	3.24	1.92
Bank charges	1,007,848	1,153,361	1.79	2.04
	<b>2,835,307</b>	<b>2,240,223</b>	<b>5.03</b>	<b>3.96</b>
<b>Finance income</b>				
Interest on staff loan	550	4,447	0.00	0.01
Miscellaneous interest income	715	674	0.01	0.00
	<b>1,265</b>	<b>5,121</b>	<b>0.01</b>	<b>0.01</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 7 Equipment and vehicles

Particulars	Equipment, fixture and fittings AED	Motor vehicles AED	Total AED	Equipment, fixture and fittings ₹ Crore	Motor vehicles ₹ Crore	Total ₹ Crore
<b>Cost</b>						
At 1 April 2016	364,894	88,171	453,065	0.66	0.16	0.82
Additions	20,182	-	20,182	0.04	-	0.04
Disposals	(4,960)	-	(4,960)	(0.01)	-	(0.01)
At 31 March 2017	380,116	88,171	468,287	0.67	0.16	0.83
At 1 April 2017	380,116	88,171	468,287	0.67	0.16	0.83
Additions	31,763	-	31,763	0.06	-	0.06
At 31 March 2018	411,879	88,171	500,050	0.73	0.16	0.89
<b>Depreciation</b>						
At 1 April 2016	221,334	65,328	286,662	0.40	0.12	0.52
Charge for the year	79,292	12,642	91,934	0.14	0.02	0.16
On disposals	(4,362)	-	(4,362)	(0.01)	-	(0.01)
At 31 March 2017	296,264	77,970	374,234	0.52	0.14	0.66
At 1 April 2017	296,264	77,970	374,234	0.53	0.14	0.68
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
<b>Net book value</b>						
<b>At 31 March 2018</b>	<b>35,370</b>	<b>-</b>	<b>35,370</b>	<b>0.06</b>	<b>-</b>	<b>0.06</b>
At 31 March 2017	83,852	10,201	94,053	0.15	0.02	0.17

## 8 Investment in subsidiaries

Particulars	2018 AED	2017 AED	2018 ₹ Crore	2017 ₹ Crore
MEL Consumer Care Company ("MELCC")	162,016	162,016	0.29	0.29
Egypt American Investment and Industrial Development Company ("EAIIDC")	12,551,836	12,551,836	22.27	22.16
Marico Malaysia SDN. BHD	19,084,000	19,084,000	33.86	33.69
MBL Industries Limited ("MBL")	53,971	53,971	0.10	0.10
	<b>31,851,823</b>	31,851,823	<b>56.52</b>	56.24
Less: Provision for impairment of investment in subsidiaries	(31,851,823)	(31,429,529)	(56.52)	(55.49)
	-	422,294	-	0.75

Movement in provision for impairment of investment in subsidiaries was as follows:

Particulars	2018 AED	2017 AED	2018 ₹ Crore	2017 ₹ Crore
At 1 April	31,429,529	31,429,529	55.77	55.49
Provision made during the year (refer note 6)	422,294	-	0.75	-
At 31 March	<b>31,851,823</b>	<b>31,429,529</b>	<b>56.52</b>	<b>55.49</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 9 Trade and other receivables

Particulars	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
Trade receivables	28,709,268	21,288,205	50.94	37.59
Prepayments	242,880	315,023	0.43	0.56
Advances to suppliers	-	71,831		0.13
Other receivables	1,609,242	605,266	2.86	1.07
	<b>30,561,390</b>	<b>22,280,325</b>	<b>54.23</b>	<b>39.34</b>

## 10 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	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
Sales of goods	128,008,667	38,300,425	227.15	67.62
Purchase of goods	47,164,902	33,314,221	83.69	58.82
Royalty charged by parent company (refer note 5)	1,787,419	1,660,160	3.17	2.93
Key management remuneration (including end of service benefits of AED 69,238 (2017: 38,115))	230,263	1,446,659	0.41	2.55

*Compensation to key management personnel:*

Key management personnel are employed by a related party and the company's share in the expense is recharged to the company.

Particulars	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
<b>Due from related parties</b>				
Marico Bangladesh Limited	4,398,721	4,165,017	7.81	7.35
Pyramid for Modern Industries	152,451	328,539	0.27	0.58
	<b>4,551,172</b>	<b>4,493,556</b>	<b>8.08</b>	<b>7.93</b>
<b>Due to related parties</b>				
Marico Limited	23,114,014	16,273,892	41.02	28.73
MEL Consumer Care Company	305,215	652	0.54	0.00
Marico Consumer Care Limited	36,631	27,974	0.07	0.05
	<b>23,455,860</b>	<b>16,302,518</b>	<b>41.62</b>	<b>28.78</b>
<b>Advance to a subsidiary</b>				
MEL Consumer Care Company	6,791,900	2,017,000	12.05	3.56

This represents in interest free advance payable on demand by MELCC.

## NOTES TO THE FINANCIAL STATEMENTS

## 11 Cash at bank and in hand

Particulars	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
Cash in hand	4,825	26,672	0.01	0.05
Cash at bank	192,320	1,734,500	0.34	3.06
	<b>197,145</b>	<b>1,761,172</b>	<b>0.35</b>	<b>3.11</b>

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

Particulars	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
Cash and bank balances	197,145	1,761,172	0.35	3.11
Bank overdrafts (refer note 13)	(21,462,820)	(19,807,368)	(38.09)	(34.97)
	<b>(21,265,675)</b>	<b>(18,046,196)</b>	<b>(37.74)</b>	<b>(31.86)</b>

## 12 Trade and other payables

Particulars	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
Trade payables	7,747,138	10,172,361	13.75	17.96
Other payables and accruals	29,552,678	29,015,442	52.44	51.23
	<b>37,299,816</b>	<b>39,187,803</b>	<b>66.19</b>	<b>69.19</b>

## 13 Trade and other payables

Particulars	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
Short term loans	58,768,000	51,428,000	104.28	90.80
Bank overdrafts (refer note 11)	21,462,820	19,807,368	38.09	34.97
	<b>80,230,820</b>	<b>71,235,368</b>	<b>142.37</b>	<b>125.77</b>

Bank borrowings represent short 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+0.6% to LIBOR+ 0.9 % per annum (2017: LIBOR+0.6% to LIBOR+1.1% per annum). These bank borrowings are secured by corporate guarantee issued by the Parent Company.

## 14 Staff terminal benefits

The movement in staff terminal benefits was as follows:

Particulars	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
At the beginning of the year	1,458,437	1,238,794	2.58	2.23
Add: provision made during the year	48,995	446,496	0.09	0.79
Less: payments made ring the year	(427,138)	(226,853)	(0.76)	(0.40)
At the end of the year	<b>1,080,294</b>	<b>1,458,437</b>	<b>1.92</b>	<b>2.58</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 15 Share capital

Particulars	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
Authorised, issued and fully paid up: 22 shares of AED 1,000,000	<b>22,000,000</b>	22,000,000	<b>39.04</b>	38.84

## 16 Contingent liabilities and capital commitments

Particulars	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
Financial guarantees	<b>50,000</b>	-	<b>0.09</b>	-

## Operating lease commitment

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

Particulars	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
Not later than 1 year	<b>303,718</b>	303,718	<b>0.54</b>	0.54

## 17 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	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
Trade receivables	<b>28,709,268</b>	21,288,205	<b>50.94</b>	37.59
Deposits and other receivables	<b>1,609,242</b>	605,266	<b>2.86</b>	1.07
Advance to a subsidiary	<b>6,791,900</b>	2,017,000	<b>12.05</b>	3.56
Due from related parties	<b>4,551,172</b>	4,493,556	<b>8.08</b>	7.93
Cash at bank	<b>192,320</b>	1,734,500	<b>0.34</b>	3.06
	<b>41,853,902</b>	30,138,527	<b>74.27</b>	53.21



## NOTES TO THE FINANCIAL STATEMENTS

The ageing of trade receivables at the reporting date was:

Particulars	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
Not past due	21,001,181	15,306,811	37.27	27.03
Past due (0-60 days)	7,708,087	5,981,395	13.68	10.56
	<b>28,709,268</b>	<b>21,288,205</b>	<b>50.94</b>	<b>37.59</b>

At 31 March 2018, the company does not have any provision for impairment loss on its trade receivable (2017: Nil). Based on historic default rates, the company believe that no impairment allowance is necessary in respect of trade receivables.

#### 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					
	In AED			₹ Crore		
	Carrying amount	Contractual cash flow	Less than 1 year	Carrying amount	Contractual cash flow	Less than 1 year
<b>Non-derivative financial liabilities</b>						
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
	<b>140,986,496</b>	<b>143,393,421</b>	<b>143,393,421</b>	<b>250.18</b>	<b>254.45</b>	<b>254.45</b>

Particulars	31 March, 17					
	In AED			₹ Crore		
	Carrying amount	Contractual cash flow	Less than 1 year	Carrying amount	Contractual cash flow	Less than 1 year
<b>Non-derivative financial liabilities</b>						
Trade and other payables	39,187,803	39,187,803	39,187,803	69.19	69.19	69.19
Due to related parties	16,302,518	16,302,518	16,302,518	28.78	28.78	28.78
Bank borrowings	71,235,368	73,372,429	73,372,429	125.77	129.55	129.55
	<b>126,725,689</b>	<b>128,862,750</b>	<b>128,862,750</b>	<b>223.75</b>	<b>227.52</b>	<b>227.52</b>

#### 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 USD, which is pegged to AED.

##### Interest rate risk

The Company is exposed to interest rate risk on bank borrowings.

##### 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 TO THE FINANCIAL STATEMENTS

Particulars	2018	2017	2018	2017
	AED	AED	₹ Crore	₹ Crore
Bank borrowings	80,230,820	71,235,368	142.37	125.77

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Particulars	Profit or loss			
	100 bp	100 bp	100 bp	100 bp
	Increase AED	Decrease AED	Increase ₹ Crore	Decrease ₹ Crore
<b>March 31, 2018</b>				
Bank borrowings	(802,308)	802,308	(1.42)	1.42
<b>March 31, 2017</b>				
Bank borrowings	(712,354)	712,354	(1.26)	1.26

**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.

**18 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 reviews its receivables to assess impairment at least on an annual basis. The entity's credit risk is primarily attributable to its trade receivables and its cash held in bank. In determining whether impairment losses should be reported in the profit or loss, the entity makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

*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.

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### 19 Comparatives

Following table summarises regroupings/reclassifications to comparative figures which have been incorporated to conform the presentation adopted in the current year financial statements.

Particulars	As previously reported AED	Adjustment AED	Adjusted balance AED	As previously reported ₹ Crore	Adjustment ₹ Crore	Adjusted balance ₹ Crore
<b>Statement of profit or loss and other comprehensive income</b>						
<b>Revenue</b>	107,353,383	479	107,353,862	189.54	0.00	190.50
Cost of sales	-	(69,371,074)	(69,371,074)	-	(123.10)	(123.10)
<b>Gross profit</b>	-	37,982,788	37,982,788	-	67.40	67.40
Cost of inventories	(69,371,074)	69,371,074	-	(122.48)	123.10	-
Staff costs	(11,128,219)	11,128,219	-	(19.65)	19.75	-
Depreciation expense	(91,934)	91,934	-	(0.16)	0.16	-
Other expenses	(34,573,304)	34,573,304	-	(61.04)	61.35	-
Administrative, selling and general expenses	-	(44,539,687)	(44,539,687)	-	(79.04)	(79.04)
Finance expense	(1,082,415)	(1,157,808)	(2,240,223)	(1.91)	(2.05)	(3.98)
Finance income	-	5,121	5,121	-	0.01	0.01
Other income	256,084	(101,562)	154,522	0.45	(0.18)	0.27
<b>Loss for the year</b>	(8,637,479)	-	(8,637,479)	(15.25)	-	(15.33)
<b>Statement of cash flows</b>						
Net cash used in operating activities	(2,020,787)	4,447	(2,016,340)	(3.57)	0.01	(3.58)
Net cash from investing activities	1,265,368	-	1,265,368	2.23	-	2.25
Net cash used in financing activities	(1,082,415)	(4,447)	(1,086,862)	(1.91)	(0.01)	(1.93)

## MEL CONSUMER CARE S.A.E.

### **Board of Directors**

(As on March 31, 2018)

Mr. Padmanabh Maydeo

Mr. Ashish Modak

Mr. Durgesh Chugh

Mr. Ashish Joshi (w.e.f. February 11, 2018)

Mr. Ashutosh Telang (till October 27, 2017)

### **Registered Office**

Building 3, Section 1141, 34,

IBAD Elrahman Street, Masaken Sheraton,

Nozha District-Cairo-Egypt

### **Auditors**

KPMG Hazem Hassan

### **Bankers**

HSBC

SAIB Bank

Arab African Bank

### **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 statements**

We have audited the accompanying separate financial statements of MEL Consumer Care S.A.E, which comprise the separate statement of financial position as at 31 December 2018, the separate 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. The financial statements of the company as at 31 March 2017 were audited by another auditor and issued unqualified audit report, dated 22 May 2017.

### **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 separate financial statements referred to above present fairly, in all material respects, the financial position of MEL Consumer Care S.A.E. as at 31 March 2018, and of its unconsolidated financial performance and its unconsolidated 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 your attention to following :

- 1 - As indicated in note No. (12) 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 statements 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 awhole .
- 2 - As indicated in note No.(23) of notes, to Separate Financial Statements related to the company's going concern , the Company incurred cumulative losses of EGP 100 455 280 up to 31 March 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 mangement are of the opinion that the Company depends on financial support from the holding company for continuing its operation. In accordance with the copmany's law No. 159 of 1981 and its executive regulation and the company's article of incorpotstion, 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 Separate financial statements are in agreements 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.

**SEPARATE STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2018

Particulars	Note No.	As at March 31,			
		2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
<b>Assets</b>					
<b>Non - current assets</b>					
Fixed assets	(22-6,11A)	9	9	0.00	0.00
Investments in subsidiaries	(22-12,12)	1,506,718	3,116,358	0.56	1.12
<b>Total non - current assets</b>		<b>1,506,727</b>	<b>3,116,367</b>	<b>0.56</b>	<b>1.12</b>
<b>Current assets</b>					
Debit balances	(22-13,13)	556,445	6,692	0.21	0.00
Due from related parties	(22-13,14A)	11,964,619	83,886,610	4.42	30.14
Cash and cash equivalents	(22-14,15)	11,193	24,155	0.01	0.01
<b>Total current assets</b>		<b>12,532,257</b>	<b>83,917,457</b>	<b>4.63</b>	<b>30.15</b>
<b>Total Assets</b>		<b>14,038,984</b>	<b>87,033,824</b>	<b>5.18</b>	<b>31.27</b>
<b>Equity</b>					
Issued & paid-up capital	(16)	250,000	250,000	0.09	0.09
Legal reserve	(22-11)	204,310	204,310	0.08	0.07
Retained (losses)		(100,455,280)	(18,039,426)	(37.10)	(6.48)
<b>Total shareholders' Equity</b>		<b>(100,000,970)</b>	<b>(17,585,116)</b>	<b>(36.93)</b>	<b>(6.32)</b>
<b>Current liabilities</b>					
Credit balances	(22-15,18)	78,844	31,863	0.03	0.01
Due to related parties	(22-15,14B)	113,763,077	104,389,044	42.01	37.51
Provisions	(22-10,17)	198,033	198,033	0.07	0.07
<b>Total current liabilities</b>		<b>114,039,954</b>	<b>104,618,940</b>	<b>42.11</b>	<b>37.59</b>
<b>Total equity and liabilities</b>		<b>14,038,984</b>	<b>87,033,824</b>	<b>5.18</b>	<b>31.27</b>

The accompanying notes from page (1) to page (16) form an integral part of these financial statements.

Head of Finance  
Ashish Modak

Chairman  
Durgesh Chugh

(Auditor's report "attached")

Note: The exchange rate use to convert EGP to ₹ 3.693 (Previous year EGP to ₹ 3.593)

**SEPARATE INCOME STATEMENT**

For the financial year ended 31 March 2018

Particulars	Note No.	For the year ended March 31,			
		2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
General and administrative expenses	5	( 128,886)	( 79,909)	(0.05)	(0.03)
Other expenses	6	(82,506,000)	-	(30.47)	-
<b>Operating (losses)</b>		<b>(82,634,886)</b>	<b>( 79,909)</b>	<b>(30.52)</b>	<b>(0.03)</b>
Finance income	(22-4,7)	219,032	-	0.08	-
Finance cost	(22-4,8)	-	(2,935,922)	-	(1.05)
<b>Net finance income / (cost)</b>		<b>219,032</b>	<b>(2,935,922)</b>	<b>0.08</b>	<b>(1.05)</b>
<b>(Losses) before tax</b>		<b>(82,415,854)</b>	<b>(3,015,831)</b>	<b>(30.44)</b>	<b>(1.08)</b>
Income tax expense	(22-5,9)	-	-	-	-
<b>(Loss) for the year</b>		<b>(82,415,854)</b>	<b>(3,015,831)</b>	<b>(30.44)</b>	<b>(1.08)</b>

The accompanying notes from (1) to (16) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.693 (Previous year EGP to ₹ 3.593)

**SEPARATE STATEMENT STANDALONE INCOME**

For the financial year ended 31 March 2018

Particulars	For the year ended March 31,			
	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Net (losses) for the year	(82,415,854)	(3,015,831)	(30.44)	(1.08)
Other comprehensive income	-	-	-	-
<b>Total Comprehensive (losses) for the year</b>	<b>(82,415,854)</b>	<b>(3,015,831)</b>	<b>(30.44)</b>	<b>(1.08)</b>

The accompanying notes from page (1) to page (16) form an integral part of these financial statements.



**SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the financial year ended 31 March 2018

Description	Share capital	Legal reserve	Retained (losses)	Total
	EGP	EGP	EGP	EGP
<b>Balance as at 1 April 2017</b>	250,000	204,310	(18,039,426)	(17,585,116)
<b>Total comprehensive income</b>				
Net (loss) for the year	-	-	(82,415,854)	(82,415,854)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(82,415,854)</b>	<b>(82,415,854)</b>
<b>Balance as at 31 March 2018</b>	<b>250,000</b>	<b>204,310</b>	<b>(100,455,280)</b>	<b>(100,000,970)</b>
<b>Balance as at 1 April 2016</b>	<b>250,000</b>	<b>204,310</b>	<b>(15,023,595)</b>	<b>(14,569,285)</b>
<b>Total comprehensive income</b>				
Net loss for the year	-	-	(3,015,831)	(3,015,831)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(3,015,831)</b>	<b>(3,015,831)</b>
<b>Balance as at 31 March 2017</b>	<b>250,000</b>	<b>204,310</b>	<b>(18,039,426)</b>	<b>(17,585,116)</b>

  

Description	Share capital	Legal reserve	Retained (loss)	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Balance as at 1 April 2017</b>	0.09	0.08	(6.66)	(6.49)
<b>Total comprehensive income</b>				
Net (loss) for the year	-	-	(30.44)	(30.44)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(30.44)</b>	<b>(30.44)</b>
<b>Balance as at 31 March 2018</b>	<b>0.09</b>	<b>0.08</b>	<b>(37.10)</b>	<b>(36.93)</b>
<b>Balance as at 1 April 2016</b>	<b>0.09</b>	<b>0.07</b>	<b>(5.40)</b>	<b>(5.23)</b>
<b>Total comprehensive income</b>				
Net loss for the year	-	-	(1.08)	(1.08)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(1.08)</b>	<b>(1.08)</b>
<b>Balance as at 31 March 2017</b>	<b>0.09</b>	<b>0.07</b>	<b>(6.48)</b>	<b>(6.32)</b>

The accompanying notes from (1) to (16) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.693 (Previous year EGP to ₹ 3.593)

**SEPARATE STATEMENT OF CASH FLOWS**

For the financial year ended 31 March 2018

Particulars	Note No.	Year ended March 31,			
		2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
<b>Cash flows from operating activities</b>					
Net (loss) for the year		(82 415 854)	(3 015 831)	(30.44)	(1.09)
<b>Adjustments for:</b>					
Impairment in related parties	(22-13,14A)	26 427 985	-	9.76	-
Impairment in investment in subsidiaries	(22-12,12)	56 078 015	-	20.71	-
<b>Changes In</b>					
Debit balances		( 549 753)	4 567	(0.20)	0.00
Credit balances		46 981	(1676)	0.02	(0.00)
Related parties		399,664	1,259,896	0.15	0.45
<b>Net Cash (used in) operating activities</b>		<b>(12,962)</b>	<b>(1,753,044)</b>	<b>0.00</b>	<b>(0.63)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(12,962)</b>	<b>(1,753,044)</b>	<b>(0.01)</b>	<b>(0.63)</b>
Cash and cash equivalents at the beginning of the year		24,155	1,777,199	0.01	0.63
<b>Cash and cash equivalents at the end of the year</b>	<b>(22-14,15)</b>	<b>11,193</b>	<b>24,155</b>	<b>0.01</b>	<b>0.01</b>

The accompanying notes from (1) to (16) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.693 (Previous year EGP to ₹ 3.593)

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2018

### 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

#### Compliance with laws and regulations

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

These separate financial statements were authorized by the board of directors for issue on 5 June 2018

### 3- Functional and Presentation Currency

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

### 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, 2018

**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.

**5- General and administrative expenses**

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Salaries and wages	42,501	38,405	0.02	0.02
Legal expenses	2,452	618	0.00	0.00
Consulting services	79,952	32,709	0.03	0.01
Other expenses	3,981	8,177	0.00	0.00
	<b>128,886</b>	<b>79,909</b>	<b>0.05</b>	<b>0.03</b>

**6- Other expenses**

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Impairment in investment in subsidiaries	56,078,015	-	20.71	-
Impairment in related parties	26,427,985	-	9.76	-
	<b>82,506,000</b>	<b>-</b>	<b>30.47</b>	<b>-</b>

**7- Finance income**

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Foreign currency translation gain	219,032	-	0.08	-
	<b>219,032</b>	<b>-</b>	<b>0.08</b>	<b>-</b>

**8- Finance cost**

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Foreign currency translation loss	-	2,935,922	-	1.05
	<b>-</b>	<b>2,935,922</b>	<b>-</b>	<b>1.05</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2018

**9- Reconciliation of effective tax rate**

	Tax Rate	2018 EGP	Tax Rate	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Net (loss) before income tax		(82,415,854)		(3,015,831)	(30.44)	(1.08)
Income tax on accounting profit	22.5%	(18,543,567)	22.5%	(678,562)	(6.85)	(0.24)
Non – deductible expenses		18,563,850		-	6.86	-
Unrecognized Carry forward tax losses		19,723		677,815	0.01	0.24
Others		(560)		(747)	(0.00)	(0.00)
<b>Income tax</b>	<b>%</b>	<b>-</b>	<b>%</b>	<b>-</b>	<b>-</b>	<b>-</b>

**10- Deferred tax asset / (liabilities)****A- Unrecognized deferred tax assets**

Particulars	2018 EGP	2017 EGP	2018 ₹ Crore	2017 ₹ Crore
Impairment in investment in subsidiaries	12,617,553	-	4.66	0.00
Impairment in related parties	5,946,297	-	2.20	0.00
Carry forward tax losses	1,970,497	1,334,907	0.73	0.48
	<b>20,534,347</b>	<b>1,334,907</b>	<b>7.59</b>	<b>0.48</b>

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 SEPARATE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2018

**11- Fixed Assets****11-A Reconciliation of carrying amount**

Description	Computers & Software	Total	Computers & Software	Total
	EGP	EGP	₹ Crore	₹ Crore
<b>Cost</b>				
As at 1/4/2016	342,917	342,917	0.12	0.12
<b>At 31/3/2017</b>	<b>342,917</b>	<b>342,917</b>	<b>0.12</b>	<b>0.12</b>
Cost as at 1/4/2017	342,917	342,917	0.12	0.12
<b>At 31/3/2018</b>	<b>342,917</b>	<b>342,917</b>	<b>0.13</b>	<b>0.13</b>
<b>Accumulated depreciation</b>				
At 1/4/2016	342,908	342,908	0.12	0.12
<b>At 31/03/2017</b>	<b>342,908</b>	<b>342,908</b>	<b>0.12</b>	<b>0.12</b>
Accumulated depreciation as at 1/04/2017	342,908	342,908	0.12	0.12
<b>At 31/03/2018</b>	<b>342,908</b>	<b>342,908</b>	<b>0.12</b>	<b>0.12</b>
<b>Net book Value</b>				
<b>At 31/03/2017</b>	<b>9</b>	<b>9</b>	<b>0.00</b>	<b>0.00</b>
<b>At 31/03/2018</b>	<b>9</b>	<b>9</b>	<b>0.00</b>	<b>0.00</b>

**12- Investments in subsidiaries**

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Marico Egypt for Industries Company	1,506,718	1,506,718	0.56	0.54
*Marico for Consumer Care Products	56,078,015	1,609,640	20.71	0.58
<b>(Less):-</b>	<b>57,584,733</b>	3,116,358	<b>21.27</b>	1.12
Impairment in investments in subsidiaries	(56,078,015)	-	(20.71)	-
	<b>1,506,718</b>	3,116,358	<b>0.56</b>	1.12

The Percentage of ownership in Marico Egypt for Industries Company is 99%.

The Percentage of ownership in Marico Consumer Care Products Company is 99%.

\*In accordance with the decision of the General Authority for Investment No 4/525 for year 2016, approved on 15 May 2017 the change of legal form of Marico for Consumer Care Products from Partnership company to Joint Stock Company, under the provision of law No.72 of 2017 and the increase in the capital of Marico for Consumer Care Products Company from the credit current account due to MEL Consumer Care Company by EGP 55 018560.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2018

### 13- Debit balances

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Employees' imprest funds	-	432	0.00	0.00
Due From Board of Directors	556,445	6,259	0.21	0.00
	556,445	6,692	0.21	0.00

### 14- 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 2018	Significant transactions during the year ended 2017	Significant transactions during the year ended 2018	Significant transactions during the year ended 2017
			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	11,752,419	20,289,992	4.34	7.29
Egyptian American Company for investment & industrial development	Affiliated Company	Finance for the company without interest	2,778,050	14,223,371	1.03	5.11
Marico Middle East Company-MME	Affiliated Company	Loan without interest	22,726,850	1,940,000	8.39	0.7
Marico Egypt for Industries Company	Affiliated Company	Finance for the company without interest	13,352,817	5,386,519	4.93	1.94
Board of Directors		Payment of expenses on behalf of the Company	550,185	-	0.20	-

Those transactions resulted in the following balances as at 31 March 2018.

#### A) Due from related parties:

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Marico for Consumer Care Products	36,782,004	79,497,959	13.58	28.56
Egyptian American Company for investment and industrial development	1,610,600	4,388,651	0.59	1.58
	38,392,604	83,886,610	14.17	30.14
<b>(Less):-</b>				
Impairment in related parties	(26,427,985)	-	(9.76)	-
	11,964,619	83,886,610	4.42	30.14

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2018

### B) Due to related parties:

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
*Marico Middle East Company-MME	32,654,350	9,927,500	12.06	3.57
Marico Egypt for Industries Company	81,108,727	94,461,544	29.95	33.94
	113,763,077	104,389,044	42.01	37.51

\*The balance represented in the loan granted to the company amounted to EGP 1 850 000 USD, interest free, to be paid back on demand of Marico Middle East Company MME.

### 15- Cash and cash equivalents

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Banks - current accounts	11,193	24,155	0.01	0.01
	11,193	24,155	0.01	0.01

### 16- Share capital

- A. Authorized capital of the company is EGP 2 500 000.
- B. The issued and fully paid capital of the company is EGP 250 000 Egyptian pounds represented in 250 shares, at par value EGP 1000 , and The percentage of foreigners' contribution is 100%

### 17- Provisions and impairment in assets

Particulars	Balance as at 1/4/2017	Formed during the year	Used during the year	Provisions no longer required	Balance at 31/03/2018
	EGP	EGP	EGP	EGP	EGP
Claims provision	198,033	-	-	-	198,033
	198,033	-	-	-	198,033
Impairment in investment in subsidiaries	-	56,078,015	-	-	56,078,015
Impairment on related parties	-	26,427,985	-	-	26,427,985

Particulars	Balance as at 1/4/2017	Formed during the year	Used during the year	Provisions no longer required	Balance at 31/03/2018
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Claims provision	0.07	-	-	-	0.07
	0.07	-	-	-	0.07
Impairment on investment in subsidiaries	-	20.71	-	-	20.71
Impairment on related parties	-	9.76	-	-	9.76



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2018

**18- Credit balances**

Particulars	2018	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Accrued expenses	73,432	26,459	0.03	0.01
Social insurance authority	5,305	5,281	0.00	0.00
Other credit balances	107	123	0.00	0.00
	<b>78,844</b>	<b>31,863</b>	<b>0.03</b>	<b>0.01</b>

**19- Tax position****a) Corporate Tax:****Years from commencement of operation till 31/3/2017**

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 September 2013 to 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 31/3/2018**

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 31/3/2008**

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

**Years from 1/4/2008 till 31/3 2018**

The tax inspection has not yet been was 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.

**Period from 1/01/2014 till 31/03/2018**

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2018

### 20- 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. (22) 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 EGP 9,549 and EGP 32,654,350 respectively.

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

Foreign Currency	surplus/(deficit)
US Dollars	541
US Dollars	(1,850,000)

And as stated in note (22-1) "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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2018

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	2017	2018	2017
	EGP	EGP	₹ Crore	₹ Crore
Credit balances	78,844	31,863	0.03	0.01
Due to related parties	113,763,077	104,389,044	42.01	37.51
	<b>113,841,921</b>	<b>104,420,907</b>	<b>42.04</b>	<b>37.52</b>

**21- Basis of Measurement**

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

**22- Significant accounting policies**

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

**22-1 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.

**22-2 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.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2018

### 22-3 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.

### 22-4 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.

### 22-5 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:

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2018

- The initial recognition of good well,
- 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.

### 22-6 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:-

Asset	Periods
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.

### 22-7 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.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2018

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 an 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 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.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2018

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.

### 22-8 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".

### 22-9 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.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 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 SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 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.

### 22-10 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.

### 22-11 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.

### 22-12 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

### 22-13 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

### 22-14 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.

### 22-15 Due to related parties ,creditors and credit balances

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

### 22-16 Cash flow statement

Cash flow statement is prepared according to the indirect method.

### 22-17 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.

### 22-18 Cash dividends

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2018

### 23- Going concern

The company incurred cumulative losses amounting to EGP 100 455 280 till the year ended 31 March 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 EGP 32 654 350, and Marico Egypt for Industries Company (Affiliated company) which amounted to EGP 81 108 727 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 Separate Financial Statements are prepared on the assumption that the company will continue as a going concern in the foreseeable future.

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

**Board of Directors**  
(As on March 31, 2018)

Mr. Padmanabh Maydeo  
Mr. Durgesh Chugh  
Mr. Ashish Modak  
Mr. Ashish Joshi (w.e.f. February 11, 2018)  
Mr. Ashutosh Telang (till October 27, 2017)

**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  
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 2017, 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.

The financial statements of the company as at 31 December 2016 were audited by another auditor, and issued unqualified audit report, dated 20 April 2017.

### 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 Egyptian American Company for Investment and Industrial development 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 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 EGP 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 COMPANY FOR INVESTMENT AND  
INDUSTRIAL DEVELOPMENT 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 23 May, 2018**

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

## STATEMENT OF FINANCIAL POSITION

As at 31 December, 2017

Particulars	Note No.	As at December 31,			
		2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
<b>Assets</b>					
<b>Non -current assets</b>					
Fixed assets (net)	(25-6,13)	-	859,181	-	0.32
Deferred tax assets	(25-5,12A)	-	336,987	-	0.13
<b>Total Non -current assets</b>		-	<b>1,196,168</b>	-	<b>0.45</b>
<b>Current assets</b>					
Debit balances	(2512,14)	129,156	118,096	0.04	0.04
Prepayments	(2512,15)	-	16,000	-	0.01
Cash and cash equivalents	(2513,17)	48,208	41,443	0.02	0.02
<b>Total current assets</b>		<b>177,364</b>	<b>175,539</b>	<b>0.06</b>	<b>0.07</b>
<b>Total Assets</b>		<b>177,364</b>	<b>1,371,707</b>	<b>0.06</b>	<b>0.52</b>
<b>Equity</b>					
Issued & paid-up capital	(18)	6,892,000	6,892,000	2.48	2.58
Legal reserve	(25-11)	504,666	504,666	0.18	0.19
Reserves		493	493	-	-
Retained (losses)		(10,536,568)	(17,074,982)	(3.79)	(6.39)
<b>Total Equity</b>		<b>(3,139,409)</b>	<b>(9,677,823)</b>	<b>(1.13)</b>	<b>(3.62)</b>
<b>Current liabilities</b>					
Trade and other payables	(25-14,20)	1,348,547	105,404	0.48	0.04
Due to related parties	(25-14,16)	1,588,451	10,454,251	0.57	3.92
Provisions	(25-10,19)	379,775	489,875	0.14	0.18
<b>Total current liabilities</b>		<b>3,316,773</b>	<b>11,049,530</b>	<b>1.19</b>	<b>4.14</b>
<b>Total equity and liabilities</b>		<b>177,364</b>	<b>1,371,707</b>	<b>0.06</b>	<b>0.52</b>

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

**Head of Finance - MENA**

Ashish Modak

**Chairman**

Durgesh Chugh

(Auditor's report "attached")

Note: The exchange rate use to convert EGP to ₹ 3.593 (Previous year EGP to ₹ 3.747)

EGYPTIAN AMERICAN COMPANY FOR INVESTMENT AND  
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## INCOME STATEMENT

For the financial year ended 31 December, 2017

Particulars	Note No	Year ended December 31,			
		2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Other income	(5)	85,01,341	347,769	3.06	0.13
General and administrative expenses	(6)	(184,353)	(196,037)	(0.06)	(0.06)
Other expenses	(7)	(180,000)	-	(0.06)	-
<b>Operating profit</b>		<b>8,136,988</b>	<b>151,732</b>	<b>2.94</b>	<b>0.07</b>
Finance income	(25-4,8)	-	1,852,621	-	0.69
Finance cost	(25-4,9)	(765)	-	(0.00)	-
<b>Net finance (cost) / income</b>		<b>(765)</b>	<b>1,852,621</b>	<b>(0.00)</b>	<b>0.69</b>
<b>Profit before tax</b>		<b>8,136,223</b>	<b>2,004,353</b>	<b>2.93</b>	<b>0.75</b>
Income tax expense	(25-5,10)	(1,597,809)	12,181	(0.57)	0.00
<b>Profit for the year</b>		<b>6,538,414</b>	<b>2,016,534</b>	<b>2.36</b>	<b>0.75</b>
Basic earnings per share	(25-16,11)	94.87	29.26	0.00	0.00

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

Note: The exchange rate use to convert EGP to ₹ 3.593 (Previous year EGP to ₹ 3.747)

EGYPTIAN AMERICAN COMPANY FOR INVESTMENT AND  
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## STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December, 2017

Particulars	Note No	Year ended December 31,			
		2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Net profits for the year		6,538,414	2,016,534	2.36	0.75
Other comprehensive income		-	-	-	-
<b>Total Comprehensive income for the year</b>		<b>6,538,414</b>	<b>2,016,534</b>	<b>2.36</b>	<b>0.75</b>

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 ₹ 3.593 (Previous year EGP to ₹ 3.747)



EGYPTIAN AMERICAN COMPANY FOR INVESTMENT AND  
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## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the financial year ended 31 December, 2017

Description	Share capital	Legal reserve	Other reserves	Retained (loss)	Total
	EGP	EGP	EGP	EGP	EGP
<b>Balance as at 1 January 2017</b>	6,892,000	504,666	493	(17,074,982)	(9,677,823)
<b>Total comprehensive income</b>					
Net profit for the year	-	-	-	6,538,414	6,538,414
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>6,538,414</b>	<b>6,538,414</b>
<b>Balance as at 31 December 2017</b>	<b>6,892,000</b>	<b>504,666</b>	<b>493</b>	<b>(10,536,568)</b>	<b>(3,139,409)</b>
<b>Balance as at 1 January 2016</b>	<b>6,892,000</b>	<b>504,666</b>	<b>493</b>	<b>(19,091,516)</b>	<b>(11,694,357)</b>
<b>Total comprehensive income</b>					
Net profit for the year	-	-	-	2,016,534	2,016,534
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>2,016,534</b>	<b>2,016,534</b>
<b>Balance as at 31 December 2016</b>	<b>6,892,000</b>	<b>504,666</b>	<b>493</b>	<b>(17,074,982)</b>	<b>(9,677,823)</b>

-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
<b>Balance as at 1 January 2017</b>	2.58	0.19	0.00	(6.40)	(3.63)
<b>Total comprehensive income</b>					
Net profit for the year	-	-	-	2.45	2.45
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>2.45</b>	<b>2.45</b>
<b>Balance as at 31 December 2017</b>	<b>2.58</b>	<b>0.19</b>	<b>0.00</b>	<b>(3.95)</b>	<b>(1.18)</b>
<b>Balance as at 1 January 2016</b>	<b>2.58</b>	<b>0.19</b>	<b>0.00</b>	<b>(7.15)</b>	<b>(4.38)</b>
<b>Total comprehensive income</b>					
Net profit for the year	-	-	-	0.76	0.76
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>0.76</b>	<b>0.76</b>
<b>Balance as at 31 December 2016</b>	<b>2.58</b>	<b>0.19</b>	<b>0.00</b>	<b>(6.39)</b>	<b>(3.62)</b>

EGYPTIAN AMERICAN COMPANY FOR INVESTMENT AND  
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## STATEMENT OF CASH FLOWS

For the financial year ended 31 December, 2017

Particulars	Year ended December 31,				
	Note	2017	2016	2017	2016
	No.	EGP	EGP	₹ Crore	₹ Crore
<b>Cash flows from operating activities</b>					
Net profit for the year		6,538,414	2,016,534	2.35	0.76
<b>Adjustments for:</b>					
Depreciation	(13)	9,019	54,581	0.00	0.02
Gain on sale of fixed assets		(8,423,887)	(184,783)	(3.03)	(0.07)
Provisions formed during the year		180,000	-	0.06	-
Provisions no longer required		(21,200)	-	(0.01)	-
Reversal of impairment in fixed assets		(254)	(1,036)	0.00	(0.00)
Tax expense		1,597,809	(12,181)	0.57	(0.00)
<b>Changes In</b>					
Other debit balances		(11,060)	(10,232)	0.00	(0.00)
Prepayments		16,000	-	0.01	-
Trade and other payables		(17,680)	39,344	(0.01)	0.01
Related parties		(4,365,800)	(7,217,572)	(1.57)	(2.70)
Provisions used		(268,900)	(29,532)	(0.10)	(0.01)
<b>Net Cash (used in) operating activities</b>		<b>(4,767,539)</b>	<b>(5,344,877)</b>	<b>(1.73)</b>	<b>(1.99)</b>
<b>Cash Flows From Investing Activities :</b>					
proceeds from sale of fixed assets		4,774,304	184,853	1.72	0.07
<b>Net cash provided from investing activities</b>		<b>4,774,304</b>	<b>184,853</b>	<b>1.72</b>	<b>0.07</b>
Net change in cash and cash equivalents		6,765	(5,160,024)	0.00	(1.93)
Cash and cash equivalents at the beginning of the year		41,443	5,201,467	0.01	1.95
<b>Cash and cash equivalents at the end of the year</b>	(25-13,17)	<b>48,208</b>	<b>41,443</b>	<b>0.01</b>	<b>0.02</b>

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

Note: The exchange rate use to convert EGP to ₹ 3.593 (Previous year EGP to ₹ 3.747)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 1 General

#### 1-1 Reporting entity

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

#### 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 29 March 2018

### 3 Functional and Presentation Currency

These financial statements are presented in Egyptian Pounds.

### 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 FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 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

### 5. Other income

Particulars	Year ended December 31,			
	2017	2016	2017	2015
	EGP	EGP	₹ Crore	₹ Crore
Reversal of impairment in fixed assets	254	1,036	0.00	0.00
Gain on sale of fixed assets	8,423,887	184,783	3.03	0.07
Other revenue	56,000	161,950	0.02	0.06
Provisions no longer required	21,200	-	0.01	-
	<b>8,501,341</b>	<b>347,769</b>	<b>3.06</b>	<b>0.13</b>

### 6. General and administrative expenses

Particulars	Year ended December 31,			
	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Professional fees	101,662	118,772	0.04	0.04
Bank commission	4,462	10,441	0.00	0.00
Legal expnses	61,862	463	0.02	0.00
Deprecation	9,020	54,581	0.00	0.02
Other expenses	7,347	11,780	0.00	0.00
	<b>184,353</b>	<b>196,037</b>	<b>0.06</b>	<b>0.06</b>

### 7. Other expenses

Particulars	Year ended December 31,			
	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Provisions formed during the year	180,000	-	0.06	-
	<b>180000</b>	<b>-</b>	<b>0.06</b>	<b>-</b>

EGYPTIAN AMERICAN COMPANY FOR INVESTMENT AND  
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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 8. Finance income

Particulars	Year ended December 31,			
	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Foreign currency translation gain	-	1,852,621	-	0.69
	-	1,852,621	-	0.69

### 9. Finance cost

Particulars	Year ended December 31,			
	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Foreign currency translation loss	765	-	0.00	-
	765	-	0.00	-

### 10. Reconciliation of effective tax rate

Particulars	Tax	2017	Tax	2016	2017	2016
	Rate	EGP	Rate	EGP	₹ Crore	₹ Crore
Net profit before income tax		8,136,223		2,004,353	2.92	0.75
Income tax on accounting profit	22.50%	1,830,650	22.50%	450,979	0.66	0.17
Non – deductible expenses						
Provisions		(24,772)		6,645	(0.01)	0.00
The used of retained tax losses		(204,386)		(28,198)	(0.07)	(0.01)
Unrecognized Forex exchange		-		(416,840)	-	(0.16)
Others		(3,683)		(405)	(0.00)	(0.00)
<b>Income tax</b>	<b>19.64%</b>	<b>(1,597,809)</b>	<b>0.61%</b>	<b>12,181</b>	<b>(0.57)</b>	<b>0.00</b>

### 11. Earnings per share

Particulars	Year ended December 31,			
	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Net profit of the year (EGP)	6,538,414	2,016,534	2.35	0.76
Employees' profit share	-	-	-	-
Board of directors remuneration	-	-	-	-
	6,538,414	2,016,534	2.35	0.76
Weighted average number of ordinary shares	68,920	68,920	0.02	0.03
<b>Earnings per share (EGP / Share)</b>	<b>94.87</b>	<b>29.26</b>	<b>0.00</b>	<b>0.00</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 12. Deferred tax asset / (liabilities)

#### A Recognized deferred tax assets/ (liabilities)

Particulars	Assets / (Liabilities)			
	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Fixed assets	-	336,987	-	0.13
<b>NET</b>	<b>-</b>	<b>336,987</b>	<b>-</b>	<b>0.13</b>

#### B Unrecognized deferred tax assets

Particulars	Assets / (Liabilities)			
	2017 EGP	2016 EGP	2017 Rs. Crore	2016 Rs. Crore
Provision	85,450	110,222	0.03	0.04
<b>NET</b>	<b>85,450</b>	<b>110,222</b>	<b>0.03</b>	<b>0.04</b>

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.

### 13. Fixed assets (net)

Description	Land	Buildings & Constructions	Machinery, Tools & Equipment	Computers & Software	Office Furniture, Equipment	Motor Vehicles	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
<b>Cost</b>							
As at 1/1/2016	52,400	2,303,830	1,822,816	120,825	585,231	60,066	4,945,168
Disposals during the year	-	-	(131,668)	(32,389)	(4,840)	(60,066)	(228,963)
<b>At 31/12/2016</b>	<b>52,400</b>	<b>2,303,830</b>	<b>1,691,148</b>	<b>88,436</b>	<b>580,391</b>	<b>-</b>	<b>4,716,205</b>
Cost as at 1/1/2017	52,400	2,303,830	1,691,148	88,436	580,391	-	4,716,205
Disposals during the year	(52,400)	(2,303,830)	(1,691,148)	(88,436)	(580,391)	-	(4,716,205)
<b>At 31/12/2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated depreciation</b>							
At 1/1/2016	-	1,443,020	1,822,644	120,774	584,583	60,061	4,031,082
Depreciation for the year	-	54,18	-	-	463	-	54,581
<b>Accumulated depreciation</b>	<b>-</b>	<b>-</b>	<b>(131,612)</b>	<b>(32,89)</b>	<b>(4,831)</b>	<b>(60,061)</b>	<b>(228,893)</b>
<b>At 31/12/2016</b>	<b>-</b>	<b>1,497,138</b>	<b>1,691,032</b>	<b>88,385</b>	<b>580,215</b>	<b>-</b>	<b>3,856,770</b>
<b>Accumulated depreciation as at 1/1/2017</b>	<b>-</b>	<b>1,497,138</b>	<b>1,691,032</b>	<b>88,385</b>	<b>580,215</b>	<b>-</b>	<b>3,856,770</b>
Depreciation for the year	-	9,020	-	-	-	-	9,020
Accumulated depreciation for disposals	-	(1,506,158)	(1,691,032)	(88,385)	(580,215)	-	(3,865,790)
<b>At 31/12/2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Impairment of fixed assets</b>							
At 31/12/2016	-	-	115	1	138	-	254
At 31/12/2017	-	-	-	-	-	-	-
<b>Net book Value</b>							
At 31/12/2016	52,400	806,692	1	50	38	-	859,181
At 31/12/2017	-	-	-	-	-	-	-

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Description	Land	Buildings & Constructions	Machinery, Tools & Equipment	Computers & Software	Office Furniture, Equipment	Motor Vehicles	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Cost</b>							
As at 1/1/2016	0.02	0.86	0.68	0.05	0.22	0.02	1.85
Disposals during the year	-	-	(0.05)	(0.01)	-	(0.02)	(0.09)
<b>At 31/12/2016</b>	<b>0.02</b>	<b>0.86</b>	<b>0.63</b>	<b>0.04</b>	<b>0.22</b>	<b>-</b>	<b>1.76</b>
<b>Cost as at 1/1/2017</b>	<b>0.02</b>	<b>0.86</b>	<b>0.63</b>	<b>0.04</b>	<b>0.22</b>	<b>-</b>	<b>1.77</b>
Disposals during the year	(0.02)	(0.83)	(0.61)	(0.03)	(0.21)	-	(1.77)
<b>At 31/12/2017</b>	<b>-</b>	<b>0.03</b>	<b>0.02</b>	<b>0.01</b>	<b>0.01</b>	<b>-</b>	<b>-</b>
<b>Accumulated depreciation</b>							
At 1/1/2016	-	0.54	0.68	0.05	0.22	0.02	1.51
Depreciation for the year	-	0.02	-	-	-	-	0.02
Accumulated depreciation	-	-	(0.05)	(0.01)	-	(0.02)	(0.08)
<b>At 31/12/2016</b>	<b>0.00</b>	<b>0.56</b>	<b>0.63</b>	<b>0.04</b>	<b>0.22</b>	<b>0.00</b>	<b>1.45</b>
Accumulated depreciation as at 1/1/2017	-	0.56	0.63	0.04	0.22	0.00	1.45
Depreciation for the year	-	-	-	-	-	-	-
Accumulated depreciation for disposals	0.00	(0.54)	(0.61)	(0.03)	(0.21)	0.00	(1.39)
<b>At 31/12/2017</b>	<b>-</b>	<b>0.02</b>	<b>0.02</b>	<b>0.01</b>	<b>0.01</b>	<b>-</b>	<b>0.06</b>
<b>Impairment of fixed assets</b>							
At 31/12/2016	-	-	-	-	-	-	-
At 31/12/2017	-	-	-	-	-	-	-
<b>Net book Value</b>							
At 31/12/2016	0.02	0.30	0.00	0.00	0.00	0.00	0.32
At 31/12/2017	-	-	-	-	-	-	-

#### 14. Debit balances

Particulars	Year ended December 31,			
	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Tax authority- withholding tax	92,002	92,002	0.03	0.03
Other debit balances	37,154	26,094	0.01	0.01
	<b>129,156</b>	<b>118,096</b>	<b>0.04</b>	<b>0.04</b>

#### 15. Prepayments

Particulars	Year ended December 31,			
	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Prepaid expenses	-	16,000	-	0.01
	<b>-</b>	<b>16,000</b>	<b>-</b>	<b>0.01</b>

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### 16. 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 31/12/2017	Significant transactions during the year ended 31/12/2016	Significant transactions during the year ended 31/12/2017	Significant transactions during the year ended 31/12/2016
			EGP	EGP	₹ Crore	₹ Crore
Marico Middle East Company	- Affiliated Company	Payment expenses behalf of the company	-	531,652	-	0.20
Marico Middle East Company	- Affiliated Company	Cash transfer	-	1,073,794	-	0.40
MEL Consumer Care Company	- Affiliated Company	Finance for the company without interest	4,365,800	6,692,448	1.57	2.51
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 2017:

#### Due to related parties:

Particulars	Year ended December 31,			
	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
MEL Consumer Care Company	1,588,451	10,454,251	0.57	3.92
	<b>1,588,451</b>	<b>10,454,251</b>	<b>0.57</b>	<b>3.92</b>

### 17. Cash and cash equivalents

Particulars	Year ended December 31,			
	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Banks - current accounts	48,208	41,443	0.02	0.02
	<b>48,208</b>	<b>41,443</b>	<b>0.02</b>	<b>0.02</b>

### 18. 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.

### 19. Provisions and impairment in assets

Particulars	Balance as at 1/1/2017	Formed during the year	Used during the year	Provisions no longer required	Balance as at 31/12/2017
	EGP	EGP	EGP	EGP	EGP
Claims provision	383,155	180,000	(225,825)	-	337,330
Provision for legal claims	106,720	-	(43,075)	(21,000)	42,445
	489,875	180,000	(268,900)	(21,000)	379,775
<b>Impairment on fixed assets</b>	<b>254</b>	<b>-</b>	<b>-</b>	<b>(254)</b>	<b>-</b>



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Particulars	Balance as at 1/1/2017	Formed during the year	Used during the year	Provisions no longer required	Balance as at 31/12/2017
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Claims provision	0.14	0.06	(0.08)	-	0.12
Provision for legal claims	0.04	-	(0.02)	(0.01)	0.02
	0.18	0.06	(0.10)	(0.01)	0.14
<b>Impairment on fixed assets</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>(0.00)</b>	<b>-</b>

### 20. Trade and other payables

Particulars	Year ended December 31,			
	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Suppliers	-	64,850	0.00	0.02
Accrued expenses	87,588	1,650	0.03	0.00
Deposits with others	-	28,000	0.00	0.01
Tax authority-Sales tax	137	10,904	0.00	0.00
Tax authority-Income tax for the year	1,260,822	-	0.45	-
	<b>1,348,547</b>	<b>105,404</b>	<b>0.48</b>	<b>0.04</b>

### 21. Tax position

#### a) Corporate tax:

##### Years from commencement till 2016

- 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 2017

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

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

**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**

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 2017:**

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 2017**

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

**22. 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 EGP 38 402 and EGP zero respectively.

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

Foreign Currency	(deficit) / surplus
US Dollars	2160

And as stated in note (25-1) "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.

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### 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			
	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Trade and other creditors	1,348,547	105,404	0.48	0.04
Due to related parties	1,588,451	10,454,251	0.57	3.92
	<b>2,936,998</b>	<b>10,559,655</b>	<b>1.05</b>	<b>3.96</b>

### 23. Basis of Measurement

The financial statements have been prepared on historical cost

### 24. Going concern

The company incurred cumulative losses amounting to EGP 10 536 568 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 EGP. 1 588 451, 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.

### 25. Significant accounting policies

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

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### 25-1 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.

### 25-2 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.

### 25-3 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.

### 25-4 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;

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- 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.

### 25-5 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

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### 25-6 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:-

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.

### 25-7 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

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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 an 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 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.

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### 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.

### 25-8 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".

### 25-9 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.



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For the financial year ended 31 December, 2017

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 25-10 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.

### 25-11 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.

### 25-12 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.

### 25-13 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.

### 25-14 Payables, due to related parties ,creditors and credit balances

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

### 25-15 Cash flow statement

Cash flow statement is prepared according to the indirect method.

### 25-16 Cash dividends

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

# MARICO EGYPT FOR INDUSTRIES S.A.E.

**Board of Directors**

(As on March 31, 2018)

Mr. Padmanabh Maydeo  
Mr. Ashish Modak  
Mr. Mohamed El Araby (representative of MELCC)  
Mr. Durgesh Chugh  
Mr. Ashish Joshi (w.e.f. May 10, 2017)  
Mr. Ashutosh Telang (till October 27, 2017)

**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  
Arab Bank  
Credit Agricole Egypt  
Arab African Bank  
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 company S.A.E.

### 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 2017, 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.

The financial statements of the company as at 31 December 2016 were audited by another auditor, and issued unqualified audit report, dated 20 April 2017.

### 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, as indicated in note no. (32) Of the notes to the financial statements related to the company's going concern, the Company incurred cumulative losses of EGP 15 156 858 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.

### 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, 23 May 2018

**STATEMENT OF FINANCIAL POSITION**

As at 31 December, 2017

Particulars	Notes No.	As at December 31,			
		2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
<b>Assets</b>					
<b>Non current assets</b>					
Fixed assets	(33-7,16)	7,639,244	10,427,380	2.74	3.91
Intangible assets	(33-8,17)	6	6	0.00	0.00
<b>Total Non current assets</b>		<b>7,639,250</b>	<b>10,427,386</b>	<b>2.74</b>	<b>3.91</b>
<b>Current assets</b>					
Inventories	(33-6,18)	25,358,880	16,427,926	9.11	6.16
Trade & other receivables	(33-14,19)	14,144,695	18,410,996	5.10	6.90
Prepayments	(33-14,20)	492,844	2,930,797	0.18	1.10
Due from related parties	(33-14,21 A)	–	95,800,096	–	35.90
Investment held to maturity	(33-9,22)	20,493,864	3,171,388	7.38	1.19
Cash and cash equivalent	(33-15,23)	3,506,082	8,955,818	1.26	3.36
<b>Total current assets</b>		<b>63,996,365</b>	<b>145,697,021</b>	<b>23.02</b>	<b>54.60</b>
<b>Total Assets</b>		<b>71,635,615</b>	<b>156,124,407</b>	<b>25.76</b>	<b>58.51</b>
<b>Equity</b>					
Issued Paid up capital	(24)	12,287,690	12,287,690	4.41	4.60
Legal reserve	(33-13)	4,941,647	4,941,647	1.78	1.85
Retained (losses) / earnings		(15,156,858)	103,603,692	(5.45)	38.82
<b>Total Equity</b>		<b>2,072,479</b>	<b>120,833,029</b>	<b>0.74</b>	<b>45.27</b>
<b>Non current liabilities</b>					
Deferred tax liabilities	(33-5,15A)	331,489	359,136	0.12	0.13
<b>Total Non current liabilities</b>		<b>331,489</b>	<b>359,136</b>	<b>0.12</b>	<b>0.13</b>
<b>Current liabilities</b>					
Provisions	(33-12,25)	5,228,468	2,889,695	1.88	1.08
Banks facilities	(26)	11,098,683	3,382,661	3.99	1.27
Due to related parties	(33-16,21B)	16,501,966	1,927,584	5.95	0.72
Trade & Other Payable	(33-16,27)	36,402,530	26,732,302	13.08	10.02
<b>Total current liabilities</b>		<b>69,231,647</b>	<b>34,932,242</b>	<b>24.90</b>	<b>13.11</b>
<b>Total Equity &amp; liabilities</b>		<b>71,635,615</b>	<b>156,124,407</b>	<b>25.76</b>	<b>58.51</b>

The accompanying notes from (1) to (23) form an integral part of these financial statements.

**Head of Finance - MENA****Ashish Modak**

(Auditor's report "attached")

**Chairman****Durgesh Chugh**

Note: The exchange rate use to convert EGP to ₹ 3.593 (Previous year EGP to ₹ 3.747)

# MARICO EGYPT FOR INDUSTRIES S.A.E.

## INCOME STATEMENT

For the financial year ended 31 December, 2017

Particulars	Notes No.	For the year ended December 31,			
		2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
<b>Revenue</b>	(33-2,5)	<b>85,824,724</b>	112,414,303	<b>30.84</b>	42.12
Cost of sales	(6)	<b>(56,419,275)</b>	(64,031,042)	<b>(20.27)</b>	(23.99)
<b>Gross profit</b>		<b>29,405,449</b>	<b>48,383,261</b>	<b>10.57</b>	<b>18.13</b>
Other income	(7)	<b>1 910,287</b>	447,873	<b>0.69</b>	0.17
Selling & distribution expenses	(8)	<b>(32,940,149)</b>	(30,493,337)	<b>(11.84)</b>	(11.43)
Administrative expenses	(9)	<b>(23,597,071)</b>	(19,951,480)	<b>(8.47)</b>	(7.48)
Other expenses	(10)	<b>(95,384,079)</b>	( 41,705)	<b>(34.27)</b>	(0.02)
<b>Operating profit</b>		<b>(120,605,563)</b>	<b>(1,655,388)</b>	<b>(43.33)</b>	<b>(0.62)</b>
Finance income	(33-4,11)	<b>2,973,773</b>	1,576,420	<b>1.07</b>	0.59
Finance cost	(33-4,12)	<b>( 639,386)</b>	(3,111,407)	<b>(0.23)</b>	(1.17)
<b>Net finance income / (cost)</b>		<b>2,334,387</b>	<b>(1 534,987)</b>	<b>0.84</b>	<b>(0.57)</b>
<b>(Loss) before tax</b>		<b>(118,271,176)</b>	<b>(3,190,375)</b>	<b>(42.49)</b>	<b>(1.19)</b>
Income tax expense	(33-5,13)	<b>( 489,374)</b>	275,955	<b>(0.18)</b>	0.10
<b>(Loss) for the year</b>		<b>(118,760,550)</b>	<b>(2,914,420)</b>	<b>(42.67)</b>	<b>(1.09)</b>
Basic (losses) per share	(33-17,14)	<b>(92.15)</b>	<b>(2.26)</b>	<b>—</b>	<b>—</b>

The accompanying notes from (1) to (23) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.593 (Previous year EGP to ₹ 3.747)

**STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 December, 2017

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Net (losses) for the year	(118,760,550)	(2,914,420)	(42.67)	(1.09)
Other comprehensive income for the year	-	-	-	-
<b>Total Comprehensive (loss) for the year</b>	<b>(118,760,550)</b>	<b>(2,914,420)</b>	<b>(42.67)</b>	<b>(1.09)</b>

The accompanying notes from (1) to (23) form an integral part of these financial statements.

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the financial year ended 31 December, 2017

Description	Share capital EGP	Legal reserve EGP	Retained Losses EGP	Total EGP
<b>Balance as of 1/1/2016</b>	12,287,690	4,941,647	106,518,112	123,747,449
Net (loss) for the year	–	–	(2,914,420)	(2,914,420)
<b>Balance as of 31/12/2016</b>	<b>12,287,690</b>	<b>4,941,647</b>	<b>103,603,692</b>	<b>120,833,029</b>
<b>Balance as of 1/1/2017</b>	12,287,690	4,941,647	103,603,692	120,833,029
Net (loss) for the year	–	–	(118,760,550)	(118,760,550)
<b>Balance as of 31/12/2017</b>	<b>12,287,690</b>	<b>4,941,647</b>	<b>(15,156,858)</b>	<b>2,072,479</b>

Description	Share capital ₹ Crore	Legal reserve ₹ Crore	Retained Losses ₹ Crore	Total ₹ Crore
<b>Balance as of 1/1/2016</b>	4.60	1.85	39.91	46.39
Net (loss) for the year	–	–	(1.09)	(1.09)
<b>Balance as of December 31.2016</b>	<b>4.60</b>	<b>1.85</b>	<b>38.82</b>	<b>45.29</b>
<b>Balance as of 1/1/2017</b>	4.41	1.78	37.22	43.42
Net (loss) for the year	–	–	(42.67)	(42.67)
<b>Balance as of December 31.2017</b>	<b>4.41</b>	<b>1.78</b>	<b>(5.45)</b>	<b>0.75</b>

-The accompanying notes from (1) to (23) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.593 (Previous year EGP to ₹ 3.747)



**STATEMENT OF CASH FLOW**

For the financial year ended 31 December, 2017

Particulars	Notes No	Year ended December 31,			
		2017	2016	2017	2016
		EGP	EGP	₹ Crore	₹ Crore
<b>Cash flows from operating activities</b>					
Net (loss) profit for the year		(118,760,550)	(2,914,420)	(42.67)	(1.09)
<b>Adjustments for:</b>					
Depreciation	16	2,935,300	3,177,296	1.05	1.19
Impairment in fixed assets		(14,979)	(14,514)	(0.01)	(0.01)
Allowance of inventory		360,528	876,040	0.13	0.33
Gain on sale of fixed assets		(309,391)	(274,548)	(0.11)	(0.10)
Provisions formed		4,511,041	-	1.62	-
Provisions no longer required		(1,347,734)	(539,492)	(0.48)	(0.20)
Impairment in related parties		92,086,252	-	33.09	-
Reconciliation on retained earnings		-	(84,608)	-	(0.03)
Treasury bills tax		517,021	354,604	0.19	0.13
Tax expense		(27,647)	(630,559)	(0.01)	(0.24)
Return on investment treasury bills		(662,614)	(480,292)	(0.24)	(0.18)
<b>Changes In</b>					
Inventories		(9,291,482)	(4,637,073)	(3.34)	(1.74)
Trade and other receivables		4,266,301	1,151,049	1.53	0.43
Prepayments		2,437,953	(2,170,072)	0.88	(0.81)
Trade and other payables		9,153,207	(1,956,861)	3.29	(0.73)
Related parties		18,288,226	(15,953,633)	6.57	(5.98)
Provisions used		( 824,534)	-	(0.30)	-
<b>Net cash provided by (used in) operating activities</b>		<b>3,316,898</b>	<b>(24,097,083)</b>	<b>1.19</b>	<b>(9.03)</b>
<b>Cash Flows From Investing Activities :</b>					
Proceeds from sale of fixed assets		466,090	312,552	0.17	0.12
( Acquisition of ) / proceeds from treasury bills		(16,659,862)	3,275,986	(5.99)	1.23
Acquisition of fixed assets		( 288,884)	(1,111,793)	(0.10)	(0.42)
<b>Net cash (used in) provided by in investing activities</b>		<b>(16,482,656)</b>	<b>2,476,745</b>	<b>(5.92)</b>	<b>0.93</b>
<b>Cash Flows From Financing Activities</b>					
Proceeds / (payments) from banks facilities		7 716 022	(1 695 236)	2.77	(0.64)
<b>Net cash provided by (used in) financing activities</b>		<b>7 716 022</b>	<b>(1 695 236)</b>	<b>2.77</b>	<b>(0.64)</b>
Net change in cash and cash equivalents		(5,449,736)	(23,315,574)	(1.96)	(8.74)
Cash and cash equivalents at the beginning of the year		8,955,818	32,271,392	3.22	12.09
<b>Cash and cash equivalents at the end of the year</b>		<b>3,506,082</b>	<b>8,955,818</b>	<b>1.26</b>	<b>3.36</b>

The accompanying notes from (1) to (23) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.593 (Previous year EGP to ₹ 3.747)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 1- General

#### 1-1 Reporting entity

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 EGP 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

#### 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 29 March 2018

### 3- Functional and Presentation Currency

These financial statements are presented in Egyptian Pounds.

### 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**

For the financial year ended 31 December, 2017

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

**5- Revenues**

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Domestic sales	144,001,517	192,446,049	51.74	72.11
Exports sales	-	122,626	-	0.05
Intercompany sales	205,693	689,682	0.07	0.26
Less:				
Sales discount	(57,918,943)	(80,405,856)	(20.81)	(30.13)
Return of sales provision	(463,543)	(438,201)	(0.17)	(0.16)
	<b>85,824,724</b>	<b>112,414,303</b>	<b>30.84</b>	<b>42.12</b>

**6- Cost of Sales**

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Materials	49,539,058	51,727,732	17.80	19.38
Depreciation	2,336,284	2,377,034	0.84	0.89
Salaries and wages	3,611,526	3,894,162	1.30	1.46
Other manufacturing cost	5,766,282	6,550,762	2.07	2.45
Change in finished goods and work in progress inventory	(4,496,604)	(1,630,251)	(1.62)	(0.61)
Inventory allowance	360,528	876,040	0.13	0.33
Others	(697,799)	235,563	(0.25)	0.09
	<b>56,419,275</b>	<b>64,031,042</b>	<b>20.27</b>	<b>23.99</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December, 2017

**7- Other income**

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Scrap sales	238,183	158,811	0.09	0.06
Gain on sale of fixed assets	309,391	274,548	0.11	0.10
Reversal of impairment in fixed assets	14,979	14,514	0.01	0.01
Provisions no longer required	1,347,734	-	0.48	-
	<b>1,910,287</b>	<b>447,873</b>	<b>0.69</b>	<b>0.17</b>

**8- Selling and distribution expenses**

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Salaries and wages	5,872,512	4,736,465	2.11	1.77
Depreciation	123,135	121,223	0.04	0.05
Advertisements and marketing expenses	17,113,531	14,399,663	6.15	5.40
Commission expenses	2,876,754	3,587,907	1.03	1.34
Rent expense	1,261,676	1,301,515	0.45	0.49
Research expense	1,169,897	2,639,230	0.42	0.99
Royalties	435,596	557,543	0.16	0.21
Other selling expenses	4,087,048	3,150,591	1.47	1.18
	<b>32,940,149</b>	<b>30,493,337</b>	<b>11.84</b>	<b>11.43</b>

**9- General and administrative expenses**

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Salaries and wages	5,258,694	9,957,100	1.89	3.73
Depreciation	471,765	654,951	0.17	0.25
Consulting services	7,229,831	3,447,521	2.60	1.29
Travel and accommodation expenses	1,392,969	1,464,878	0.50	0.55
Rent expense	1,802,330	1,685,014	0.65	0.63
Computer expenses	2,345,452	391,387	0.84	0.15
Communications expenses	220,323	258,548	0.08	0.10
Insurance expenses	556,258	416,863	0.20	0.16
Vehicles expenses	523,599	428,906	0.19	0.16
Medical expenses	300,529	271,846	0.11	0.10
Electricity expenses	79,651	80,842	0.03	0.03
Fines expenses	-	46,515	-	0.02
Security expenses	101,426	58,148	0.04	0.02
Other expenses	3,314,244	788,961	1.19	0.30
	<b>23,597,071</b>	<b>19,951,480</b>	<b>8.47</b>	<b>7.48</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 10- Other expenses

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Donation	-	41,705	-	0.02
Provision formed during the year	3,297,827	-	1.18	-
Impairment in related parties balances	92,086,252	-	33.09	-
	<b>95,384,079</b>	<b>41,705</b>	<b>34.27</b>	<b>0.02</b>

### 11- Finance income

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Credit interest	2,360,327	1,576,420	0.85	0.59
Foreign currency exchange gain	613,446	-	0.22	-
	<b>2,973,773</b>	<b>1,576,420</b>	<b>1.07</b>	<b>0.59</b>

### 12- Finance cost

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Debit interest	639,386	415,088	0.23	0.16
Foreign currency exchange loss	-	2,696,319	-	1.01
	<b>639,386</b>	<b>3,111,407</b>	<b>0.23</b>	<b>1.17</b>

### 13- Reconciliation of effective tax rate

Particulars	Tax	2017	Tax	2016	2017	2016
	Rate	EGP	Rate	EGP	₹ Crore	₹ Crore
Net loss before income tax		(118,271,176)		(3,190,375)	(42.49)	(1.20)
Income tax on accounting profit	22.50%	(26,611,015)	22.50%	(717,834)	(9.56)	(0.27)
Non – deductible expenses		54,683		706,939	0.02	0.26
Treasury bills revenue		517,021		354,603	0.19	0.13
Deferred tax differences from prior years		221,916		-	0.08	-
Unrecognized tax losses		4,980,020		-	1.79	-
Provisions		21,326,749		75,723	7.66	0.03
Tax exemptions		-		(695,386)	-	(0.26)
<b>Income tax</b>	<b>0.41%</b>	<b>489,374</b>	<b>(8.65%)</b>	<b>(275,955)</b>	<b>0.18</b>	<b>(0.10)</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December, 2017

**14- Earnings per share**

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Net (losses) of the year (EGP)	(118,760,550)	(2,914,420)	(42.67)	(1.09)
Employees' profit share	-	-	-	-
Board of directors remuneration	-	-	-	-
	(118,760,550)	(2,914,420)	(42.67)	(1.09)
<b>Average number of shares</b>	<b>1,288,769</b>	<b>1,288,769</b>	<b>0.46</b>	<b>0.48</b>
<b>(Losses) earnings per share (EGP / Share)</b>	<b>(92.15)</b>	<b>(2.26)</b>	<b>(92.15)</b>	<b>(2.26)</b>

**15- Deferred tax asset / (liabilities)****A- Recognized deferred tax assets/ (liabilities)**

Particulars	Assets / (Liabilities)		Assets / (Liabilities)	
	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Fixed assets	(331,489)	(596,232)	(0.12)	(0.22)
Claims provision	-	237,096	-	0.09
<b>NET</b>	<b>(331,489)</b>	<b>(359,136)</b>	<b>(0.12)</b>	<b>(0.13)</b>

**B- Unrecognized deferred tax assets**

Particulars	2017	2016	2017	2016
	EPG	EPG	₹Crore	₹Crore
Decrease in inventory	522,199	441,080	0.19	0.17
Impairment in accounts and notes receivable	50,850	50,850	0.02	0.02
Claims provision	1,176,405	401,836	0.42	0.15
Impairment in related parties	20,719,407	-	7.44	-
	<b>22,468,861</b>	<b>893,766</b>	<b>8.07</b>	<b>0.33</b>

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, 2017

16- Fixed assets	Description	Land	Buildings & Constructions	Machinery, Tools & Equipment	Lab Equipment	Computers & Software	Office Furniture, Equipment	Motor Vehicles	Total
	<b>Cost</b>								
	As at 1/1/2016	199,530	3,329,678	19,575,820	1,039,486	538,134	1,889,186	1,881,500	28,453,334
	Additions during the year	-	-	46,080	184,620	67,458	249,635	564,000	1,111,793
	Disposals during the year	-	-	(30,895)	(9,231)	(3,800)	(511,800)	(334,500)	(890,226)
	<b>At 31/12/2016</b>	<b>199,530</b>	<b>3,329,678</b>	<b>19,591,005</b>	<b>1,214,875</b>	<b>601,792</b>	<b>1,627,021</b>	<b>2,111,000</b>	<b>28,674,901</b>
	<b>Cost as at 1/1/2017</b>	<b>199,530</b>	<b>3,329,678</b>	<b>19,591,005</b>	<b>1,214,875</b>	<b>601,792</b>	<b>1,627,021</b>	<b>2,111,000</b>	<b>28,674,901</b>
	Additions during the year	-	-	-	-	184,704	104,180	-	288,884
	Disposals during the year	-	-	-	-	-	(74,189)	(615,000)	(689,189)
	<b>At 31/12/2017</b>	<b>199,530</b>	<b>3,329,678</b>	<b>19,591,005</b>	<b>1,214,875</b>	<b>786,496</b>	<b>1,657,012</b>	<b>1,496,000</b>	<b>28,274,596</b>
	<b>Accumulated depreciation</b>								
	At 1/1/2016	-	1,103,030	11,204,795	761,556	401,358	1,620,201	927,973	16,018,913
	Depreciation for the year	-	166,484	2,033,557	223,750	124,721	148,307	345,645	3,042,464
	Accumulated depreciation for disposals	-	-	(28,922)	(9,229)	(3,799)	(510,566)	(299,706)	(852,222)
	<b>At 31/12/2016</b>	<b>-</b>	<b>1,269,514</b>	<b>13,209,430</b>	<b>976,077</b>	<b>522,280</b>	<b>1,257,942</b>	<b>973,912</b>	<b>18,209,155</b>
	<b>Accumulated depreciation as at 1/1/2017</b>	<b>-</b>	<b>1,269,514</b>	<b>13,209,430</b>	<b>976,077</b>	<b>522,280</b>	<b>1,257,942</b>	<b>973,912</b>	<b>18,209,155</b>
	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)
	<b>At 31/12/2017</b>	<b>-</b>	<b>1,435,998</b>	<b>15,198,749</b>	<b>1,149,384</b>	<b>630,355</b>	<b>1,353,148</b>	<b>844,331</b>	<b>20,611,965</b>
	<b>Impairment of fixed assets</b>								
	At 31/12/2016	-	-	38,366	-	-	-	-	38,366
	At 31/12/2017	-	-	23,387	-	-	-	-	23,387
	<b>Net book Value</b>								
	At 31/12/2016	199,530	2,060,164	6,343,209	238,798	79,512	369,079	1,137,088	10,427,380
	At 31/12/2017	199,530	1,893,680	4,368,869	65,491	156,141	303,864	651,669	7,639,244

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

Description	Land	Buildings & Constructions	Machinery, Tools & Equipment	Lab Equipment	Computers & Software	Office Furniture, Equipment	Motor Vehicles	Total
₹ Crore								
<b>Cost</b>								
As at 1/1/2016	0.07	1.25	7.34	0.39	0.20	0.71	0.70	10.66
Additions during the year	-	-	0.02	0.07	0.03	0.09	0.21	0.42
Disposals during the year	-	-	(0.01)	-	-	(0.19)	(0.13)	(0.33)
<b>At 31/12/2016</b>	<b>0.07</b>	<b>1.25</b>	<b>7.34</b>	<b>0.46</b>	<b>0.23</b>	<b>0.61</b>	<b>0.79</b>	<b>10.74</b>
<b>Cost as at 1/1/2017</b>	<b>0.07</b>	<b>1.25</b>	<b>7.34</b>	<b>0.46</b>	<b>0.23</b>	<b>0.61</b>	<b>0.79</b>	<b>10.74</b>
Additions during the year	-	-	-	-	0.07	0.04	-	0.10
Disposals during the year	-	-	-	-	-	(0.03)	(0.22)	(0.25)
<b>At 31/12/2017</b>	<b>0.07</b>	<b>1.20</b>	<b>7.04</b>	<b>0.44</b>	<b>0.28</b>	<b>0.60</b>	<b>0.54</b>	<b>10.16</b>
<b>Accumulated depreciation</b>								
At 1/1/2016	-	0.41	4.20	0.29	0.15	0.61	0.35	6.00
Depreciation for the year	-	0.06	0.76	0.08	0.05	0.06	0.13	1.14
Accumulated depreciation for disposals	-	-	(0.01)	-	-	(0.19)	(0.11)	(0.32)
<b>At 31/12/2016</b>	<b>-</b>	<b>0.48</b>	<b>4.95</b>	<b>0.37</b>	<b>0.20</b>	<b>0.47</b>	<b>0.36</b>	<b>6.82</b>
<b>Accumulated depreciation as at 1/1/2017</b>	<b>-</b>	<b>0.48</b>	<b>4.95</b>	<b>0.37</b>	<b>0.20</b>	<b>0.47</b>	<b>0.36</b>	<b>6.82</b>
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)
<b>At 31/12/2017</b>	<b>-</b>	<b>0.52</b>	<b>5.46</b>	<b>0.41</b>	<b>0.23</b>	<b>0.49</b>	<b>0.30</b>	<b>7.41</b>
<b>Impairment of fixed assets</b>								
At 31/12/2016	-	-	0.01	-	-	-	-	0.01
At 31/12/2017	-	-	0.01	-	-	-	-	0.01
<b>Net book Value</b>								
At 31/12/2016	0.07	0.77	2.38	0.09	0.03	0.14	0.43	3.91
At 31/12/2017	0.07	0.68	1.57	0.02	0.06	0.11	0.23	2.74



**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December, 2017

**17- Intangible Assets**

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Cost at 1/1/2017	1,048,433	1,048,433	0.38	0.39
Additions during the year	-	-	-	-
<b>Cost at 31/12/2017</b>	<b>1,048,433</b>	<b>1,048,433</b>	<b>0.38</b>	<b>0.39</b>
Accumulated depreciation at 1/1/2017	(913,595)	(913,595)	(0.33)	(0.34)
Depreciation for the year	(134,832)	(134,832)	(0.05)	(0.05)
Accumulated depreciation at 31/12/2017	(1,048,427)	(1,048,427)	(0.38)	(0.39)
Net intangible assets at 31/12/2017	<b>6</b>	<b>6</b>	<b>0.00</b>	<b>0.00</b>

The balance of intangible assets is represented in Computer software licenses and it is amortized on a straight-line method over two years.

**18- Inventories**

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Raw materials	8,213,148	6,343,186	2.95	2.38
Packing materials	7,103,430	4,178,513	2.55	1.57
Finished goods	12,256,351	7,817,121	4.4	2.93
Work in process	106,835	49,462	0.04	0.02
	<b>27,679,764</b>	<b>18,388,282</b>	<b>9.95</b>	<b>6.89</b>
Less:				
Allowance for inventories	(2,320,884)	(1,960,356)	(0.83)	(0.73)
	<b>25,358,880</b>	<b>16,427,926</b>	<b>9.11</b>	<b>6.16</b>

**19- Trade and other receivables**

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Accounts receivable- local	13,317,549	17,810,212	4.78	6.67
Deposits with others	373,157	384,157	0.13	0.14
Tax authority – withholding tax	528,289	136,403	0.19	0.05
Employees' imprest funds	150,355	305,296	0.05	0.11
Other debit balances	1,345	928	0.00	0.00
	<b>14,370,695</b>	<b>18,636,996</b>	<b>5.16</b>	<b>6.98</b>
Less:				
Impairment in trade and debit balances	(226,000)	(226,000)	(0.08)	(0.08)
	<b>14,144,695</b>	<b>18,410,996</b>	<b>5.10</b>	<b>6.90</b>

**20- Prepayments**

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Suppliers – advance payments	124,102	2,400,191	0.04	0.90
Prepayments	368,742	530,606	0.13	0.20
	<b>492,844</b>	<b>2,930,797</b>	<b>0.18</b>	<b>1.10</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 21- 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	17,180,846	1.33	6.17
Marico Limited Company	India	Royalty	435,596	9,886	0.16	0.00
Marico Limited Company	India	Expenses	11,082,877	3,288,988	3.98	1.18
Marico Limited Company	India	Purchases	145,407	-	0.05	-
Marico Limited Company	India	Payment of expenses on behalf of the company	240,551	3,194,867	0.09	1.15
Marico Middle East Company	UAE	Expenses	937,247	1,681,041	0.34	0.60
Marico Middle East Company	UAE	Loan without interest	14,398,700	-	5.17	-
Marico Middle East Company	UAE	Payment of expenses on behalf of the company	334,52	1,216,117	0.01	0.44
Marico for Consumer Care Product Company	Egypt	Sales	234,690	-	0.08	-
Marico for Consumer Care Product Company	Egypt	Purchases	425,993	-	0.15	-

Those transactions resulted in the following balances as at 31 December 2017:

#### A) Due from related parties:

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
MEL Consumer Care Company- Egypt	92,086,252	95,800,096	33.09	35.90
Less:				
Impairment on related parties	(92,086,252)	-	(33.09)	-
	-	95,800,096	-	35.9

#### B) Due to related parties:

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Marico Limited Company - India	1,475,221	1,081,493	0.53	0.41
* Marico Middle East Company - UAE	15,026,745	846,091	5.40	0.32
	16,501,966	1,927,584	5.95	0.72

\*The balance includes an amount of USD 800 000. represented in the value of the loan given from Marico Middle East Company – UAE without interest.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December, 2017

**22- Investments held to maturity**

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Treasury bills	20,493,864	3,171,388	7.38	1.19
	<b>20,493,864</b>	<b>3,171,388</b>	<b>7.38</b>	<b>1.19</b>

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
		31/12/2017	31/12/2017	
	EGP	EGP	EGP	
QNB Bank	4,228,350	309,508	4,537,858	7-Aug-18
QNB Bank	2,554,230	93,073	2,647,303	16-Oct-18
QNB Bank	1,772,640	70,943	1,843,583	3-Jul-18
QNB Bank	2,565,840	83,913	2,649,753	16-Oct-18
SAIB Bank	2,553,024	86,391	2,639,415	16-Oct-18
SAIB Bank	1,827,751	65,303	1,893,054	24-Apr-18
Arab Bank	1,490,482	66,144	1,556,626	3-Apr-18
HSBC Bank	1,766,180	76,507	1,842,687	3-Jul-18
HSBC Bank	855,290	28,295	883,585	16-Oct-18
<b>Total</b>	<b>19,613,787</b>	<b>880,077</b>	<b>20,493,864</b>	

Bank Name	Paid Amount	Accrued Interest till	Total	Maturity Date
		31/12/2017	31/12/2017	
	₹Crore	₹Crore	₹Crore	
QNB Bank	1.52	0.11	1.63	7-Aug-18
QNB Bank	0.92	0.03	0.95	16-Oct-18
QNB Bank	0.64	0.03	0.67	3-Jul-18
QNB Bank	0.92	0.03	0.95	16-Oct-18
SAIB Bank	0.92	0.03	0.95	16-Oct-18
SAIB Bank	0.66	0.02	0.68	24-Apr-18
Arab Bank	0.54	0.02	0.56	3-Apr-18
HSBC Bank	0.63	0.03	0.66	3-Jul-18
HSBC Bank	0.31	0.01	0.32	16-Oct-18
<b>Total</b>	<b>7.06</b>	<b>0.31</b>	<b>7.37</b>	

**23- Cash and Cash Equivalents**

Particulars	2017	2016	2017	2016
	EGP	EGP	₹ Crore	₹ Crore
Banks - current accounts	570,704	4,532,318	0.21	1.7
Time deposits	50,000	4,423,500	0.02	1.66
*Treasury bills - short term	2,885,378	-	1.03	-
	<b>3,506,082</b>	<b>8,955,818</b>	<b>1.26</b>	<b>3.36</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December, 2017

\*The short term treasury bills with maturity date within 3 months is presented in the following :-

Bank Name	Paid Amount	Accrued Interest till 31/12/2017	Total as at 31/12/2017	Maturity Date
	EGP	EGP	EGP	
Arab Bank	2,757,270	128,108	2,885,378	27-Mar-18

Bank Name	Paid Amount	Accrued Interest till 31/12/2017	Total as at 31/12/2017	Maturity Date
	₹ Crore	₹ Crore	₹ Crore	
Arab Bank	0.99	0.05	1.04	27-Mar-18

**24- Share capital****A. Authorized capital of the company is EGP 20 million.****B. The issued and fully paid capital of the company is EGP 12 287 690 Egyptian pounds represented in 228 769 shares, at par value EGP 10.**

- The share capital is presented as the following :

Name	No of Shares	Value per share	Share value EGP	Share value ₹ Crore
Marico For Consumer Care Products S.A.E	1 216 481	EGP 10.00	12,164,810	4.37
Mr.Ravin Mody	6 144	EGP 10.00	61,440	0.02
Mr.Brajesh Bajpai	6 144	EGP 10.00	61,440	0.02
<b>Total</b>	<b>1,228,769</b>		<b>12,287,690</b>	<b>4.41</b>

The percentage of Egyptian shareholder share is 99 %

**25- Provisions and impairment in assets and allowance for inventory**

	Balance at 01/01/2017	Formed during the year	Used during the year	Provisions no longer required	Balance at 31/12/2017
	EGP	EGP	EGP	EGP	EGP
Claims provision	-	3,297,827	-	-	3,297,827
Others provision	2,451,492	749,671	(824,534.00)	(1,347,734)	1,028,895
Sales Returns provision	438,203	463,543	-	-	901,746
	<b>2,889,695</b>	<b>4,511,041</b>	<b>(824,534.00)</b>	<b>(1,347,734)</b>	<b>5,228,468</b>
Allowance for inventory	1,960,356	360,528	-	-	2,320,884
Impairment in trade and debit balances	226,000	-	-	-	226,000
Impairment in fixed assets	38,366	-	-	(14,979)	23,387

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December, 2017

Particulars	Balance at 01/01/2017	Formed during the year	Used during the year	Provisions no longer required	Balance at 31/12/2017
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Claims provision	-	1.18	-	-	1.18
Others provision	0.92	0.27	(0.30)	(0.48)	0.37
Sales Returns provision	0.16	0.17	-	-	0.32
	<b>1.08</b>	<b>1.62</b>	<b>(0.30)</b>	<b>(0.48)</b>	<b>1.88</b>
Allowance for inventory	0.70	0.13	-	-	0.83
Impairment in trade and debit balances	0.08	-	-	-	0.08
Impairment in fixed assets	0.01	-	-	(0.01)	0.01

**26- Bank facilities**

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
* QNB Bank	9,595,131	3,382,661	3.45	1.27
SAIB Bank	1,503,552	-	0.54	-
	<b>11,098,683</b>	<b>3,382,661</b>	<b>3.99</b>	<b>1.26</b>

\*Guranteed by treasury bills.

**27- Trade and other payables**

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Suppliers	31,219,685	18,878,662	11.22	7.07
Accrued expenses	2,738,994	481,597	0.98	0.18
Tax authority	2,019,193	3,415,802	0.73	1.28
Salaries & bonus of expats	364,504	3,872,712	0.13	1.45
Social insurance authority	60,154	83,529	0.02	0.03
	<b>36,402,530</b>	<b>26,732,302</b>	<b>13.08</b>	<b>10.02</b>

**28- Tax position****a) Corporate Tax:****Years from commencement of operation till 2016**

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.

**Period from 1/1/2017 till 6/9/2016:**

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

**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 31/12/2017:**

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.

**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**

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:**

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 2017**

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.

**29- 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. (33) 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, 2017

**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 EGP 190 065 and EGP 21 305 305 respectively.

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

**Foreign Currency (deficit) / surplus**

US Dollars	(1,082,802)
Euro	90,095
GBP	2,501

And as stated in note (33-1) "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
	31/12/2017	31/12/2016	31/12/2016	31/12/2016
	EGP	EGP	₹ Crore	₹ Crore
Trade and other creditors	36,402,530	26,732,302	13.08	9.60
Due to related parties	16,501,966	1,927,584	5.93	0.69
Bank facilities	11,098,683	3,382,661	3.99	1.22
	<b>64,003,179</b>	<b>32,042,547</b>	<b>23.00</b>	<b>11.51</b>

**30- Comparative Figures**

Comparative figures has been reclassified to confirm with the current period classification.

**31- Basis of Measurement**

The financial statements have been prepared on historical cost basis .

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 32- Going concern

The company incurred cumulative losses amounting to EGP 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 EGP 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.

### 33- Significant accounting policies

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

#### 33-1 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.

#### 33-2 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.

#### 33-3 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 33-4 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.

### 33-5 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).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

- 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.

### 33-6 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.

### 33-7 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 33-8 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.

### 33-9 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 an 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December, 2017

**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.

**33-10 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, 2017

### 33-11 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 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 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.

### 33-12 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.

### 33-13 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.

### 33-14 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 33-15 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.

### 33-16 Payables, due to related parties ,creditors and credit balances

Payables, due to related parties, creditors and other credit balances are stated at their cost.

### 33-17 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.

### 33-18 Cash flow statement

Cash flow statement is prepared according to the indirect method.

### 33-19 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, 2018)

Mr. Saugata Gupta  
Mr. Vivek Karve  
Mr. Jacques Nieuwenhuys  
Mr. John Richard Mason  
Mr. Ashish Joshi (w.e.f. May 8, 2017)

**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  
KPMG – 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 and its subsidiary (the group and company) set out on pages 7 to 36, which comprise the consolidated and separate statements of financial position as at 31 March 2018, and the consolidated and separate statements of comprehensive income, statements of changes in equity and statements 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 consolidated and separate financial statements present fairly, in all material respects, the financial position of Marico South Africa Consumer Care Proprietary Limited and its subsidiary as at 31 March 2018, 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 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 consolidated and separate 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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 Directors' Report as required by the Companies Act of South Africa and the Directors' Responsibility Statement. 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, 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.

In preparing the consolidated and separate 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 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.

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

## **KPMG Inc.**

Per Marileen De Wet  
Chartered Accountant (SA)  
Registered Auditor  
Director  
12 June, 2018

## STATEMENTS OF FINANCIAL POSITION

As at 31 March, 2018

Particulars	Notes	As at March 31,							
		Group		Company		Group		Company	
		2018	2017	2018	2017	2018	2017	2018	2017
		R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>ASSETS</b>									
<b>Non-current assets</b>									
Property, plant and equipment	6	2,305,340	2,301,254	-	-	1.28	1.11	-	-
Intangible assets	7	107,980,722	47,980,722	-	-	59.84	23.20	-	-
Investment in subsidiary	8	-	-	130,326,054	100,326,056	-	-	72.23	48.52
Deferred income tax assets	14	2,594,592	1,299,341	-	-	1.44	0.63	-	-
Goodwill	9	39,794,680	37,686,823	-	-	22.05	18.22	-	-
		<b>152,675,334</b>	<b>89,268,140</b>	<b>130,326,054</b>	<b>100,326,056</b>	<b>84.61</b>	<b>43.16</b>	<b>72.23</b>	<b>48.52</b>
<b>Current assets</b>									
Inventories	10	33,380,313	28,819,241	-	-	18.50	13.93	-	-
Trade and other receivables	11	33,912,634	24,781,978	-	-	18.79	11.98	-	-
Cash and cash equivalents	12	27,584	7,190,550	27,584	27,928	0.02	3.48	0.02	0.01
Current Income tax asset		786,260	468,048	582	-	0.44	0.23	0.00	-
		68,106,791	61,259,817	28,166	27,928	37.74	29.62	0.02	0.01
<b>Total assets</b>		<b>220,782,125</b>	<b>150,527,957</b>	<b>130,354,220</b>	<b>100,353,984</b>	<b>122.36</b>	<b>72.80</b>	<b>72.24</b>	<b>48.53</b>
<b>EQUITY</b>									
<b>Capital and reserves attributable to equity holders of the company</b>									
Share capital	13	90,060,309	60,060,309	90,060,309	60,060,309	49.91	29.04	49.91	29.04
Share premium	13	43,799,900	43,799,900	43,799,900	43,799,900	24.27	21.18	24.27	21.18
Retained earnings/ (accumulated loss)		9,832,562	13,788,072	(3,532,273)	(3,532,025)	5.45	6.67	(1.96)	(1.71)
<b>Total equity</b>		<b>143,692,771</b>	<b>117,648,281</b>	<b>130,327,936</b>	<b>100,328,184</b>	<b>79.63</b>	<b>56.89</b>	<b>72.22</b>	<b>48.51</b>
<b>LIABILITIES</b>									
<b>Non-current liabilities</b>									
Borrowings	16	35,785,676	-	-	-	19.83	-	-	-
Share-based payment liability	17	290,595	368,267	-	-	0.16	0.18	-	-
		36,076,271	368,267	-	-	19.99	0.18	-	-
<b>Current liabilities</b>									
Trade and other payables	15	34,097,503	32,087,229	26,284	-	18.90	15.52	0.01	-
Borrowings	16	6,163,474	-	-	-	3.42	-	-	-
Share-based payment liability	17	554,198	398,380	-	-	0.31	0.19	-	-
Cash and cash equivalents	12	197,908	-	-	-	0.11	-	-	-
Current Income tax liability		-	25,800	-	25,800	-	0.01	-	0.01
		<b>41,013,083</b>	<b>32,511,409</b>	<b>26,284</b>	<b>25,800</b>	<b>22.73</b>	<b>15.73</b>	<b>0.01</b>	<b>0.01</b>
<b>Total liabilities</b>		<b>77,089,354</b>	<b>32,879,676</b>	<b>26,284</b>	<b>25,800</b>	<b>42.72</b>	<b>15.91</b>	<b>0.01</b>	<b>0.01</b>
<b>Total equity and liabilities</b>		<b>220,782,125</b>	<b>150,527,957</b>	<b>130,354,220</b>	<b>100,353,984</b>	<b>122.36</b>	<b>72.80</b>	<b>72.24</b>	<b>48.53</b>

Note: The exchange rate use to convert ZAR to ₹ 5.542 (Previous year ZAR to ₹ 4.835)

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March, 2018

Particulars	Notes	Year ended March 31,							
		Group		Company		Group		Company	
		2018	2017	2018	2017	2018	2017	2018	2017
		R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Revenue		244,799,109	210,951,899	-	-	135.67	102.00	-	-
Cost of sales		(156,680,282)	(129,610,805)	-	-	(86.83)	(62.67)	-	-
<b>Gross profit</b>		<b>88,118,827</b>	<b>81,341,094</b>	-	-	<b>48.84</b>	<b>39.33</b>	-	-
Operating expenses		(90,494,425)	(75,937,174)	(1,989)	(7,416)	(50.15)	(36.72)	(0.00)	(0.00)
Other income		15,388	435,422	-	435,422	0.01	0.21	-	0.21
Other gain		366,306	509,761	-	-	0.20	0.25	-	-
<b>Operating (loss)/profit</b>		<b>(1,993,904)</b>	<b>6,349,103</b>	<b>(1,989)</b>	<b>428,006</b>	<b>(1.11)</b>	<b>3.07</b>	<b>(0.00)</b>	<b>0.21</b>
Finance income	4.1	277,464	487,481	1,645	65,444	0.15	0.24	0.00	0.03
Finance costs	4.2	(3,294,793)	(96,014)	-	(69,871)	(1.83)	(0.05)	-	(0.03)
<b>(Loss)/profit before</b>									
<b>income tax</b>		<b>(5,011,233)</b>	<b>6,740,570</b>	<b>(344)</b>	<b>423,579</b>	<b>(2.78)</b>	<b>3.26</b>	<b>(0.00)</b>	<b>0.20</b>
Income tax income / (expense)	5	1,055,723	(1,973,987)	96	(118,602)	0.59	(0.95)	0.00	(0.06)
<b>Total comprehensive (loss)/income for the year</b>		<b>(3,955,510)</b>	<b>4,766,583</b>	<b>(248)</b>	<b>304,977</b>	<b>(2.19)</b>	<b>2.30</b>	<b>(0.00)</b>	<b>0.15</b>

Note: The exchange rate use to convert ZAR to ₹ 5.542 (Previous year ZAR to ₹ 4.835)

MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March, 2018

Particulars	Share capital	Share premium	Retained earnings (accumulated loss)	Total	Share capital	Share premium	Retained earnings (accumulated loss)	Total
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Group</b>								
<b>Year ended 31 March 2018</b>								
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	-	-	30,000,000	16.63	-	-	-
Total comprehensive income for the year	-	-	(3,955,510)	(3,955,510)	-	-	(2.19)	(2.19)
<b>Balance at 31 March 2018</b>	<b>90,060,309</b>	<b>43,799,900</b>	<b>9,832,562</b>	<b>143,692,771</b>	<b>49.91</b>	<b>24.27</b>	<b>5.45</b>	<b>63.01</b>
<b>Year ended 31 March 2017</b>								
Balance at 1 April 2016	60,060,309	43,799,900	9,021,489	112,881,698	29.04	21.18	4.36	54.58
Total comprehensive income for the year	-	-	4,766,583	4,766,583	-	-	2.30	2.30
<b>Balance at 31 March 2017</b>	<b>60,060,309</b>	<b>43,799,900</b>	<b>13,788,072</b>	<b>117,648,281</b>	<b>29.04</b>	<b>21.18</b>	<b>6.67</b>	<b>56.88</b>
<b>Company</b>								
<b>Year ended 31 March 2018</b>								
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	-	-	30,000,000	16.63	-	-	16.63
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(248)</b>	<b>(248)</b>	<b>-</b>	<b>-</b>	<b>(0.00)</b>	<b>(0.00)</b>
<b>Balance at 31 March 2018</b>	<b>90,060,309</b>	<b>43,799,900</b>	<b>(3,532,273)</b>	<b>130,327,936</b>	<b>49.91</b>	<b>24.27</b>	<b>(1.96)</b>	<b>72.23</b>
<b>Year ended 31 March 2017</b>								
Balance at 1 April 2016	60,060,309	43,799,900	(3,837,002)	100,023,207	29.04	21.18	(1.86)	48.36
Total comprehensive income for the year	-	-	304,977	304,977	-	-	0.15	0.15
<b>Balance at 31 March 2017</b>	<b>60,060,309</b>	<b>43,799,900</b>	<b>(3,532,025)</b>	<b>100,328,184</b>	<b>29.04</b>	<b>21.18</b>	<b>(1.71)</b>	<b>48.52</b>

Note: The exchange rate use to convert ZAR to ₹ 5.542 (Previous year ZAR to ₹ 4.835)

MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED

**STATEMENT OF CASH FLOWS**

For the year ended 31 March, 2018

Particulars	Notes	Year ended March 31,							
		Group		Company		Group		Company	
		2018	2017	2018	2017	2018	2017	2018	2017
		R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Cash flow from operating activities</b>									
Cash flow from operations	18	(12,739,774)	6,141,000	24,295	428,006	(7.06)	2.97	0.01	0.21
Finance income	4.1	277,464	487,481	1,645	65,444	0.15	0.24	0.00	0.03
Finance costs	4.2	(3,294,793)	(96,014)	-	(69,871)	(1.83)	(0.05)	-	(0.03)
Taxation Paid		(583,539)	(1,493,50)	(26,284)	(93,191)	(0.32)	(0.72)	(0.01)	(0.05)
Net cash (used in)/ generated from operating activities		<b>(16,340,642)</b>	<b>5,038,966</b>	<b>(344)</b>	<b>330,388</b>	<b>(9.06)</b>	<b>2.44</b>	<b>(0.00)</b>	0.16
<b>Cash flow from investing activities</b>									
Additions to property, plant and equipment	6	(876,913)	(2,679,909)	-	-	(0.49)	(1.30)	-	-
Additions to intangible assets		(60,000,000)	-	-	-	(33.25)	-	-	-
Increase in goodwill		(2,107,857)	-	-	-	(1.17)	-	-	-
Proceeds on disposal of property, plant and equipment		15,388	11,524	-	-	0.01	0.01	-	-
Purchase of Shares in Subsidiary		-	-	(30,000,000)	-	-	-	(16.63)	-
Net cash from/( used in) investing activities		<b>(62,969,382)</b>	<b>(2,668,385)</b>	<b>(30,000,000)</b>	-	<b>(34.90)</b>	<b>(1.29)</b>	<b>(16.63)</b>	-
<b>Cash flow from financing activities</b>									
Proceeds on share issue		30,000,000	-	30,000,000	-	16.63	-	16.63	-
Increase/(repayment)of borrowings	16	41,949,150	(3,098,746)	-	(726,900)	23.25	(1.50)	-	(0.35)
Net cas generated from/(used in) financing activities		71,949,150	(3,098,746)	30,000,000	(726,900)	39.87	(1.50)	16.63	(0.35)
Net decrease in cash and cash equivalents		<b>(7,360,874)</b>	<b>(728,165)</b>	<b>(344)</b>	<b>(396,512)</b>	<b>(4.08)</b>	<b>(0.35)</b>	<b>(0.00)</b>	<b>(0.19)</b>
Cash and cash equivalents at beginning of year		7,190,550	7,918,715	27,928	424,440	3.99	3.83	0.02	0.21
Cash and cash equivalents at end of year	12	<b>(170,324)</b>	<b>7,190,550</b>	<b>27,584</b>	<b>27,928</b>	<b>(0.09)</b>	<b>3.48</b>	<b>0.02</b>	<b>0.01</b>

Note: The exchange rate use to convert ZAR to ₹ 5.542 (Previous year ZAR to ₹ 4.835)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 1 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The consolidated and separate 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.

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 1.20.

#### 1.2 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 statements 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 1.4).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statements of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

### 1.3 Intangible assets

#### Brands

The useful lives of all intangible assets acquired by the company and its subsidiary 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 statements 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.

#### 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 and its subsidiary's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit and loss.

Subsequent to initial measurement, goodwill is measured as cost less accumulated impairment losses.

### 1.4 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).

### 1.5 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 statements 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 1.6 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, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 1.7 Financial assets

#### 1.7.1 Classification

The company and its subsidiary classify its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's and its subsidiary's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 1.9 and 1.10).

#### 1.7.2 Recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statements of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statements of comprehensive income within operating expenses in the period in which they arise.

### 1.8 Impairment of financial assets

#### Loans and receivables

The company and its subsidiary assess 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

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.

### 1.9 Trade receivables

Trade receivables are measured at amortised cost using the effective interest rate method, 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 amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. 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 within 'operating expenses'. 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 statements of comprehensive income.

### 1.10 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 statements of financial position.

### 1.11 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statements 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 statements of financial position date in the countries where the company and its subsidiary 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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

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.

### 1.12 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 using the effective interest rate method.

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual 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.

### 1.13 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.

### 1.14 Share-based payment

The company and its subsidiary operate share-based compensation under which the company and its subsidiary receive 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 and its subsidiary'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 and its subsidiary assess its estimates of the number of options or rights that are expected to vest. The company and its subsidiary recognise the impact on the original estimates, if any, in the statements of comprehensive income with a corresponding adjustment to the share option liability as appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

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.

### 1.15 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.

### 1.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's and its subsidiary's activities. Revenue is shown net of value-added tax, estimated returns, rebates and discounts. Revenue is recognised as follows:

#### (a) Sales of goods

Sales of goods are recognised when the company and its subsidiary have delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. It is the company's and its subsidiary's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

#### (b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

### 1.17 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.

### 1.18 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 and its subsidiary pay fixed contributions into a separate entity. The company and its subsidiary have 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 and its subsidiary pay contributions on a contractual basis and contributions are recognised as an expense when they are due.

### 1.19 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 statements of comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the company and its subsidiary have an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 1.20 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.

#### 1.20.1 Critical accounting estimates and judgements

The company and its subsidiary make 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.

(a) Estimated impairment of intangible assets and goodwill

The company and its subsidiary test 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 1.4. The recoverable amounts of cash-generating units has been determined based on value-in use calculations. These calculations require the use of estimates (refer notes 7 and 9).

### 1.21 Translation of foreign currencies

#### Functional and presentation currency

Items included in the financial statements of the company and its subsidiary 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 group'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 statements of comprehensive income within 'other gains/(losses)'.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

### 2 Operating profit

2.1 The following items have been charged in arriving at operating profit/(loss):

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Depreciation on property, plant and equipment (A detailed breakdown of the depreciation expense is presented in note 6)	872,827	806,802	-	-	0.48	0.39	-	-
Profit/ (loss) on disposal of property, plant and equipment	(15,388)	159,255	-	-	(0.01)	0.08	-	-
Lease rentals								
Buildings	6,954,831	4,531,157	-	-	3.85	2.19	-	-
Computers	486,580	445,881	-	-	0.27	0.22	-	-
	7,441,411	4,977,038	-	-	4.12	2.41	-	-
Directors' emoluments (Refer note 19)								
Salaries	4,596,817	3,046,777	-	-	2.55	1.47	-	-
Other	2,979,938	2,764,430	-	-	1.65	1.34	-	-
	7,576,755	5,811,207	-	-	4.20	2.81	-	-
<b>Staff costs (refer note 3)</b>	<b>23,591,805</b>	<b>19,436,299</b>	<b>-</b>	<b>-</b>	<b>13.07</b>	<b>9.40</b>	<b>-</b>	<b>-</b>

### 2.2 Expenses by nature

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Depreciation	872,827	806,802	-	-	0.48	0.39	-	-
Directors' emoluments	7,576,755	5,811,207	-	-	4.20	2.81	-	-
Operating lease rentals	7,441,411	4,977,038	-	-	4.12	2.41	-	-
Staff costs	23,591,805	19,436,299	-	-	13.07	9.40	-	-
Cost of sales	156,680,282	129,610,805	-	-	86.83	62.67	-	-
Commission	8,192,654	6,844,455	-	-	4.54	3.31	-	-
Advertising	21,228,378	16,725,224	-	-	11.76	8.09	-	-
Delivery Expenses	11,265,661	10,718,177	-	-	6.24	5.18	-	-
Other	10,324,932	10,617,972	1,989	7,416	5.72	5.13	0.00	0.00
<b>Total cost of sales and operating expenses</b>	<b>247,174,705</b>	<b>205,547,979</b>	<b>1,989</b>	<b>7,416</b>	<b>136.98</b>	<b>99.38</b>	<b>0.00</b>	<b>0.00</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 3 Staff costs

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Salaries and wages	21,812,748	17,938,076	-	-	12.09	8.67	-	-
Other	1,779,057	1,498,223	-	-	0.98	0.73	-	-
	<b>23,591,805</b>	<b>19,436,299</b>	-	-	<b>13.07</b>	<b>9.40</b>	-	-

Average number of persons employed:

- Full time	93	76	-	-
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### 4 Finance (costs)/income

#### 4.1 Finance income

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Bank	277,464	487,481	1,645	11,389	0.15	0.24	0.00	0.01
Related party (Refer note 19)	-	-	-	54,055	-	-	-	0.02
	<b>277,464</b>	<b>487,481</b>	<b>1,645</b>	<b>65,444</b>	<b>0.15</b>	<b>0.24</b>	<b>0.00</b>	<b>0.03</b>

#### 4.2 Finance costs

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Related party (refer note 19)	-	69,871	-	69,871	-	0.04	-	0.03
Other	3,294,793	26,143	-	-	1.83	0.01	-	-
	<b>3,294,793</b>	<b>96,014</b>	-	<b>69,871</b>	<b>1.83</b>	<b>0.05</b>	-	<b>0.03</b>

### 5 Income tax expense

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Current tax								
- current year	325,787	931,046	(96)	118,602	0.18	0.45	(0.00)	0.06
- prior year (over)/ under provision	(86,259)	37,627	-	-	(0.05)	0.02	-	-
	<b>239,528</b>	<b>968,673</b>	<b>(96)</b>	<b>118,602</b>	<b>0.13</b>	<b>0.47</b>	<b>(0.00)</b>	<b>0.06</b>
Deferred tax								
- current year	(1,194,082)	1,005,405	-	-	(0.66)	0.49	-	-
- prior year over provision	(101,169)	(91)	-	-	(0.06)	0.00	-	-
	<b>(1,295,251)</b>	<b>1,005,314</b>	-	-	<b>(0.72)</b>	<b>0.49</b>	-	<b>0.00</b>
<b>Total Tax Charge</b>	<b>(1,055,723)</b>	<b>1,973,987</b>	<b>(96)</b>	<b>118,602</b>	<b>(0.59)</b>	<b>0.95</b>	<b>(0.00)</b>	<b>0.06</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

The tax on the company's and its subsidiary's (loss)/profit before tax differs from the theoretical amount that would arise using basic rates as follows:

Particulars	Group		Company		Group		Company	
	2018 R	2017 R	2018 R	2017 R	2018 ₹ Crore	2017 ₹ Crore	2018 ₹ Crore	2017 ₹ Crore
(Loss) Profit before tax	(5,011,233)	6,740,570	(344)	423,579	(2.78)	3.26	(0.00)	0.20
Tax calculated at a rate of 28%	(1,403,145)	1,887,360	(96)	118,602	(0.78)	0.91	(0.00)	0.06
Deferred tax - prior year over provision	(101,169)	(91)	-	-	(0.06)	0.00	-	-
Current tax – prior year (Over)/under provision	(86,259)	37,627	-	-	(0.05)	0.02	-	-
Permanent differences	(100,364)	49,091	-	-	(0.06)	0.02	-	-
Capital gains Tax	635,214	-	-	-	0.35	-	-	-
<b>Tax charge</b>	<b>(1,055,723)</b>	<b>1,973,987</b>	<b>(96)</b>	<b>118,602</b>	<b>(0.59)</b>	<b>0.95</b>	<b>0.00</b>	<b>0.06</b>

The company and its subsidiary 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.

### 6 Property, plant and equipment

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	R	R	R	R	R
<b>Group</b>					
<b>Year ended 31 March 2018</b>					
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)
<b>Closing net carrying amount</b>	<b>776,082</b>	<b>664,960</b>	<b>116,934</b>	<b>747,364</b>	<b>2,305,340</b>
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)
<b>Closing net carrying amount</b>	<b>776,082</b>	<b>664,960</b>	<b>116,934</b>	<b>747,364</b>	<b>2,305,340</b>

Depreciation charge of R 872,827 ((₹ 0.4837 Crore) (2017: R 806,802) (₹ 0.3901 Crore)) has been charged to operating expenses.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	R	R	R	R	R
<b>Group</b>					
<b>Year ended 31 March 2017</b>					
Opening net carrying amount	285,191	72,794	59,267	181,674	<b>598,926</b>
Additions	1,100,976	714,274	-	864,659	<b>2,679,909</b>
Depreciation	(218,466)	(114,520)	(51,553)	(422,263)	<b>(806,802)</b>
Disposals	(154,570)	(1,090)	-	(15,119)	<b>(170,779)</b>
<b>Closing net carrying amount</b>	<b>1,013,131</b>	<b>671,458</b>	<b>7,714</b>	<b>608,951</b>	<b>2,301,254</b>
Cost	1,285,461	1,108,625	434,324	2,329,091	<b>5,157,501</b>
Accumulated depreciation and impairment	(272,330)	(437,167)	(426,610)	(1,720,140)	<b>(2,856,247)</b>
<b>Closing net carrying amount</b>	<b>1,013,131</b>	<b>671,458</b>	<b>7,714</b>	<b>608,951</b>	<b>2,301,254</b>

Company: No items of property, plant and equipment are held at company level.

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Group</b>					
<b>Year ended 31 March 2018</b>					
Opening net carrying amount	0.56	0.37	0.00	0.34	<b>1.28</b>
Additions	-	0.11	0.09	0.29	<b>0.49</b>
Depreciation	(0.13)	(0.12)	(0.02)	(0.21)	<b>(0.48)</b>
<b>Closing net carrying amount</b>	<b>0.43</b>	<b>0.37</b>	<b>0.06</b>	<b>0.41</b>	<b>1.28</b>
Cost	0.71	0.72	0.33	1.52	<b>3.28</b>
Accumulated depreciation and impairment	(0.28)	(0.35)	(0.26)	(1.10)	<b>(2.00)</b>
<b>Closing net carrying amount</b>	<b>0.43</b>	<b>0.37</b>	<b>0.06</b>	<b>0.41</b>	<b>1.28</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

Particulars	Leasehold	Plant and	Motor	Office	Total
	improvements	machinery	vehicles	furniture and computer equipment	
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Group</b>					
<b>Year ended 31 March 2017</b>					
Opening net carrying amount	0.14	0.04	0.03	0.09	<b>0.29</b>
Additions	0.53	0.35	-	0.42	<b>1.30</b>
Depreciation	(0.11)	(0.06)	(0.03)	(0.20)	<b>(0.39)</b>
Disposals	(0.07)	(0.00)	-	(0.01)	<b>(0.08)</b>
<b>Closing net carrying amount</b>	<b>0.49</b>	<b>0.32</b>	<b>0.00</b>	<b>0.29</b>	<b>1.11</b>
Cost	0.62	0.54	0.21	1.13	<b>2.49</b>
Accumulated depreciation and impairment	(0.13)	(0.21)	(0.21)	(0.83)	<b>(1.38)</b>
<b>Closing net carrying amount</b>	<b>0.49</b>	<b>0.32</b>	<b>0.00</b>	<b>0.29</b>	<b>1.11</b>

### 7 Intangible assets

Particulars	Brands	Total	Brands	Total
	R	R	₹ Crore	₹ Crore
<b>Group</b>				
<b>Year ended 31 March, 2018</b>				
Opening carrying amount	<b>47,980,722</b>	<b>47,980,722</b>	26.59	<b>26.59</b>
Additions	60,000,000	<b>60,000,000</b>	33.25	<b>33.25</b>
Closing carrying amount	<b>107,980,722</b>	<b>107,980,722</b>	<b>59.84</b>	<b>59.84</b>
Cost	110,062,924	<b>110,062,924</b>	61.00	<b>61.00</b>
Accumulated impairment	(2,082,202)	<b>(2,082,202)</b>	(1.15)	<b>(1.15)</b>
Closing carrying amount	<b>107,980,722</b>	<b>107,980,722</b>	<b>59.84</b>	<b>59.84</b>
<b>Year ended 31 March, 2017</b>				
Opening carrying amount	47,980,722	<b>47,980,722</b>	23.20	<b>23.20</b>
Impairment	-	-	-	-
Closing carrying amount	47,980,722	<b>47,980,722</b>	23.20	<b>23.20</b>
Cost	50,062,924	<b>50,062,924</b>	24.21	<b>24.21</b>
Accumulated impairment	(2,082,202)	<b>(2,082,202)</b>	(1.01)	<b>(1.01)</b>
Closing carrying amount	<b>47,980,722</b>	<b>47,980,722</b>	<b>23.20</b>	<b>23.20</b>

The company and its subsidiary have classified its intangible assets as having indefinite useful lives. This conclusion is supported by the fact that the company 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

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 calculates the fair value of the asset and records 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:

	2018	2017
Growth rate *1	5.50%	5.50%
Discount rate *2	15.15%	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

### 8 Investment in Subsidiary

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Marico South Africa Proprietary Limited								
Investment in shares at cost	-	-	130,326,054	100,326,056	-	-	72.23	48.51

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
<b>2018</b>			
Marico South Africa Proprietary Limited	South Africa	(3,955,263)	(2.19)
<b>2017</b>			
Marico South Africa Proprietary Limited	South Africa	4,461,606	2.16

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

The following information relate to the company financial interest in subsidiary.

Name	Number of shares held	Proportionheld	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

### 9 Goodwill

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Carrying value at the end of the year	39,794,680	37,686,823	-	-	22.05	18.22	-	-

Goodwill relates to the acquisition of Marico South Africa Proprietary Limited in 2007 and the purchase of assets and liabilities of JM Products Proprietary Limited, by Marico South Africa Proprietary Limited during the 2018 financial year.

Goodwill has been assessed for impairment in terms of IAS 36. Based on future expected cash flows from the subsidiary, Marico South Africa Proprietary Limited, no impairment is considered necessary.

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 earnings before interest, tax and depreciation

The key assumptions used in the value-in-use calculations are as follows:

	2018	2017
Growth rate *1	5.50%	5.50%
Discount rate *2	15.15%	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, 2018

### 10 Inventories

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Raw materials	19,926,370	16,224,550	-	-	11.04	7.84	-	-
Work in progress	541,870	88,441	-	-	0.30	0.04	-	-
Finished goods	12,912,073	12,506,250	-	-	7.16	6.05	-	-
	<b>33,380,313</b>	<b>28,819,241</b>	-	-	<b>18.50</b>	<b>13.93</b>	-	-
The above balances have been derived after deducting a write down to net realisable value of:	<b>(1,787,271)</b>	<b>(869,271)</b>	-	-	<b>(0.99)</b>	<b>(0.42)</b>	-	-

The cost of inventories recognised as an expense and included in cost of sales amounted to R156,680,282 (Rs. 86.83 Crore) (2017: R 129,610,805 (Rs. 62.67 Crore)).

### 11 Trade and other receivables

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Trade receivables	31,641,786	22,715,230	-	-	17.54	10.98	-	-
Provision for doubtful debts	-	(42,686)	-	-	-	(0.02)	-	-
Net trade receivables	<b>31,641,786</b>	<b>22,672,544</b>	-	-	<b>17.54</b>	<b>10.96</b>	-	-
Other receivables	2,270,848	2,109,434	-	-	1.26	1.02	-	-
	<b>33,912,634</b>	<b>24,781,978</b>	-	-	<b>18.79</b>	<b>11.98</b>	-	-

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:

Not past due	5,115,054	2,760,148	-	-	2.83	1.33	-	-
Past due by 30 days	14,392,513	9,945,785	-	-	7.98	4.81	-	-
Past due by 60 days	(1,129,147)	31,756	-	-	(0.63)	0.02	-	-
Past due by 90 days	13,263,366	9,934,855	-	-	7.35	4.80	-	-
	<b>31,641,786</b>	<b>22,672,544</b>	-	-	<b>17.54</b>	<b>10.96</b>	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

The carrying value of the trade and other receivables approximates their fair value.

Trade receivables have been ceded to Standard Bank of South Africa Limited (see note 16).

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Movement in provision for doubtful debts								
Opening Balance	42,686	557,857	-	-	0.03	0.27	-	-
Provision for the year	2,530,300	42,686	-	-	1.40	0.02	-	-
Write off	(2,572,986)	(557,857)	-	-	(1.43)	(0.27)	-	-
Closing Balance	-	42,686	-	-	-	0.02	-	-

### 12 Cash and cash equivalents

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Bank balances	27,584	7,190,550	27,584	27,928	0.02	3.48	0.02	0.01
Bank overdraft	(197,908)	-	-	-	(0.11)	-	-	-
	(170,324)	7,190,550	27,584	27,928	(0.09)	3.48	0.02	0.01

Credit quality of cash at bank: BAA2

### 13 Share capital and share premium

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Authorised</b>								
30 000 000 ordinary shares								
<b>Issued</b>								
800 Ordinary shares of R1	800	800	800	800	0.01	0.01	0.01	0.01
447 Ordinary shares of R134 361.32	60,059,509	60,059,509	60,059,509	60,059,509	33.28	29.04	33.28	29.04
322 Ordinary shares of R93 167.70	30,000,000	-	30,000,000	-	16.64	0.01	16.64	0.00
	90,060,309	60,060,309	90,060,309	60,060,309	49.93	29.06	49.94	29.05
<b>Share premium</b>	43,799,900	43,799,900	43,799,900	43,799,900	24.27	21.18	24.27	21.18

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 14 Deferred income tax assets

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:

At beginning of year	1,299,341	2,304,655	-	-	0.72	1.11	-	-
Current year	1,194,082	(1,005,405)	-	-	0.66	(0.49)	-	-
Prior year overprovision	101,169	91	-	-	0.06	-	-	-
<b>At end of year</b>	<b>2,594,592</b>	<b>1,299,341</b>	-	-	<b>1.44</b>	<b>0.63</b>	-	-

Deferred tax assets that will be realised within 12 months may be analysed as follows:

Property, plant and equipment	132,891	32,177	-	-	0.07	0.01	-	-
Other provisions	2,461,701	1,267,164	-	-	1.36	0.62	-	-
	<b>2,594,592</b>	<b>1,299,341</b>	-	-	<b>1.44</b>	<b>0.63</b>	-	-

### 15 Trade and other payables

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Trade payables	22,350,845	21,569,673	-	-	12.39	10.43	-	-
Amount due to related party (refer note 19)	464,815	2,200,924	-	-	0.26	1.06	-	-
Accruals	4,483,499	2,746,007	-	-	2.48	1.33	-	-
Audit fee	876,284	671,240	26,284	-	0.49	0.32	0.01	-
Bonus provision	3,744,183	3,146,241	-	-	2.08	1.52	-	-
Leave pay	1,518,098	1,182,216	-	-	0.84	0.57	-	-
Other payables	659,779	570,928	-	-	0.37	0.28	-	-
	<b>34,097,503</b>	<b>32,087,229</b>	<b>26,284</b>	<b>-</b>	<b>18.90</b>	<b>15.52</b>	<b>0.01</b>	<b>-</b>
Movement in bonus provision:								
Opening balance	3,146,241	2,434,711	-	-	1.74	1.18	-	-
Additional provision for the year	3,910,947	3,169,625	-	-	2.17	1.53	-	-
Amounts used during the year	(3,313,005)	(2,458,095)	-	-	(1.84)	(1.19)	-	-
Closing balance	<b>3,744,183</b>	<b>3,146,241</b>	<b>-</b>	<b>-</b>	<b>2.07</b>	<b>1.52</b>	<b>-</b>	<b>-</b>

The carrying value of the trade and other payables approximates their fair value.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

## 16 Borrowings

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Standard Bank of South Africa Limited								
- Non-current portion	35,785,676	-	-	-	19.83	-	-	-
- Current portion	6,163,474	-	-	-	3.42	-	-	-
	<b>41,949,150</b>	-	-	-	<b>23.25</b>	-	-	-

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	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Maturity of borrowings								
Due within 1 year	6,163,474	-	-	-	3.42	-	-	-
Due within 2 – 5 years	35,785,676	-	-	-	19.83	-	-	-
	<b>41,949,150</b>	-	-	-	<b>23.25</b>	-	-	-

## 17 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 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
256.78	1/12/2016	31,620	30/11/2019
203.63	1/12/2015	30,600	30/11/2018
217.46	5/8/2015	31,800	30/11/2017



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

The share price as at 31 March 2018 used to compute the share option liability was INR 294.85

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Current portion	554,198	398,380	-	-	0.31	0.19	-	-
Non-current portion	290,595	368,267	-	-	0.16	0.18	-	-
	<b>844,793</b>	<b>766,647</b>	-	-	<b>0.47</b>	<b>0.37</b>	-	-

### 18 Cash flow from operating

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Operating profit/(loss)	(1,993,904)	6,349,103	(1,989)	428,006	(1.11)	3.07	(0.00)	0.21
Adjusted for:								
Non-cash items								
Depreciation	872,827	806,802	-	-	0.48	0.39	-	-
(Profit)/Loss on disposal of Property, Plant and equipment	(15,388)	159,255	-	-	(0.01)	0.08	-	-
movement in Share-based payment liabilities	78,146	(727,480)	-	-	0.04	(0.35)	-	-
Operating profit before working capital changes:								
(Decrease)/Increase in trade and other receivables	(9,130,656)	473,596	-	-	(5.06)	0.23	-	-
Increase in inventories	(4,561,072)	(7,079,523)	-	-	(2.53)	(3.42)	-	-
Increase in trade and other payables	2,010,273	6,159,248	26,284	-	1.11	2.98	(0.01)	-
	<b>(12,739,774)</b>	<b>6,141,000</b>	<b>24,295</b>	<b>428,006</b>	<b>(7.06)</b>	<b>2.97</b>	<b>(0.01)</b>	<b>0.21</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

### 19 Related party transactions

At 31 March 2018, 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 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.

The following transactions were carried out by the company with related parties

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Finance income earned (refer note 4.1)								
Marico South Africa Proprietary Limited	-	-	-	54,055	-	-	-	0.03
Finance cost incurred (refer note 4.2)								
- Marico Limited	-	(69,871)	-	(69,871)	-	(0.03)	-	(0.03)
Directors emoluments								
J Nieuwenhuys								
- Salary	1,253,340	1,154,397	-	-	0.69	0.56	-	-
- Bonuses and performance related payments	701,027	790,700	-	-	0.39	0.38	-	-
- Allowances	202,165	72,000	-	-	0.11	0.03	-	-
	<b>2,156,532</b>	<b>2,017,097</b>	-	-	<b>1.20</b>	<b>0.98</b>	-	-
J Mason								
- Salary	2,005,923	1,892,381	-	-	1.11	0.91	-	-
- Bonuses and performance related payments	1,097,048	1,697,729	-	-	0.61	0.82	-	-
- Allowances	468,022	204,000	-	-	0.26	0.10	-	-
	<b>3,570,993</b>	<b>3,794,110</b>	-	-	<b>1.98</b>	<b>1.83</b>	-	-
M Mashilo								
- Salary	1,337,554	-	-	-	0.74	-	-	-
- Bonuses and performance related payments	105,660	-	-	-	0.06	-	-	-
- Allowances	406,016	-	-	-	0.23	-	-	-
	<b>1,849,230</b>	-	-	-	<b>1.02</b>	-	-	-
Technical Support								
- Marico Limited	3,168,328	2,357,682	-	-	1.76	1.14	-	-
<b>Amounts due to related parties</b>								
- Marico Limited	<b>464,815</b>	<b>2,200,924</b>	-	-	<b>0.26</b>	<b>1.06</b>	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

## 20 Commitments

Operating lease commitments

The future minimum lease payments payable under non-cancellable operating leases are as follows:

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Within 1 year	6,807,405	4,229,269	-	-	3.77	2.04	-	-
Between 2 and 5 years	11,855,101	11,417,995	-	-	6.57	5.52	-	-
	<b>18,662,506</b>	<b>15,647,264</b>	-	-	<b>10.34</b>	<b>7.57</b>	-	-

## 21 Financial risk management

## 21.1 Financial Risk factors

The company's and its subsidiary'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 and its subsidiary'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 group. The company and its subsidiary do not use derivative financial instruments, such as interest rate swaps and forward exchange contracts, to hedge certain exposures.

## (a) Foreign exchange risk

The company and its subsidiary are occasionally exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US Dollar. The company and its subsidiary do not use forward contracts to hedge their exposure to foreign currency risk in connection with the measurement currency. Uncovered future foreign exchange exposures at year end, reflected in the statement of financial position, can be analysed as follows:

	2018	2018	2017	2017
	Foreign amounts	Rand	Foreign amounts	Rand
	'000s	'000s	'000s	'000s
US dollar payable	137	1,671	241	1,746

At 31 March 2018, 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 R167 450 (2017: R50 976) lower/higher, mainly as a result of foreign exchange losses/gains on translating foreign denominated trade payables.

## (b) Interest rate risk

The company's and its subsidiary's fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The 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 and its subsidiary adopt a policy of regularly reviewing interest rate exposure, and maintain floating rate borrowings.

Refer to note 16 for details of the company's and its subsidiary's borrowings at year-end.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

### Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the statements 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	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Effect on profit after tax	16,104	19,573	221	(18)	0.01	0.01	0.00	(0.00)

### (c) Credit risk

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.

### (d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash resources and ensuring the availability of funding through an adequate amount of credit facilities. The company and its subsidiary aim 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 and its subsidiary's remaining contractual maturity of its non-derivative financial liabilities.

	Within	Greater	Total	Within	Greater	Total
	1 year	1 year		1 year	1 year	
	R	R	R	₹ Crore	₹ Crore	₹ Crore
<b>Group</b>						
<b>2018</b>						
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
<b>2017</b>						
Trade and other payables	24,341,525	-	24,341,525	11.77	-	11.77

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### Capital risk management

The company's and its subsidiary's objectives when managing capital are to safeguard the company's and its subsidiary'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 and its subsidiary may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### 21.2 Categories of financial instruments

The company's and its subsidiary's financial instruments consist primarily of deposits with banks, trade accounts receivable and payable, borrowings and loans to and from the holding company. Financial instruments are carried at fair value or amounts that approximate fair value.

### Financial assets

Assets as per the statements of financial position

Particulars	Group		Company		Group		Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Trade and other receivables (refer note 11)	33,912,634	24,781,978	-	-	18.79	11.98	-	-
Cash and cash equivalents (refer note 12)	27,584	7,190,550	27,584	27,928	0.02	3.48	0.02	0.01
	<b>33,940,218</b>	<b>31,972,528</b>	<b>27,584</b>	<b>27,928</b>	<b>18.81</b>	<b>15.46</b>	<b>0.02</b>	<b>0.01</b>

### Financial liabilities

#### Financial liabilities at amortised cost:

Borrowings	41,949,150	-	-	-	23.25	-	-	-
Trade and other payables	23,475,439	32,087,229	-	-	13.02	15.51	-	-
Cash and cash equivalents	197,908	-	-	-	0.11	-	-	-
	<b>65,622,497</b>	<b>32,087,229</b>	<b>-</b>	<b>-</b>	<b>36.38</b>	<b>15.51</b>	<b>-</b>	<b>-</b>

### 22 Going concern

The directors have satisfied themselves that the company and its subsidiary have adequate resources to continue in operation for the foreseeable future. The company's and its subsidiary's financial statements have accordingly been prepared on a going concern basis.

### 23 Subsequent events

The directors are not aware of any matter or circumstance which is material to the financial affairs of the company and its subsidiary 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2018

**24 New Standards and Interpretations**

At the date of authorisation of the financial statements of Marico South Africa Consumer Care (Pty) Ltd and its subsidiary for the year ended 31 March 2018, the following Standards and Interpretations applicable to the company and its subsidiary were in issue but not yet effective

Standard/Interpretation		Effective date
IFRS 15	Revenue from contracts with customers	1 January 2018*
IFRS 9	Financial Instruments	1 January 2018*
IFRS 16	Leases	1 January 2019*

All standards and interpretations will be adopted at their effective dates.

The directors are of the opinion that these amendments will not have a material impact on the company's and its subsidiary's annual financial statements

**IFRS 15 'Revenue from Contracts with Customers'**

During the year, the company and its subsidiary performed a high level assessment to determine the potential impact of the new standard on the company's and its subsidiary's statement of financial position and performance. Based on this assessment, nothing has come to the attention of the company and its subsidiary that would indicate that the impact of the new standard would be significant.

**IFRS 9 'Financial Instruments'**

Classification and measurement

There have been no material changes in the requirements for the classification and measurement of financial liabilities.

**IFRS 16 'Leases'**

The company and its subsidiary are in the process of assessing the potential impact of the new standard on the company's and its subsidiary's statement of financial position and performance.

## MARICO SOUTH AFRICA (PTY) LIMITED

### **Board of Directors**

(As on March 31, 2018)

Mr. Jacques Nieuwenhuys  
Mr. John Richard Mason  
Mr. Vivek Karve  
Mr. Ashish Joshi (w.e.f. May 8, 2017)  
Mr. Mandla Mashilo (w.e.f. October 27, 2017)  
Mr. Ashutosh Telang (till October 27, 2017)

### **Registered Office**

Unit 1-5, Site 2 East, Riverside Business Park  
74 Prince Umhlangane Road, Avoca , 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  
KPMG – Secretarial Services & Tax

## **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 set out on pages 7 to 34, which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, the 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 2018, 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 Financial Statements section of our report. We are independent of the 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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 Directors' Report as required by the Companies Act of South Africa and the Directors' Responsibility Statement. The other information 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 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,



## MARICO SOUTH AFRICA (PTY) LIMITED

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 Marileen De Wet  
Chartered Accountant (SA)  
Registered Auditor  
Director

12 June, 2018

MARICO SOUTH AFRICA (PTY) LIMITED

**STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2018

Particulars	Notes	As at March 31,			
		2018 R	2017 R	2018 ₹ Crore	2017 ₹ Crore
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6	2,305,340	2,301,254	1.28	1.11
Intangible assets	7	107,980,722	47,980,722	59.84	23.20
Deferred income tax asset	13	2,594,592	1,299,341	1.44	0.63
Goodwill	8	2,107,857	-	1.17	-
		<u>114,988,512</u>	<u>51,581,317</u>	<u>63.73</u>	<u>24.94</u>
<b>Current assets</b>					
Inventories	9	33,380,313	28,819,242	18.50	13.93
Trade and other receivables	10	33,912,634	24,781,978	18.79	11.99
Cash and cash equivalents	11	-	7,162,622	-	3.46
Current Income Tax asset		785,678	468,048	0.44	0.23
		<u>68,078,625</u>	<u>61,231,890</u>	<u>37.73</u>	<u>29.61</u>
<b>Total assets</b>		<u><b>183,067,136</b></u>	<u><b>112,813,207</b></u>	<u><b>101.46</b></u>	<u><b>54.55</b></u>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the company</b>					
Share capital	12	84,845,500	54,845,500	47.03	26.53
Share premium	12	22,863,735	22,863,735	12.67	11.05
(Accumulated loss)/retained earnings		<u>(1,705,168)</u>	<u>2,250,095</u>	<u>(0.97)</u>	<u>1.08</u>
<b>Total equity</b>		<u><b>106,004,067</b></u>	<u><b>79,959,330</b></u>	<u><b>58.73</b></u>	<u><b>38.66</b></u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	15	35,785,676	-	19.83	-
Share-based payment liability	16	290,595	368,268	0.17	0.18
		<u>36,076,271</u>	<u>368,268</u>	<u>20.00</u>	<u>0.18</u>
<b>Current liabilities</b>					
Trade and other payables	14	34,071,218	32,087,229	18.89	15.52
Borrowings	15	6,163,474	-	3.42	-
Share-based payment liability	16	554,198	398,380	0.31	0.19
Cash and cash equivalents	11	197,908	-	0.11	-
		<u>40,986,798</u>	<u>32,485,609</u>	<u>22.73</u>	<u>15.71</u>
<b>Total liabilities</b>		<u><b>77,063,069</b></u>	<u><b>32,853,877</b></u>	<u><b>42.73</b></u>	<u><b>15.89</b></u>
<b>Total equity and liabilities</b>		<u><b>183,067,136</b></u>	<u><b>112,813,207</b></u>	<u><b>101.46</b></u>	<u><b>54.55</b></u>

Note: The exchange rate use to convert ZAR to ₹ 5.542 (Previous year ZAR to ₹ 4.835)

MARICO SOUTH AFRICA (PTY) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March, 2018

Particulars	Notes	For the year ended March 31,			
		2018	2017	2018	2017
		R	R	₹ Crore	₹ Crore
<b>Revenue</b>		<b>244,799,109</b>	210,951,899	<b>135.67</b>	102.00
Cost of sales		<b>(156,680,282)</b>	(129,610,805)	<b>(86.83)</b>	(62.67)
<b>Gross profit</b>		<b>88,118,827</b>	<b>81,341,094</b>	<b>48.84</b>	<b>39.33</b>
Operating expenses		<b>(90,492,435)</b>	(75,579,094)	<b>(50.15)</b>	(36.54)
Other income /(expenses)		<b>15,388</b>	(350,664)	<b>0.01</b>	(0.19)
Other gains		<b>366,306</b>	509,761	<b>0.20</b>	0.25
<b>Operating (loss)/profit</b>	2	<b>(1,991,914)</b>	<b>5,921,097</b>	<b>(1.10)</b>	<b>2.84</b>
Finance income	4.1	<b>275,818</b>	476,092	<b>0.15</b>	0.23
Finance costs	4.2	<b>(3,294,794)</b>	(80,198)	<b>(1.83)</b>	(0.04)
<b>(Loss)/profit before income tax</b>		<b>(5,010,890)</b>	<b>6,316,991</b>	<b>(2.78)</b>	<b>3.03</b>
Income tax income/(expense)	5	<b>1,055,627</b>	(1,855,385)	<b>0.59</b>	(0.90)
<b>(Loss)/profit after income tax</b>		<b>(3,955,263)</b>	<b>4,461,606</b>	<b>(2.19)</b>	<b>2.13</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(3,955,263)</b>	<b>4,461,606</b>	<b>(2.19)</b>	<b>2.13</b>

Note: The exchange rate use to convert ZAR to ₹ 5.542 (Previous year ZAR to ₹ 4.835)

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March, 2018

Particulars	Share capital	Share premium	Retained earnings / (accumulated loss)	Total	Share capital	Share premium	Retained earnings / (accumulated loss)	Total
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Year ended 31 March, 2017</b>								
Balance at 1 April 2016	54,845,500	22,863,735	(2,211,511)	75,497,724	26.53	11.05	(1.07)	36.50
Total comprehensive income for the year	-	-	4,461,606	4,461,606	-	-	2.16	2.16
<b>Balance at 31 March 2017</b>	<b>54,845,500</b>	<b>22,863,735</b>	<b>2,250,095</b>	<b>79,959,330</b>	<b>26.53</b>	<b>11.05</b>	<b>1.09</b>	<b>38.66</b>
<b>Year ended 31 March, 2018</b>								
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 loss for the year	-	-	(3,955,263)	(3,955,263)	-	-	(2.19)	(2.19)
<b>Balance at 31 March 2018</b>	<b>84,845,500</b>	<b>22,863,735</b>	<b>(1,705,168)</b>	<b>106,004,067</b>	<b>47.03</b>	<b>12.67</b>	<b>(0.95)</b>	<b>58.75</b>

Note: The exchange rate use to convert ZAR to ₹ 5.542 (Previous year ZAR to ₹ 4.835)

MARICO SOUTH AFRICA (PTY) LIMITED

**STATEMENT OF CASH FLOWS**

For the year ended 31 March, 2018

Particulars	Notes	For the year ended March 31,			
		2018	2017	2018	2017
		R	R	₹ Crore	₹ Crore
<b>Cash flow from operating activities</b>					
Cash flow from operations	17	(12,764,069)	5,712,994	(7.07)	2.76
Finance income	4.1	275,818	476,092	0.15	0.23
Finance costs	4.2	(3,294,794)	(80,198)	(1.83)	(0.04)
Taxation paid		(557,253)	(1,400,311)	(0.31)	(0.68)
Net cash (used in)/generated from operating activities		(16,340,298)	4,708,577	(9.06)	2.28
<b>Cash flow from investing activities</b>					
Additions to property, plant and equipment	6	(876,913)	(2,679,909)	(0.49)	(1.30)
Additions to Intangible Assets	7	(60,000,000)	-	(33.25)	-
Additions to Goodwill		(2,107,857)	-	(1.17)	-
Proceeds on disposal of property, plant and equipment		15,388	11,524	0.01	0.01
Net cash used in investing activities		(62,969,382)	(2,668,385)	(34.90)	(1.29)
<b>Cash flow from financing activities</b>					
Increase/(Repayment) of borrowings	15	41,949,150	(2,371,845)	23.25	(1.15)
Increase in share capital	12	30,000,000	-	16.63	-
Net cash generated from/(used in) financing activities		71,949,150	(2,371,845)	39.87	(1.15)
<b>Net decrease in cash and cash equivalents</b>					
		(7,360,530)	(331,653)	(4.08)	(0.16)
Cash and cash equivalents at beginning of year		7,162,622	7,494,275	3.97	3.62
<b>Cash and cash equivalents at end of year</b>	11	<b>(197,908)</b>	<b>7,162,622</b>	<b>(0.11)</b>	<b>3.46</b>

Note: The exchange rate use to convert ZAR to ₹ 5.542 (Previous year ZAR to ₹ 4.835)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**1 Summary of significant accounting policies**

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**1.1 Basis of preparation**

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.

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 assumption and estimates are significant to the financial statements, are disclosed in note 1.20.

**1.2 Property, plant and equipment**

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 1.4).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 1.3 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 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.

#### 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. When the excess is negative (negative goodwill), it is recognised immediately in profit and loss.

Subsequent to initial measurement, goodwill is measured as cost less accumulated impairment losses.

### 1.4 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).

### 1.5 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 1.6 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, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 1.7 Financial assets

#### 1.7.1 Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 1.9 and 1.10).

#### 1.7.2 Recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within operating expenses in the period in which they arise.

### 1.8 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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

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.

### 1.9 Trade receivables

Trade receivables are measured at amortised cost using the effective interest rate method, 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 amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. 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 within 'operating expenses'. 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.

### 1.10 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.

### 1.11 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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

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.

### 1.12 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 using the effective interest rate method.

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual 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.

### 1.13 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.

### 1.14 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 1.15 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.

### 1.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, estimated returns, rebates and discounts. Revenue is recognised as follows:

#### (a) Sales of goods

Sales of goods are recognised when the company has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. It is the company's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

#### (b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

### 1.17 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.

### 1.18 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.

### 1.19 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.

### 1.20 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 1.20.1 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.

(a) 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 1.4. The recoverable amounts of cash-generating units has been determined based on value-in use calculations. These calculations require the use of estimates (refer notes 7 and note 8).

### 1.21 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)'.

## 2 Operating profit

2.1 The following items have been charged in arriving at operating profit:

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Depreciation on property, plant and equipment (A detailed breakdown of the depreciation expense is presented in note 6)	872,827	806,802	0.48	0.39
(Profit) / loss on disposal of property, plant and equipment	(15,388)	159,255	(0.01)	0.08
Lease rentals				
- Buildings	6,954,831	4,531,157	3.85	2.19
- Computers	486,580	445,881	0.27	0.22
	7,441,411	4,977,038	4.12	2.41
Directors' emoluments (refer note 18)				
Salaries	4,596,817	3,046,777	2.55	1.47
Other	2,979,938	2,764,430	1.65	1.34
	7,576,755	5,811,207	4.20	2.81
Staff costs (refer note 3)	23,591,805	19,436,299	13.07	9.40

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 2.2 Expenses by nature

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Depreciation	872,827	806,802	0.48	0.39
Directors' emoluments	7,576,755	5,811,207	4.20	2.81
Operating lease rentals	7,441,412	4,977,038	4.12	2.41
Staff costs	23,591,805	19,436,299	13.07	9.40
Cost of sales	156,680,282	129,610,805	86.83	62.67
Commission	8,192,654	6,844,455	4.54	3.31
Advertising	21,228,378	16,725,224	11.76	8.09
Delivery Expenses	11,265,661	10,718,177	6.24	5.18
Other	10,322,943	10,259,892	5.72	4.96
<b>Total cost of sales and operating expenses</b>	<b>247,172,717</b>	<b>205,189,899</b>	<b>136.98</b>	<b>99.21</b>

### 3 Staff costs

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Salaries and wages	21,812,748	17,938,076	12.09	8.67
Other	1,779,057	1,498,223	0.99	0.72
	<b>23,591,805</b>	<b>19,436,299</b>	<b>13.07</b>	<b>9.40</b>
Average number of persons employed:				
- Full time	<b>93</b>	<b>76</b>		

### 4 Finance (costs)/income

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
<b>4.1 Finance income</b>				
Bank	275,818	476,092	0.15	0.23
<b>4.2 Finance costs</b>				
Related party (refer note 18)	-	(54,055)	-	(0.02)
Other	(3,294,794)	(26,143)	(1.83)	(0.01)
	<b>(3,294,794)</b>	<b>(80,198)</b>	<b>(1.83)</b>	<b>(0.03)</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**5 Income tax expense**

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Current Tax				
- current year	325,884	812,444	0.18	0.39
- prior year (over)/underprovision	(86,259)	37,627	(0.05)	0.02
	<b>239,625</b>	850,071	<b>0.13</b>	0.41
Deferred tax				
- current year	(1,194,082)	1,005,405	(0.66)	0.49
- prior year over provision	(101,169)	(91)	(0.06)	(0.00)
	<b>(1,295,251)</b>	<b>1,005,314</b>	<b>(0.72)</b>	0.49
<b>Total tax charge</b>	<b>(1,055,626)</b>	<b>1,855,385</b>	<b>(0.72)</b>	<b>0.49</b>

The tax on the company's (loss)/ profit before tax differs from the theoretical amount that would arise using basic rates as follows:

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
(Loss)/profit before tax	(5,010,890)	6,316,991	(2.78)	3.05
Tax calculated at a rate of 28%	(1,403,049)	1,768,757	(0.78)	0.84
Deferred tax – prior year over provision	(101,169)	(91)	(0.06)	(0.00)
Current tax – prior year (over)/ under provision	(86,259)	37,627	(0.05)	0.02
Permanent differences	(100,364)	49,092	(0.06)	0.02
Capital gains tax	635,215	-	0.35	-
<b>Tax charge</b>	<b>(1,055,626)</b>	<b>1,855,385</b>	<b>(0.59)</b>	<b>0.88</b>

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 6 Property, plant and equipment

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	R	R	R	R	R
<b>Year ended 31 March, 2018</b>					
Opening net carrying amount	1,013,131	671,458	7,714	608,951	<b>2,301,254</b>
Additions	-	207,044	154,021	515,848	<b>876,913</b>
Depreciation	(237,049)	(213,542)	(44,801)	(377,435)	<b>(872,827)</b>
Disposals	-	-	-	-	-
<b>Closing net carrying amount</b>	<b>776,082</b>	<b>664,960</b>	<b>116,934</b>	<b>747,364</b>	<b>2,305,340</b>
Cost	1,285,461	1,296,587	588,347	2,740,439	<b>5,910,834</b>
Accumulated depreciation and impairment	(509,379)	(631,627)	(471,413)	(1,993,075)	<b>(3,605,494)</b>
<b>Closing net carrying amount</b>	<b>776,082</b>	<b>664,960</b>	<b>116,934</b>	<b>747,364</b>	<b>2,305,340</b>

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Year ended March 31, 2018</b>					
Opening net carrying amount	0.56	0.37	0.00	0.34	<b>1.28</b>
Additions	-	0.11	0.09	0.29	<b>0.49</b>
Depreciation	(0.13)	(0.12)	(0.02)	(0.21)	<b>(0.48)</b>
Disposals	-	-	-	-	-
<b>Closing net carrying amount</b>	<b>0.43</b>	<b>0.37</b>	<b>0.06</b>	<b>0.41</b>	<b>1.28</b>
Cost	0.71	0.72	0.33	1.52	<b>3.28</b>
Accumulated depreciation and impairment	(0.28)	(0.35)	(0.26)	(1.10)	<b>(2.00)</b>
<b>Closing net carrying amount</b>	<b>0.43</b>	<b>0.37</b>	<b>0.06</b>	<b>0.41</b>	<b>1.28</b>

Depreciation charge of R 872,827 (₹ 0.4837 Crore) (2017: R 806,802 (₹ 0.3901 Crore)) has been charged to operating expenses.

MARICO SOUTH AFRICA (PTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	R	R	R	R	R
<b>Year ended 31 March, 2017</b>					
Opening net carrying amount	285,191	72,794	59,267	181,674	598,926
Additions	1,100,976	714,274	-	864,659	2,679,909
Depreciation	(218,466)	(114,520)	(51,553)	(422,263)	(806,802)
Disposals	(154,570)	(1,090)	-	(15,119)	(170,779)
<b>Closing net carrying amount</b>	<b>1,013,131</b>	<b>671,458</b>	<b>7,714</b>	<b>608,951</b>	<b>2,301,254</b>
Cost	1,285,461	1,108,625	434,324	2,329,091	5,156,623
Accumulated depreciation and impairment	(272,330)	(437,167)	(426,610)	(1,720,140)	(2,855,369)
<b>Closing net carrying amount</b>	<b>1,013,131</b>	<b>671,458</b>	<b>7,714</b>	<b>608,951</b>	<b>2,301,254</b>

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Year ended March 31, 2017</b>					
Opening net carrying amount	0.14	0.04	0.03	0.09	0.29
Additions	0.53	0.35	-	0.42	1.30
Depreciation	(0.11)	(0.06)	(0.02)	(0.20)	(0.39)
Disposals	(0.07)	(0.00)	-	(0.01)	(0.08)
<b>Closing net carrying amount</b>	<b>0.49</b>	<b>0.32</b>	<b>0.00</b>	<b>0.29</b>	<b>1.11</b>
Cost	0.62	0.54	0.21	1.13	2.49
Accumulated depreciation and impairment	(0.13)	(0.21)	(0.21)	(0.83)	(1.38)
<b>Closing net carrying amount</b>	<b>0.49</b>	<b>0.32</b>	<b>0.00</b>	<b>0.29</b>	<b>1.11</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

## 7 Intangible assets

Particulars	Brands R	Total R	Brands ₹ Crore	Total ₹ Crore
<b>Year ended 31 March 2018</b>				
Opening carrying amount	47,980,722	47,980,722	26.59	26.59
Additions	60,000,000	60,000,000	33.25	33.25
Closing carrying amount	107,980,722	107,980,722	59.84	59.84
Cost	110,062,924	110,062,924	61.00	61.00
Accumulated impairment	(2,082,202)	(2,082,202)	(1.15)	(1.15)
Closing carrying amount	107,980,722	107,980,722	59.84	59.84
<b>Year ended 31 March 2017</b>				
Opening carrying amount	47,980,722	47,980,722	23.20	23.20
impairment	-	-	-	-
Closing carrying amount	47,980,722	47,980,722	23.20	23.20
Cost	50,062,924	50,062,924	24.21	24.21
Accumulated impairment	(2,082,202)	(2,082,202)	(1.01)	(1.01)
Closing carrying amount	47,980,722	47,980,722	23.20	23.20

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 records 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	2018 %	2017 %
Growth rate *1	5.50	5.50
Discount rate *2	15.15	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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

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

### 8 Goodwill

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Open carrying amount	-	-	-	-
Additions	2,107,857	-	1.17	-
Closing Carrying amount	2,107,857	-	1.17	-
Cost	2,107,857	-	1.17	-
Accumulated impairment	-	-	-	-
Closing carrying amount	2,107,857	-	1.17	-

### 9 Inventories

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Raw materials	19,926,370	16,224,550	11.04	7.84
Work in progress	541,870	88,442	0.30	0.04
Finished goods	12,912,073	12,506,250	7.16	6.05
	<b>33,380,313</b>	<b>28,819,242</b>	<b>18.50</b>	<b>13.93</b>
The above balances have been derived after deducting write down to net realisable value of	1,787,271	869,271	0.99	0.42

The cost of inventories recognised as an expense and included in cost of sales amounted to R156,680,282 (₹ 86.83 Crore) (2017: R 129,610,805 (₹ 62.67 Crore)).

### 10 Trade and other receivables

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Trade receivables	31,641,786	22,715,230	17.54	10.98
Provision for doubtful debts	-	(42,686)	0.01	(0.02)
Net trade receivables	31,641,786	22,672,544	17.55	10.96
Other receivables	2,270,848	2,109,434	1.26	1.02
	<b>33,912,634</b>	<b>24,781,978</b>	<b>18.79</b>	<b>11.99</b>

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:

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Not past due	5,115,054	2,760,148	2.83	1.33
Past due by 30 days	14,392,513	9,945,785	7.98	4.81
Past due by 60 days	(1,129,147)	31,756	(0.63)	0.02
Past due by 90 days	13,263,366	9,934,855	7.35	4.80
	<b>31,641,786</b>	<b>22,672,544</b>	<b>14.70</b>	<b>9.63</b>

The carrying value of the trade and other receivables approximates their fair value.

Trade receivables have been ceded to Standard Bank of south Africa Limited (see note 15)

Movement in provision for doubtful debts

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Opening Balance	42,686	557,857	0.02	0.27
Provision for the year	2,530,300	42,686	1.40	0.02
Write - off	(2,572,986)	(557,857)	(1.42)	(0.27)
Closing Balance	-	42,686	-	0.02

### 11 Cash and cash equivalents

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Bank balances	(197,908)	7,162,622	(0.11)	3.46

Credit quality of cash at bank: BAA2

### 12 Share capital and share premium

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
<b>Authorised</b>				
30 000 000 no par value shares				
<b>Issued</b>				
500,000 Ordinary shares of R 0.01	5,000	5,000	0.01	0.01
254,958 Ordinary shares of R 215.10	54,840,500	54,840,500	30.40	26.53
283,253 Ordinary shares of R 105.91	30,000,000	-	16.63	-
	<b>84,845,500</b>	54,845,500	<b>47.04</b>	26.54
<b>Share premium</b>	<b>22,863,735</b>	<b>22,863,735</b>	<b>12.67</b>	<b>11.05</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 13 Deferred income tax assets

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	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
At beginning of year	1,299,341	2,304,655	0.72	1.11
Current year	1,194,082	(1,005,405)	0.66	(0.49)
Prior year overprovision	101,169	91	0.01	0.00
At end of year	2,594,592	1,299,341	0.67	0.63

Deferred tax assets that will be realised within 12 months may be analysed as follows:

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Property, plant and equipment	132,891	32,177	0.07	0.02
Other provisions	2,461,701	1,267,164	1.36	0.61
	2,594,592	1,299,341	1.44	0.63

### 14 Trade and other payables

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Trade payables	22,350,845	21,569,673	12.39	10.43
Amount due to related party (refer note 18)	464,815	2,200,924	0.26	1.06
Accruals	4,483,499	2,746,007	2.48	1.33
Audit fee	850,000	671,240	0.47	0.32
Bonus accrual	3,744,182	3,146,241	2.08	1.52
Leave pay	1,518,098	1,182,216	0.84	0.57
Other payables	659,779	570,928	0.37	0.28
	34,071,218	32,087,229	18.89	15.52

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Movement in bonus accrual:				
Opening balance	3,146,240	2,434,711	1.74	1.18
Additional accrual for the year	3,910,947	3,169,625	2.17	1.53
Amounts used during the year	(3,313,005)	(2,458,095)	(1.84)	(1.19)
Closing balance	3,744,182	3,146,241	2.08	1.52

The carrying value of the trade and other payables approximates their fair value.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

## 15 Borrowings

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Standard Bank of South Africa Limited				
- Non-current portion	35,785,676	-	19.83	-
- Current portion	6,163,474	-	3.42	-
	<b>41,949,150</b>	<b>-</b>	<b>23.25</b>	<b>-</b>

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 0.52% 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	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Maturity of borrowings				
Due within 1 year	6,163,474	-	3.42	-
Due within 2 – 5 years	35,785,676	-	19.83	-
	<b>41,949,150</b>	<b>-</b>	<b>23.25</b>	<b>-</b>

## 16 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 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
256.78	01/12/2016	31,620	30/11/2019
203.63	01/12/2015	30,600	30/11/2018
217.46	05/08/2015	31,800	30/11/2017

# MARICO SOUTH AFRICA (PTY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

The share price as at 31 March 2018 used to compute the share option liability in wsa INR 294.85

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Non-current portion	290,595	368,268	0.17	0.18
Current portion	554,198	398,380	0.31	0.19
	<b>844,793</b>	<b>766,648</b>	<b>0.48</b>	<b>0.37</b>

### 17 Cash flow from operations

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Operating (loss)/profit	(1,991,914)	5,921,097	(1.10)	2.86
Adjusted for:				
Non-cash items				
Depreciation	872,827	806,802	0.48	0.39
(Profit) / loss on disposal of property, plant and equipment	(15,388)	159,255	(0.01)	0.08
Movement share-based payment liability	78,145	(727,480)	0.04	(0.35)
Operating profit before working capital changes:				
(Increase) / decrease in trade and other receivables	(9,130,657)	473,595	(5.06)	0.23
Increase in inventories	(4,561,071)	(7,079,523)	(2.53)	(3.42)
Increase in trade and other payables	1,983,989	6,159,248	1.10	2.98
	<b>(12,764,069)</b>	<b>5,712,994</b>	<b>(7.07)</b>	<b>2.77</b>

### 18 Related party transactions

#### 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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### Transactions with related parties:

The following transactions were carried out by the company with related parties:

Finance costs (refer note 4.2):

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Marico South Africa Consumer Care Proprietary Limited	-	54,055	-	0.03
Director's emoluments				
J Nieuwenhuys				
- Salary	1,253,340	1,154,397	0.69	0.56
- Bonuses and performance related payments	701,027	790,700	0.39	0.38
- Allowances	202,165	72,000	0.11	0.03
	<b>2,156,532</b>	<b>2,017,097</b>	<b>1.20</b>	<b>0.98</b>
J Mason				
- Salary	2,005,923	1,892,381	1.11	0.91
- Bonuses and performance related payments	1,097,048	1,697,729	0.61	0.82
- Allowances	468,022	204,000	0.26	0.10
	<b>3,570,993</b>	<b>3,794,110</b>	<b>1.98</b>	<b>1.83</b>
M Masilo				
- Salary	1,337,554	-	0.74	-
- Bonuses and performance related payments	105,660	-	0.06	-
- Allowances	406,016	-	0.23	-
	<b>1,849,230</b>	<b>-</b>	<b>1.02</b>	<b>-</b>
Technical support-Marico Limited	<b>3,168,328</b>	<b>2,357,682</b>	<b>1.76</b>	<b>1.14</b>

### Amounts due to related parties

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Included in trade payables (refer note14):				
Marico Limited	464,815	2,200,924	0.26	1.06

### 19 Commitments

Operating lease commitments

The future minimum lease payments payable under non-cancellable operating leases are as follows:

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
- Within 1 year	6,807,405	4,229,269	3.77	2.04
- Between 2 and 5 years	11,855,101	11,417,995	6.57	5.52
	<b>18,662,506</b>	<b>15,647,264</b>	<b>10.34</b>	<b>7.57</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

## 20 Financial risk management

## 20.1 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 group. The company does not use derivative financial instruments, such as interest rate swaps and forward exchange contracts, to hedge certain exposures.

(a) Foreign exchange risk

The company is occasionally exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US Dollar. The company does not use forward contracts to hedge their exposure to foreign currency risk in connection with the measurement currency.

Uncovered future foreign exchange exposures at year end, reflected in the statement of financial position, can be analysed as follows:

Particulars	2018		2017	
	Foreign Amount	Rand	Foreign Amount	Rand
	'000s	'000s	'000s	'000s
US Dollar payable	137	1,671	241	1,746

At 31 March 2018, 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 R167,450 (2017: R50,976) lower/higher, mainly as a result of foreign exchange losses/gains on translating foreign denominated trade payables.

(b) Interest rate risk

The company's fixed-rate borrowings are 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 15 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	2018	2017	2018	2017
	R	R	₹	₹
Effect on profit after tax	16,104	19,795	0.01	0.01



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

(c) Credit risk

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.

(d) Liquidity risk

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
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
2017			
Trade and other payables	24,341,525	-	24,341,525
	24,341,525	-	24,341,525

### 20.2 Categories of financial instruments

The company's financial instruments consist primarily of deposits with banks, trade accounts receivable and payable and loans to and from the holding company. Financial instruments are carried at fair value or amounts that approximate fair value.

#### Financial assets

##### Assets as per the statement of financial position

Particulars	2018 R	2017 R	2018 ₹ Crore	2017 ₹ Crore
Trade and other receivables ( refer note 10)	33,912,634	24,781,978	18.79	11.98
Cash and cash equivalents (refer note 11)	-	7,162,622	-	3.46
	33,912,634	31,944,600	18.79	15.45

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**Financial liabilities****Financial liabilities at amortised cost:**

Liabilities as per the statement of financial position

Particulars	2018	2017	2018	2017
	R	R	₹ Crore	₹ Crore
Borrowings (refer note 15)	41,949,150	-	23.25	-
Trade and other payables ( refer note 14)	23,475,439	24,341,525	13.01	11.77
Cash and cash equivalents (refer note 11)	197,908	-	0.11	-
	<b>65,622,497</b>	<b>24,341,525</b>	<b>36.26</b>	<b>11.77</b>

**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.

**21 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.

**22 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.

**23 New Standards and Interpretations**

At the date of authorisation of the financial statements of Marico South Africa (Pty) Ltd for the year ended 31 March 2018, the following Standards and Interpretations applicable to the company were in issue but not yet effective

	Standard/Interpretation	Effective date
IFRS 15	Revenue from contracts with customers	1 January 2018*
IFRS 9	Financial Instruments	1 January 2018*
IFRS 16	Leases	1 January 2019*

All standards and interpretations will be adopted at their effective dates.

The directors are of the opinion that these amendments will not have a material impact on the company's annual financial statements

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### **IFRS 15 'Revenue from Contracts with Customers'**

During the year, the Company performed a high level assessment to determine the potential impact of the new standard on the Company's statement of financial position and performance. Based on this assessment, nothing has come to the attention of the Company that would indicate that the impact of the new standard would be significant.

### **IFRS 9 'Financial Instruments'**

Classification and measurement

There have been no material changes in the requirements for the classification and measurement of financial liabilities.

### **IFRS 16 'Leases'**

The Company is in the process of assessing the potential impact of the new standard on the Company's statement of financial position and performance.

# MARICO MALAYSIA SDN. BHD.

**Board of Directors**

(As on March 31, 2018)

Mr. Vivek Karve  
Mr. Datuk Chin Chee Kee  
Mr. Poh Shioh Mei

**Registered Office**

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

## INDEPENDENT AUDITOR'S REPORT

To the Member of Marico Malaysia SDN. BHD.

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 2018, 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 2018, 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**

As at 31 March, 2018

Particulars	Notes	As at March 31,			
		2018	2017	2018	2017
		RM	RM	₹ Crore	₹ Crore
<b>Current asset</b>					
Cash and bank balances	6	109,474	142,074	0.18	0.21
Total current asset		109,474	142,074	0.18	0.21
<b>Total asset</b>		<b>109,474</b>	<b>142,074</b>	<b>0.18</b>	<b>0.21</b>
<b>Equity</b>					
Share capital	7	17,660,240	17,660,240	29.78	25.88
Accumulated losses		(17,555,766)	(17,523,166)	(29.61)	(25.68)
Equity attributable to owners of the Company		104,474	137,074	0.18	0.20
<b>Total equity</b>		<b>104,474</b>	<b>137,074</b>	<b>0.18</b>	<b>0.20</b>
<b>Current liability</b>					
Accruals		5,000	5,000	0.01	0.01
Total current liability		5,000	5,000	0.01	0.01
<b>Total liability</b>		<b>5,000</b>	<b>5,000</b>	<b>0.01</b>	<b>0.01</b>
<b>Total equity and liability</b>		<b>109,474</b>	<b>142,074</b>	<b>0.18</b>	<b>0.21</b>

The annexed notes form an integral part of these financial statements

Note: The exchange rate use to convert MYR to ₹ 16.865 (Previous year MYR to ₹ 14.654)

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March, 2018

Particulars	Notes	Year ended March 31,			
		2018 RM	2017 RM	2018 ₹ Crore	2017 ₹ Crore
Revenue	4.5	-	-	-	-
Other operating income		-	11,574	-	0.02
Other operating expenses		(32,600)	(19,683)	(0.05)	(0.03)
Loss from trading operations	9	(32,600)	(8,109)	(0.05)	(0.01)
Taxation	10	-	-	-	-
<b>Loss after taxation representing total comprehensive loss</b>		<b>(32,600)</b>	<b>(8,109)</b>	<b>(0.05)</b>	<b>(0.01)</b>
<b>Loss after taxation representing total comprehensive loss attributable to:</b>					
Owners of the Company		(32,600)	(8,109)	(0.05)	(0.01)

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

Note: The exchange rate use to convert MYR to ₹ 16.865 (Previous year MYR to ₹ 14.654)



**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March, 2018

Particulars	Attributable to Owners of the Company			Attributable to Owners of the Company		
	Share capital	Accumulated loss	Total Equity	Share capital	Accumulated loss	Total Equity
	RM	RM	RM	₹ Crore	₹ Crore	₹ Crore
<b>Balances at 1 April, 2017</b>	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)
<b>Balance at 31 March, 2018</b>	<u><b>17,660,240</b></u>	<u><b>(17,555,766)</b></u>	<u><b>104,474</b></u>	<u><b>29.78</b></u>	<u><b>(29.60)</b></u>	<u><b>0.18</b></u>
Balances at 1 April, 2016	17,660,240	(17,515,057)	145,183	25.88	(25.67)	0.21
Loss after tax representing total comprehensive loss	-	(8,109)	(8,109)	-	(0.01)	(0.01)
<b>Balance at 31 April, 2017</b>	<u><b>17,660,240</b></u>	<u><b>(17,523,166)</b></u>	<u><b>137,074</b></u>	<u><b>25.88</b></u>	<u><b>(25.68)</b></u>	<u><b>0.20</b></u>

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

Note: The exchange rate use to convert MYR to ₹ 16.865 (Previous year MYR to ₹ 14.654)

**STATEMENT OF CASH FLOW**

For the year ended 31 March, 2018

Particulars	Notes	Year ended March 31,			
		2018 RM	2017 RM	2018 ₹ Crore	2017 ₹ Crore
<b>Cash flows from operating activities</b>					
Loss from trading operations		(32,600)	(8,109)	(0.05)	(0.01)
Changes in working capital :					
Non-trade receivables		-	175,000	-	0.26
Non-trade payables		-	(140,576)	-	(0.21)
<b>Net cash (used in)/from operating activities</b>		<b>(32,600)</b>	<b>26,315</b>	<b>(0.00)</b>	<b>0.04</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(32,600)</b>	<b>26,315</b>	<b>(0.05)</b>	<b>0.04</b>
<b>Cash and cash equivalents at 1 April</b>		<b>142,074</b>	<b>115,759</b>	<b>0.24</b>	<b>0.17</b>
<b>Cash and cash equivalents at 31 March</b>		<b>109,474</b>	<b>142,074</b>	<b>0.19</b>	<b>0.21</b>

Cash and cash equivalents included in the statement of cash flows comprise the following:

Cash and bank balances	109,474	142,074	0.18	0.21
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The annexed notes form an integral part of these financial statements

Note: The exchange rate use to convert MYR to ₹ 16.865 (Previous year MYR to ₹ 14.654)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 1. Corporate information

The Company is a private limited liability 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, 2018

### 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, 2018

### 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, 2018

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 in other comprehensive income, the current or deferred tax expense or tax income is recognised in other

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 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	2018	2017	2018	2017
	RM	RM	₹ Crores	₹ Crores
Cash and bank balances	109,474	142,074	0.18	0.21

### 7. Share capital

Particulars	2018	2018	2017	2017	2018	2018	2017	2017
	Number of shares	RM	Number of shares	RM	Number of shares	₹ Crores	Number of shares	₹ Crores
Issued and fully paid:								
Ordinary shares of RM1 par value each								
Balance at 31 March	17,660,240	17,660,240	17,660,240	17,660,240	17,660,240	29.78	17,660,240	25.88

### 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	2018	2017	2018	2017
	RM	RM	₹ Crores	₹ Crores
Unabsorbed losses carried forward	9,818,893	9,818,893	16.56	14.39
Unabsorbed capital allowance carried forward	7,294,877	7,294,877	12.30	10.69
	17,113,770	17,113,770	28.86	25.08

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.

### 9. Loss from trading operations

Loss from trading operations has been arrived at after charging:-

Particulars	2018	2017	2018	2017
	RM	RM	₹ Crores	₹ Crores
Loss on foreign exchange - unrealised	12,344	-	0.02	-
Auditors' remuneration	3,000	3,000	0.01	0.00
and crediting:				
Gain on foreign exchange – unrealised	-	11,574	-	0.02



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**10. Taxation**

Particulars	2018	2017	2018	2017
	RM	RM	₹ Crores	₹ Crores
Current income tax expense:				
Tax payable in Malaysia	-	-	-	-

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	2018	2017	2018	2017
	RM	RM	₹ Crores	₹ Crores
Loss from trading operations	(32,600)	(8,109)	(0.05)	(0.01)
Tax at Malaysian statutory tax rate	(7,824)	(1,946)	(0.01)	(0.00)
Tax effect of expenses disallowed for the tax purposes	7,824	4,724	0.01	0.01
Non-taxable income	-	(2,778)	-	(0.01)
	-	-	-	-

Subject to agreement of the Inland Revenue Board, the Company has the following available for set-off against future taxable income.

Particulars	2018	2017	2018	2017
	RM	RM	₹ Crores	₹ Crores
Unutilised tax losses	9,818,893	9,818,893	16.56	14.39
Unutilised capital allowance	7,294,877	7,294,877	12.30	10.69
	17,113,770	17,113,770	28.86	25.08

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**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.

Particulars	2018	2017	2018	2017
	RM	RM	₹ Crores	₹ Crores
Revenue	-	-	-	-
Other Operating Income				
Gain on foreign exchange - unrealised	-	11,574	-	0.02
Other Operating Expenses				
Professional charges	14,200	14,050	0.02	0.02
Loss on foreign exchange - unrealised	12,344	-	0.02	-
Auditors remuneration	3,000	3,000	0.01	0.00
Tax fee	2,000	2,000	0.00	0.00
Miscellaneous expenses	944	479	0.00	0.00
Printing & Stationery	110	152	0.00	0.00
Bank charges	2	2	0.00	0.00
	<b>32,600</b>	<b>19,683</b>	<b>0.05</b>	<b>0.03</b>
Loss from trading operations	<b>(32,600)</b>	<b>(8,109)</b>	<b>(0.05)</b>	<b>(0.01)</b>

# MARICO SOUTH EAST ASIA CORPORATION

<b>Business Registration Certificate</b>	No. 3700579324 dated 11 February 2011 was initially issued by the Department of Planning and Investment of Binh Duong Province and 7th amendment dated 1 December, 2016.	
<b>Investment Certificate</b>	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 12 December 2016  The second amended Investment Certificate No. 9816465766 dated 12 December, 2016 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.	
<b>Board of Management</b> (As on March 31, 2018)	Mr. Saugata Gupta	Chairman
	Mr. Ashutosh Telang	Member (until 27 October 2017)
	Mr. Nikhil P. Narkhede	Member
	Mr. Ashish Joshi	Member
	Mr. Luong Huu Khanh	Member
	Mr. Vivek Karve	Member
	Mr. Nguyễn Ngọc Anh Tuấn	Member
<b>Board of Directors</b>	Mr. Luong Huu Khanh	General Director
	Mr. Ashish Joshi	Chief Operating Officer
	Mr. Nguyen Ngoc Anh Tuan	Deputy General Director
	Mr. Nikhil P. Narkhede	Deputy General Director
	Mr. Nguyen Bui Vinh Hy	Deputy General Director (till 30 November 2017)
	Mr. Amit Bakde	Deputy General Director
	Mr. Avik Chatterjee	Deputy General Director
<b>Legal Representative</b>	Mr. Luong Huu Khanh	General Director
<b>Representation Office</b>	28 <sup>th</sup> Floor, Pearl Plaza, 561A Dien Bien Phu Street. Ward 25, Binh Thanh District, Ho Chi Minh City	
<b>Auditor</b>	KPMG Limited – Vietnam	

# MARICO SOUTH EAST ASIA CORPORATION

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 2018.

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 2018, 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  
General Director

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Binh Duong Province,  
17 May 2018

## 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 2018, 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 17 May 2018, as set out on pages 6 to 36.

#### 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 2018 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.

#### Other Matter

The financial statements of the Company for the year ended 31 March 2017 were audited by another firm of auditors whose report dated 16 May 2017 expressed an unqualified opinion on those statements.

#### KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 18-01-105

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Truong Vinh Phuc  
Practicing Auditor Registration  
Certificate No. 1901-2018-007-1  
Deputy General Director

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Nguyen Ho Khanh Tan  
Practicing Auditor Registration  
Certificate No. 3458-2015-007-1

Ho Chi Minh City, 17 May 2018

**BALANCE SHEET**

As at 31 March, 2018

Particulars	Note	As at March 31,			
		2018 VND	2017 VND	2018 ₹ Crore	2017 ₹ Crore
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>		<b>340,900,472,492</b>	<b>337,843,467,679</b>	<b>97.50</b>	<b>96.29</b>
<b>Cash and cash equivalents</b>	4	<b>63,139,327,290</b>	<b>30,300,821,006</b>	<b>18.06</b>	<b>8.64</b>
Cash		55,039,327,290	30,300,821,006	15.74	8.64
Cash equivalents		8,100,000,000	-	2.32	-
<b>Short-term financial investments</b>		-	<b>84,140,000,000</b>	-	<b>23.98</b>
Held-to-maturity investments		-	84,140,000,000	-	23.98
<b>Accounts receivable – short-term</b>		<b>129,532,450,045</b>	<b>109,633,510,982</b>	<b>37.05</b>	<b>31.25</b>
Accounts receivable from customers	5	83,541,494,932	92,706,231,088	23.86	26.42
Prepayments to suppliers		45,048,192,131	15,083,045,093	12.88	4.30
Other short-term receivables		942,762,982	1,844,234,801	0.27	0.53
<b>Inventories</b>	6	<b>145,160,676,453</b>	<b>110,162,049,518</b>	<b>41.52</b>	<b>31.40</b>
Inventories		163,208,527,775	126,618,159,880	46.68	36.09
Allowance for inventories		(18,047,851,322)	(16,456,110,362)	(5.16)	(4.69)
<b>Other current assets</b>		<b>3,068,018,704</b>	<b>3,607,086,173</b>	<b>0.88</b>	<b>1.03</b>
Short-term prepaid expenses	11(a)	2,950,724,427	1,318,728,822	0.84	0.38
Taxes receivable from State Treasury	14(a)	117,294,277	2,288,357,351	0.03	0.65
<b>Long-term assets</b>		<b>123,742,519,818</b>	<b>108,697,369,942</b>	<b>35.39</b>	<b>30.98</b>
<b>Accounts receivable – long-term</b>		<b>2,822,387,600</b>	<b>1,517,216,136</b>	<b>0.81</b>	<b>0.43</b>
Other long-term receivables		2,822,387,600	1,517,216,136	0.81	0.43
<b>Fixed assets</b>		<b>71,911,222,310</b>	<b>60,287,233,652</b>	<b>20.57</b>	<b>17.18</b>
<b>Tangible fixed assets</b>	7	<b>51,213,648,069</b>	<b>38,852,325,243</b>	<b>14.65</b>	<b>11.07</b>
Cost		110,083,984,977	89,398,124,421	31.48	25.48
Accumulated depreciation		(58,870,336,908)	(50,545,799,178)	(16.84)	(14.41)
<b>Intangible fixed assets</b>	8	<b>20,697,574,241</b>	<b>21,434,908,409</b>	<b>5.92</b>	<b>6.11</b>
Cost		40,222,234,346	39,790,079,346	11.50	11.34
Accumulated amortisation		(19,524,660,105)	(18,355,170,937)	(5.58)	(5.23)
<b>Investment property</b>	9	<b>22,058,852,272</b>	<b>22,058,852,272</b>	<b>6.31</b>	<b>6.29</b>
Cost		23,843,388,652	23,843,388,652	6.82	6.80
Accumulated depreciation		(1,784,536,380)	(1,784,536,380)	(0.51)	(0.51)
<b>Long-term work in progress</b>	10	<b>7,185,782,725</b>	<b>7,956,552,445</b>	<b>2.06</b>	<b>2.27</b>
Construction in progress		7,185,782,725	7,956,552,445	2.06	2.27
<b>Other long-term assets</b>		<b>19,764,274,911</b>	<b>16,877,515,437</b>	<b>5.65</b>	<b>4.81</b>
Long-term prepaid expenses	11(b)	8,398,999,383	7,602,537,423	2.40	2.17
Deferred tax assets	12	11,365,275,528	9,274,978,014	3.25	2.64
<b>TOTAL ASSETS</b>		<b>464,642,992,310</b>	<b>446,540,837,621</b>	<b>132.89</b>	<b>127.26</b>

The accompanying notes integral part of the financial statement.

Note: The exchange rate use to convert VND to ₹ 0.00286 (Previous year VND to ₹ 0.00285)

**BALANCE SHEET (CONTINUED)**

As at 31 March, 2018

Particulars	Note	As at March 31,			
		2018 VND	2017 VND	2018 ₹ Crore	2017 ₹ Crore
<b>Resources</b>					
<b>Liabilities</b>		<b>342,657,937,599</b>	<b>357,137,197,725</b>	<b>98.00</b>	<b>101.78</b>
<b>Current liabilities</b>		<b>319,900,035,990</b>	347,203,400,771	<b>91.49</b>	98.95
Accounts payable to suppliers	13	<b>148,939,744,859</b>	200,041,477,057	<b>42.60</b>	57.01
Advances from customers		<b>2,503,625,422</b>	3,886,168,378	<b>0.72</b>	1.11
Taxes payable to State Treasury	14(b)	<b>10,812,740,096</b>	3,468,251,412	<b>3.09</b>	0.99
Payables to employees		<b>162,027,861</b>	-	<b>0.05</b>	-
Short-term accrued expenses	15(a)	<b>100,036,308,804</b>	119,209,070,295	<b>28.61</b>	33.97
Other short-term payables	16	<b>52,082,038,564</b>	3,211,095,176	<b>14.90</b>	0.92
Short-term borrowings	17	<b>5,363,550,384</b>	17,387,338,453	<b>1.53</b>	4.96
<b>Long-term liabilities</b>		<b>22,757,901,609</b>	<b>9,933,796,954</b>	<b>6.51</b>	<b>2.83</b>
Long-term accrued expenses	15(b)	<b>2,779,905,333</b>	3,497,640,523	<b>0.80</b>	1.00
Provisions – long-term	18	<b>19,977,996,276</b>	6,436,156,431	<b>5.71</b>	1.83
<b>EQUITY</b>		<b>121,985,054,711</b>	<b>89,403,639,896</b>	<b>34.89</b>	<b>25.48</b>
<b>Owners' equity</b>	<b>19</b>	<b>121,985,054,711</b>	<b>89,403,639,896</b>	<b>34.89</b>	<b>25.48</b>
Share capital	20	<b>95,358,950,000</b>	95,358,950,000	<b>27.27</b>	27.18
<i>Ordinary shares</i>		<b>95,358,950,000</b>	95,358,950,000	<b>27.27</b>	27.18
Share premium		<b>(524,990,506,149)</b>	(524,990,506,149)	<b>(150.15)</b>	(149.62)
Retained profits		<b>551,616,610,860</b>	519,035,196,045	<b>157.76</b>	147.93
- <i>Retained profits brought forward</i>		<b>469,033,098,618</b>	475,108,636,146	<b>134.14</b>	135.41
- <i>Retained profit for the current year</i>		<b>82,583,512,242</b>	43,926,559,899	<b>23.62</b>	12.52
<b>Total resources</b>		<b>464,642,992,310</b>	<b>446,540,837,621</b>	<b>132.89</b>	<b>127.26</b>

Prepared by  
**Trinh Thi Kim Thanh**  
General Accountant  
17 May, 2018

Reviewed by  
**Phan Thi Cam Nguyen**  
Chief Accountant

Approved by  
**Luong Huu Khanh**  
General Director

The accompanying notes integral part of the financial statement.

Note: The exchange rate use to convert VND to ₹ 0.00286 (Previous year VND to ₹ 0.00285)

**STATEMENT OF INCOME**

For the year ended 31 March, 2018

Particulars	Note	Year ended March 31,			
		2018 VND	2017 VND	2018 ₹ Crore	2017 ₹ Crore
Revenue from sales of goods	22	1,271,324,045,500	1,333,855,206,817	363.60	380.15
Revenue deductions	22	19,452,482,733	10,329,164,505	5.56	2.94
<b>Net revenue</b>	22	<b>1,251,871,562,767</b>	<b>1,323,526,042,312</b>	<b>358.04</b>	<b>377.20</b>
Cost of sales	23	545,086,957,347	535,594,335,090	155.89	152.64
<b>Gross profit</b>		<b>706,784,605,420</b>	<b>787,931,707,222</b>	<b>202.14</b>	<b>224.56</b>
Financial income	24	5,694,054,312	8,985,301,352	1.63	2.56
Financial expenses	25	2,570,342,674	46,705,614,699	0.74	13.31
<i>In which: Interest expense</i>		1,280,397,528	874,635,009	0.37	0.25
Selling expenses	26	475,138,869,680	582,423,459,989	135.89	165.99
General and administration expenses	27	130,467,507,114	114,232,099,282	37.31	32.56
<b>Net operating profit</b>		<b>104,301,940,264</b>	<b>53,555,834,604</b>	<b>29.83</b>	<b>15.26</b>
Other income		291,693,196	84,758,257	0.08	0.02
Other expenses		550,418,644	365,066,587	0.16	0.10
<b>Results of other activities</b>		<b>(258,725,448)</b>	<b>(280,308,330)</b>	<b>(0.07)</b>	<b>(0.08)</b>
<b>Accounting profit before tax</b>		<b>104,043,214,816</b>	<b>53,275,526,274</b>	<b>29.76</b>	<b>15.18</b>
Income tax expense – current	29	23,550,000,088	12,094,148,128	6.74	3.45
Income tax benefit – deferred	29	(2,090,297,514)	(2,745,181,753)	(0.60)	(0.78)
<b>Net profit after tax</b>		<b>82,583,512,242</b>	<b>43,926,559,899</b>	<b>23.62</b>	<b>12.52</b>

Prepared by  
**Trinh Thi Kim Thanh**  
General Accountant  
17 May, 2018

Reviewed by  
**Phan Thi Cam Nguyen**  
Chief Accountant

Approved by  
**Luong Huu Khanh**  
General Director

The accompanying notes integral part of the financial statement.

Note: The exchange rate use to convert VND to ₹ 0.00286 (Previous year VND to ₹ 0.00285)



**STATEMENT OF CASH FLOW**

For the year ended 31 March, 2018 (INDIRECT METHOD)

Particulars	Note	Year ended March 31,			
		2018 VND	2017 VND	2018 ₹ Crore	2017 ₹ Crore
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Accounting profit before tax		104,043,214,816	53,275,526,274	29.76	15.18
<b>Adjustments for</b>					
Depreciation and amortisation		9,548,193,561	6,986,312,973	2.73	1.99
Allowances and provisions		18,202,080,888	7,775,654,806	5.21	2.22
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies		(644,307,089)	257,796,443	(0.18)	0.07
(Profits)/losses from investing activities		(4,668,869,685)	36,977,184,174	(1.34)	10.54
Interest expense		1,280,397,528	874,635,009	0.37	0.25
<b>Operating profit before changes in working capital</b>		<b>127,760,710,019</b>	<b>106,147,109,679</b>	<b>36.54</b>	<b>30.25</b>
Change in receivables		(21,394,325,296)	(50,584,794,373)	(6.12)	(14.42)
Change in inventories		(36,590,367,895)	(17,109,357,352)	(10.46)	(4.88)
Change in payables and other liabilities		(72,004,697,169)	197,620,380,393	(20.59)	56.32
Change in prepaid expenses		(2,428,457,565)	746,734,628	(0.69)	0.21
		(4,657,137,906)	236,820,072,975	(1.33)	67.49
Interest paid		(1,280,397,528)	(874,635,009)	(0.37)	(0.25)
Corporate income tax paid		(14,736,468,386)	(34,840,471,835)	(4.21)	(9.93)
Other payments from operating activities		(3,068,500,083)	-	(0.88)	-
<b>Net cash flows from operating activities</b>		<b>(23,742,503,903)</b>	<b>201,104,966,131</b>	<b>(6.79)</b>	<b>57.31</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for additions to fixed assets and other long-term assets		(20,407,245,836)	(12,740,030,210)	(5.84)	(3.63)
Proceeds from disposals of fixed assets		14,418,181	-	0.01	-
Withdrawal of term deposits at banks		84,140,000,000	3,520,000,000	24.06	1.00
Receipts of interests		4,660,284,841	7,011,117,661	1.33	2.00

The accompanying notes integral part of the financial statement.

Note: The exchange rate use to convert VND to ₹ 0.00286 (Previous year VND to ₹ 0.00285)

**STATEMENT OF CASH FLOW**

For the year ended 31 March, 2018 (INDIRECT METHOD)

Particulars	Note	Year ended March 31,			
		2018 VND	2017 VND	2018 ₹ Crore	2017 ₹ Crore
<b>Net cash flow from investing activities</b>		<b>68,407,457,186</b>	<b>(2,208,912,549)</b>	<b>19.56</b>	<b>(0.63)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of shares		-	(16,818,650,000)	-	(4.79)
Payments for shares redemptions		-	16,820,650,000	-	4.79
Proceeds from borrowings		<b>1,133,670,074,617</b>	1,211,690,512,506	<b>324.23</b>	345.33
Payments to settle loan principals		<b>(1,145,693,862,686)</b>	(1,214,126,373,496)	<b>(327.67)</b>	(346.03)
Payments of dividends		-	(170,003,656,626)	-	(48.45)
<b>Net cash flows from financing activities</b>		<b>(12,023,788,069)</b>	<b>(172,437,517,616)</b>	<b>(3.44)</b>	<b>(49.14)</b>
<b>Net cash flows during the year</b>		<b>32,641,165,214</b>	<b>26,458,535,966</b>	<b>9.34</b>	<b>7.54</b>
<b>Cash and cash equivalent at the beginning of the year</b>		<b>30,300,821,006</b>	<b>3,471,853,846</b>	<b>8.67</b>	<b>0.99</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>		<b>197,341,070</b>	<b>370,431,194</b>	<b>0.06</b>	<b>0.11</b>
<b>Cash and cash equivalents at the end of the year</b>	4	<b>63,139,327,290</b>	<b>30,300,821,006</b>	<b>18.06</b>	<b>8.64</b>

Prepared by  
**Trinh Thi Kim Thanh**  
General Accountant  
17 May, 2018

Reviewed by  
**Phan Thi Cam Nguyen**  
Chief Accountant

Approved by  
**Luong Huu Khanh**  
General Director

The accompanying notes integral part of the financial statement.

Note: The exchange rate use to convert VND to ₹ 0.00286 (Previous year VND to ₹ 0.00285)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

Please note from integral part of and should be read in conjunction with 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 2018, the Company had 497 employees (1/4/2017: 517 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, 2018

**(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, 2018

**(ii) 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.

**(iii) Software licence fee**

Software licence fee is capitalised and treated as an intangible asset. Software licence fee is amortised on a straight-line basis over 3 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, 2018

### **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 shares are stated at par value. The difference between proceeds from issuance of shares over the par value is recorded in share premium. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from 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, 2018

**(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, 2018

### 4. Cash And Cash Equivalents

Particulars	31/3/2018	1/4/2017	31/3/2018	1/4/2017
	VND	VND	₹ Crore	₹ Crore
Cash on hand	69,345,504	129,751,872	0.02	0.04
Cash in banks	54,969,981,786	30,171,069,134	15.72	8.60
Cash equivalents	8,100,000,000	-	2.33	-
Cash and cash equivalents in the statement of cash flows	63,139,327,290	30,300,821,006	18.06	8.64

### 5. Accounts receivable from customers - short-term

#### (a) Accounts receivable from customers detailed by significant customers

Particulars	31/3/2018	1/4/2017	31/3/2018	1/4/2017
	VND	VND	₹ Crore	₹ Crore
Lwin & Myint Trading Company Limited	48,979,963,478	45,212,441,201	14.01	12.89
EBS Vietnam Company Limited	9,799,690,207	10,440,924,984	2.80	2.98
Saigon Co.op	7,365,619,713	15,876,328,920	0.00	4.52
Marico Limited	1,056,431,070	2,874,555,552	0.30	0.82
Others	23,705,410,177	18,301,980,431	6.78	5.22
	83,541,494,932	92,706,231,088	23.89	26.42

#### (b) Accounts receivable from customers who are related parties:

Particulars	31/3/2018	1/4/2017	31/3/2018	1/4/2017
	VND	VND	₹ Crore	₹ Crore
Marico Limited	1,056,431,070	2,874,555,552	0.30	0.82

The trade related amounts due from the parent company were unsecured, interest free and are receivable upon on demand.

### 6 Inventories

Particulars	31/3/2018		1/4/2017	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Goods in transit	18,236,692,877	-	6,553,990,056	-
Raw materials	55,698,145,662	(1,983,823,387)	41,241,788,073	(2,572,700,942)
Tools and supplies	28,023,763,402	(4,890,393,351)	23,127,927,914	(6,075,222,821)
Work in progress	24,145,053,336	-	18,559,099,560	-
Finished goods	36,860,827,151	(10,929,589,237)	35,945,664,535	(6,618,496,857)
Merchandise inventories	244,045,347	(244,045,347)	1,189,689,742	(1,189,689,742)
	163,208,527,775	(18,047,851,322)	126,618,159,880	(16,456,110,362)

Particulars	31/3/2018		1/4/2017	
	Cost	Allowance	Cost	Allowance
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Goods in transit	5.22	-	1.87	-
Raw materials	15.93	(0.57)	11.75	(0.73)
Tools and supplies	8.01	(1.40)	6.59	(1.73)
Work in progress	6.91	-	5.29	-
Finished goods	10.54	(3.13)	10.24	(1.89)
Merchandise inventories	0.07	(0.07)	0.34	(0.34)
	46.75	(5.17)	36.09	(4.69)



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

Included in inventories at 31 March 2018 was VND19,652 million (1/4/2017: VND19,909 million) of obsolete, slow-moving inventories that are difficult to sell.

Movements in the allowance for inventories during the year were as follows:

Particulars	2018 VND	2017 VND	2018 ₹ Crore	2017 ₹ Crore
Opening balance	16,456,110,362	8,288,557,978	4.71	2.36
Allowance made during the year	1,591,740,960	8,167,552,384	0.46	2.33
<b>Closing balance</b>	<b>18,047,851,322</b>	<b>16,456,110,362</b>	<b>5.16</b>	<b>4.69</b>

### 7. Tangible fixed assets

Particulars	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Cost</b>					
Opening balance	18,859,092,793	59,923,494,810	3,587,230,159	7,028,306,659	89,398,124,421
Additions	28,784,735	4,721,780,974	-	2,540,310,000	7,290,875,709
Transfer from construction in progress	620,700,000	12,834,284,847	-	-	13,454,984,847
Disposals	-	-	(60,000,000)	-	(60,000,000)
<b>Closing balance</b>	<b>19,508,577,528</b>	<b>77,479,560,631</b>	<b>3,527,230,159</b>	<b>9,568,616,659</b>	<b>110,083,984,977</b>
<b>Accumulated depreciation</b>					
Opening balance	6,787,070,023	37,565,122,477	2,770,336,189	3,423,270,489	50,545,799,178
Charge for the year	1,235,737,969	6,068,763,172	81,363,647	992,839,605	8,378,704,393
Disposals	-	-	(54,166,663)	-	(54,166,663)
<b>Closing balance</b>	<b>8,022,807,992</b>	<b>43,633,885,649</b>	<b>2,797,533,173</b>	<b>4,416,110,094</b>	<b>58,870,336,908</b>
<b>Net book value</b>					
<b>Opening balance</b>	<b>12,072,022,770</b>	<b>22,358,372,333</b>	<b>816,893,970</b>	<b>3,605,036,170</b>	<b>38,852,325,243</b>
<b>Closing balance</b>	<b>11,485,769,536</b>	<b>33,845,674,982</b>	<b>729,696,986</b>	<b>5,152,506,565</b>	<b>51,213,648,069</b>

Particulars	Buildings ₹ Crore	Machinery and equipment ₹ Crore	Motor vehicles ₹ Crore	Office equipment ₹ Crore	Total ₹ Crore
<b>Cost</b>					
Opening balance	5.39	17.11	1.02	2.01	25.53
Additions	0.01	1.35	-	0.73	2.09
Transfer from construction in progress	0.18	3.66	-	-	3.84
Disposals	-	-	(0.02)	-	(0.02)
<b>Closing balance</b>	<b>5.57</b>	<b>22.13</b>	<b>1.01</b>	<b>2.73</b>	<b>31.44</b>
<b>Accumulated depreciation</b>					
Opening balance	1.94	10.73	0.79	0.98	14.44
Charge for the year	0.35	1.73	0.02	0.28	2.38
Disposals	-	-	(0.02)	-	(0.02)
<b>Closing balance</b>	<b>2.29</b>	<b>12.46</b>	<b>0.80</b>	<b>1.26</b>	<b>16.81</b>
<b>Net book value</b>					
<b>Opening balance</b>	<b>3.45</b>	<b>6.38</b>	<b>0.23</b>	<b>1.03</b>	<b>11.07</b>
<b>Closing balance</b>	<b>3.28</b>	<b>9.66</b>	<b>0.21</b>	<b>1.47</b>	<b>14.65</b>

Included in tangible fixed assets were assets costing VND32,811 million which were fully depreciated as of 31 March 2018 (1/4/2017: VND25,855 million), but which are still in active use.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

## 8. Intangible fixed assets

Particulars	Land use rights VND	Copyright VND	Computer software VND	Others VND	Total VND
<b>Cost</b>					
Opening balance	23,521,902,815	865,789,257	8,290,073,919	7,112,313,355	39,790,079,346
Transfer from construction in progress	-	-	432,155,000	-	432,155,000
<b>Closing balance</b>	<b>23,521,902,815</b>	<b>865,789,257</b>	<b>8,722,228,919</b>	<b>7,112,313,355</b>	<b>40,222,234,346</b>
<b>Accumulated amortisation</b>					
Opening balance	3,475,274,026	865,789,257	7,990,851,217	6,023,256,437	18,355,170,937
Charge for the year	568,106,023	-	121,881,501	479,501,644	1,169,489,168
<b>Closing balance</b>	<b>4,043,380,049</b>	<b>865,789,257</b>	<b>8,112,732,718</b>	<b>6,502,758,081</b>	<b>19,524,660,105</b>
<b>Net book value</b>					
Opening balance	20,046,628,789	-	299,222,702	1,089,056,918	21,434,908,409
<b>Closing balance</b>	<b>19,478,522,766</b>	<b>-</b>	<b>609,496,201</b>	<b>609,555,274</b>	<b>20,697,574,241</b>

Particulars	Land use rights ₹ Crore	Copyright ₹ Crore	Computer software ₹ Crore	Others ₹ Crore	Total ₹ Crore
<b>Cost</b>					
Opening balance	6.72	0.25	2.37	2.03	11.37
Transfer from construction in progress	-	-	0.12	-	0.12
<b>Closing balance</b>	<b>6.72</b>	<b>0.25</b>	<b>2.49</b>	<b>2.03</b>	<b>11.49</b>
<b>Accumulated amortisation</b>					
<b>Opening balance</b>	<b>0.99</b>	<b>0.25</b>	<b>2.28</b>	<b>1.72</b>	<b>5.24</b>
Charge for the year	0.16	-	0.03	0.14	0.33
<b>Closing balance</b>	<b>1.15</b>	<b>0.25</b>	<b>2.32</b>	<b>1.86</b>	<b>5.58</b>
<b>Net book value</b>					
Opening balance	5.72	-	0.09	0.31	6.11
<b>Closing balance</b>	<b>5.56</b>	<b>-</b>	<b>0.17</b>	<b>0.17</b>	<b>5.92</b>

Included in intangible fixed assets were assets costing VND13,890 million which were fully amortised as of 31 March 2018 (1/4/2017: VND12,790 million), but which are still in use.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**9. Investment property**

Particulars	31/3/2018 VND	1/4/2017 VND	31/3/2018 ₹ Crore	1/4/2017 ₹ Crore
Investment property held for capital appreciation	22,058,852,272	22,058,852,272	6.31	6.29

Movement of investment property during the year were as follows:

Particulars	Land use right VND	Land use right ₹ Crore
<b>Cost</b>		
Opening/closing balance	23,843,388,652	6.82
<b>Accumulated amortisation</b>		
Opening/closing balance	1,784,536,380	0.51
<b>Net book value</b>		
Opening/closing balance	22,058,852,272	6.31

At 31 March 2018, 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 VND72,324 million (1/4/2017: VND58,072 million).

**10. Construction in progress**

Particulars	2018 VND	2017 VND	2018 ₹ Crore	2017 ₹ Crore
Opening balance	7,956,552,445	458,332,247	2.28	0.13
Additions during the year	13,116,370,127	9,915,630,074	3.75	2.83
Transfer to tangible fixed assets	(13,454,984,847)	(2,507,836,797)	(3.85)	(0.71)
Transfer to intangible fixed assets	(432,155,000)	-	(0.12)	-
Transfer from merging Thuan Phat Foodstuff Joint Stock Company ("Thuan Phat")	-	90,426,921	-	0.03
Closing balance	7,185,782,725	7,956,552,445	2.06	2.27

Major construction in progress were as follows:

Particulars	31/3/2018 VND	1/4/2017 VND	31/3/2018 ₹ Crore	1/4/2017 ₹ Crore
Factory	-	6,212,713,034	-	1.77
Software	7,156,982,725	1,490,577,413	2.05	0.42
Others	28,800,000	253,261,998	0.01	0.07
Closing balance	7,185,782,725	7,956,552,445	2.06	2.27

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 11. Prepaid expenses

#### (a) Short-term prepaid expenses

Particulars	31/3/2018	1/4/2017	31/3/2018	1/4/2017
	VND	VND	₹ Crore	₹ Crore
Rental expenses	1,425,694,386	769,523,843	0.41	0.22
Insurance expenses	1,250,010,050	180,137,142	0.36	0.05
Other expenses	275,019,991	369,067,837	0.08	0.11
	<b>2,950,724,427</b>	<b>1,318,728,822</b>	<b>0.84</b>	<b>0.38</b>

#### (b) Long-term prepaid expenses

Particulars	Office renovation	Tools and instruments	Total
	VND	VND	VND
Opening balance	2,309,700,395	5,292,837,028	7,602,537,423
Additions	3,278,958,054	3,130,152,529	6,409,110,583
Amortisation for the year	(1,967,085,892)	(3,645,562,731)	(5,612,648,623)
Closing balance	<b>3,621,572,557</b>	<b>4,777,426,826</b>	<b>8,398,999,383</b>

Particulars	Office renovation	Tools and instruments	Total
	₹ Crore	₹ Crore	₹ Crore
Opening balance	0.66	1.51	2.17
Additions	0.94	0.90	1.84
Amortisation for the year	(0.56)	(1.04)	(1.60)
Closing balance	<b>1.04</b>	<b>1.37</b>	<b>2.41</b>

### 12. Deferred tax assets

Particulars	31/3/2018	1/4/2017	31/3/2018	1/4/2017
	VND	VND	₹ Crore	₹ Crore
Allowance for inventories	3,609,570,264	3,291,222,072	1.03	0.94
Accruals and provisions	7,755,705,264	5,983,755,942	2.22	1.71
	<b>11,365,275,528</b>	<b>9,274,978,014</b>	<b>3.25</b>	<b>2.64</b>

### 13. Accounts payable to suppliers – short-term

#### (a) Accounts payable to suppliers detailed by significant suppliers

Particulars	31/3/2018		1/4/2017	
	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	15,703,201,248	15,703,201,248
Marico Limited	42,239,943,565	42,239,943,565	82,770,694,836	82,770,694,836
Other suppliers	102,252,306,340	102,252,306,340	101,567,580,973	101,567,580,973
	<b>148,939,744,859</b>	<b>148,939,744,859</b>	<b>200,041,477,057</b>	<b>200,041,477,057</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

Particulars	31/3/2018		1/4/2017	
	Amount within payment capacity		Amount within payment capacity	
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
TK-L Media Corporation	1.27	1.27	4.48	4.48
Marico Limited	12.08	12.08	23.59	23.59
Other suppliers	29.24	29.24	28.95	28.95
	<b>42.59</b>	<b>42.59</b>	<b>57.02</b>	<b>57.02</b>

(b) Accounts payable to suppliers who are related parties

Particulars	31/3/2018		1/4/2017	
	Amount within payment capacity		Amount within payment capacity	
	Cost VND	VND	Cost VND	VND
Marico Limited	42,239,943,565	42,239,943,565	82,770,694,836	82,770,694,836

Particulars	31/3/2018		1/4/2017	
	Amount within payment capacity		Amount within payment capacity	
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Marico Limited	12.08	12.08	23.59	23.59

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

	1/4/2017	Incurred	Transfer to tax payable	Refund	31/3/2018
	VND	VND		VND	VND
Import tax	180,120,313	1,790,855,942	-	(1,853,681,978)	117,294,277
Corporate income tax	2,108,237,038	-	(2,108,237,038)	-	-
	<b>2,288,357,351</b>	<b>1,790,855,942</b>	<b>(2,108,237,038)</b>	<b>(1,853,681,978)</b>	<b>117,294,277</b>

	1/4/2017	Incurred	Transfer to tax payable	Refund	31/3/2018
	₹ Crore	₹ Crore		₹ Crore	₹ Crore
Import tax	0.05	0.51	-	(0.53)	0.03
Corporate income tax	0.60	-	(0.60)	-	-
	<b>0.65</b>	<b>0.51</b>	<b>(0.60)</b>	<b>(0.53)</b>	<b>0.03</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**(b) Taxes payable to State Treasury**

Particulars	1/4/2017	Incurred	Paid	Transfer from tax receivable	31/3/2018
	VND	VND	VND		VND
Value added tax	2,064,522,444	105,927,882,825	(106,027,079,471)	-	<b>1,965,325,798</b>
Personal income tax	1,362,332,546	27,839,145,561	(27,382,651,592)	-	<b>1,818,826,515</b>
Corporate income tax	-	23,550,000,088	(14,736,468,386)	(2,108,237,038)	<b>6,705,294,664</b>
Other taxes	41,396,422	1,574,036,244	(1,292,139,547)	-	<b>323,293,119</b>
	<b>3,468,251,412</b>	<b>158,891,064,718</b>	<b>(149,438,338,996)</b>	<b>(2,108,237,038)</b>	<b>10,812,740,096</b>

Particulars	1/4/2017	Incurred	Paid	Transfer from tax receivable	31/3/2018
	₹ Crore	₹ Crore	₹ Crore		₹ Crore
Value added tax	0.59	30.30	(30.32)	-	<b>0.56</b>
Personal income tax	0.39	7.96	(7.83)	-	<b>0.52</b>
Corporate income tax	-	6.74	(4.21)	(0.60)	<b>1.92</b>
Other taxes	0.01	0.45	(0.37)	-	<b>0.09</b>
	<b>0.99</b>	<b>45.44</b>	<b>(42.74)</b>	<b>(0.60)</b>	<b>3.09</b>

**15. Accrued expenses****a Short Term**

Particulars	2018	2017	2018	2017
	VND	VND	₹ Crore	₹ Crore
Promotion expenses	<b>39,066,839,076</b>	37,842,075,162	<b>11.17</b>	10.78
Salary and bonus expenses	<b>22,038,266,073</b>	24,942,916,181	<b>6.30</b>	7.11
Salary for salesmen outsourced	<b>12,204,708,611</b>	14,982,858,984	<b>3.49</b>	4.27
Advertising expenses	<b>11,395,830,638</b>	32,533,937,677	<b>3.26</b>	9.27
Transportation expenses	<b>4,591,409,838</b>	3,622,143,028	<b>1.31</b>	1.03
Others	<b>10,739,254,568</b>	5,285,139,263	<b>3.07</b>	1.51
	<b>100,036,308,804</b>	<b>119,209,070,295</b>	<b>28.61</b>	<b>33.97</b>

**b Long Term**

Particulars	2018	2017	2018	2017
	VND	VND	₹ Crore	₹ Crore
Bonus expenses	<b>666,405,333</b>	1,814,360,000	<b>0.19</b>	0.52
Dismantling costs	<b>2,113,500,000</b>	1,683,280,523	<b>0.60</b>	0.48
	<b>2,779,905,333</b>	<b>3,497,640,523</b>	<b>0.80</b>	<b>1.00</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 16. Other short-term payables

Particulars	2018	2017	2018	2017
	VND	VND	₹ Crore	₹ Crore
Trade union fees	1,928,678,297	1,237,113,200	0.55	0.35
Social insurance, health insurance and unemployment insurance	-	1,811,826,545	-	0.52
Dividend payables	50,002,097,427	-	14.30	-
Others	151,262,840	162,155,431	0.04	0.05
	<b>52,082,038,564</b>	<b>3,211,095,176</b>	<b>14.90</b>	<b>0.92</b>

### 17. Short-Term Borrowings

Particulars	1/4/2017		Movements during the year		31/3/2018	
	Carrying amount	Amount within repayment capacity	Increase	Decrease	Carrying amount	Amount within repayment capacity
	VND	VND	VND	VND	VND	VND
Bank overdraft	17,387,338,453	17,387,338,453	1,133,670,074,617	(1,145,693,862,686)	5,363,550,384	5,363,550,384

Particulars	1/4/2017		Movements during the year		31/3/2018	
	Carrying amount	Amount within repayment capacity	Increase	Decrease	Carrying amount	Amount within repayment capacity
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Bank overdraft	4.97	4.96	324.23	(327.67)	1.53	1.53

Bank overdraft represents short-term credit facilities with credit limit is USD5,000,000 from BNP Paribas – Ho Chi Minh City Branch (“the Bank”). Bank overdraft bears interest rate from 5% to 6.5% (2017: 5% to 6.5% ) per annum and is due for payment upon the Bank’s demand.

### 18. Provisions – Long-Term

Particulars	2018	2017	2018	2017
	VND	VND	₹ Crore	₹ Crore
Severance allowance	3,240,113,500	3,439,583,098	0.93	0.98
Retrenchement provision (i)	7,500,000,000	2,996,573,333	2.15	0.85
Provision for goods sold (ii)	9,237,882,776	-	2.64	-
	<b>19,977,996,276</b>	<b>6,436,156,431</b>	<b>5.71</b>	<b>1.83</b>

Movement of provisions – long-term during the year were as follows:

Particulars	Severance allowance	Retrenchement provision	Provision for Goods sold	Total
	VND	VND	VND	VND
Opening balance	3,439,583,098	2,996,573,333	-	6,436,156,431
Provision made during the year	592,696,485	6,779,760,667	9,237,882,776	16,610,339,928
Provision used during the year	(792,166,083)	(2,276,334,000)	-	(3,068,500,083)
Closing balance	<b>3,240,113,500</b>	<b>7,500,000,000</b>	<b>9,237,882,776</b>	<b>19,977,996,276</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

Particulars	Severance allowance	Retrenchment provision	Provision for Goods sold	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Opening balance	0.98	0.85	-	1.83
Provision made during the year	0.17	1.94	2.64	4.75
Provision used during the year	(0.23)	(0.65)	-	(0.88)
Closing balance	<b>0.92</b>	<b>2.14</b>	<b>2.64</b>	<b>5.70</b>

- (i) This amount represents the termination allowance for staffs who could be asked to resign due to re-structuring plan of the Company.
- (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	Treasury shares	Retained profits	Total
	VND	VND	VND	VND	VND
<b>Balance at 1 April 2016</b>	112,177,600,000	112,213,880,000	(654,025,036,149)	645,112,292,772	215,478,736,623
<b>Profit for the year</b>	-	-	-	43,926,559,899	43,926,559,899
<b>Cancellation of treasury shares</b>	(16,820,650,000)	(637,204,386,149)	654,025,036,149	-	-
<b>Share issued from merging with Thuan Phat</b>	2,000,000	-	-	-	2,000,000
<b>Dividends</b>	-	-	-	(170,003,656,626)	(170,003,656,626)
<b>Balance at 1 April 2017</b>	95,358,950,000	(524,990,506,149)	-	519,035,196,045	89,403,639,896
<b>Profit for the year</b>	-	-	-	82,583,512,242	82,583,512,242
<b>Dividends (*)</b>	-	-	-	(50,002,097,427)	(50,002,097,427)
<b>Balance at 31 March 2018</b>	<b>95,358,950,000</b>	<b>(524,990,506,149)</b>	<b>-</b>	<b>551,616,610,860</b>	<b>121,985,054,711</b>

(\*)The Company declared dividend amounting to VND50,002 million to the shareholders according to the Board of Management's Resolution No. 01/2018/MS-NQ-DHDCD dated 30 January 2018.

Particulars	Share capital	Share premium	Treasury shares	Retained profits	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Balance at 1 April 2016</b>	31.97	31.98	(186.40)	183.86	61.41
Profit for the year	-	-	-	12.52	12.52
Cancellation of treasury shares	(4.79)	(181.60)	186.40	-	0.01
Share issued from merging with Thuan Phat	0.00	-	-	-	0.00
Dividends	-	-	-	(48.45)	(48.45)
<b>Balance at 1 April 2017</b>	27.18	(149.62)	-	147.93	25.48
Profit for the year	-	-	-	23.62	23.62
Dividends (*)	-	-	-	(14.30)	(14.30)
<b>Balance at 31 March 2018</b>	<b>27.27</b>	<b>(150.15)</b>	<b>-</b>	<b>157.76</b>	<b>34.89</b>



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**20. Share capital**

The Company's authorised and issued share capital are:

Particulars	31/3/2018		1/4/2017		3/31/2018	1/4/2017
	Number of shares	Par value	Number of shares	Par value	Par value	Par value
	VND		VND		₹ Crore	₹ Crore
<b>Authorised share capital</b>	11,217,760	112,177,600,000	11,217,760	112,177,600,000	32.08	31.97
<b>Issued share capital</b>						
Ordinary shares	9,535,895	95,358,950,000	9,535,895	95,358,950,000	27.27	27.18
<b>Shares in circulation</b>						
Ordinary shares	<b>9,535,895</b>	<b>95,358,950,000</b>	<b>9,535,895</b>	<b>95,358,950,000</b>	<b>27.27</b>	<b>27.18</b>

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.

Movements in share capital during the year were as follows:

Particulars	31/3/2018		1/4/2017		3/31/2018	1/4/2017
	Number of shares	Par value	Number of shares	Par value	Par value	Par value
	VND		VND		₹ Crore	₹ Crore
Balance at the beginning of the year	9,535,895	95,358,950,000	11,217,760	112,177,600,000	27.27	31.97
Cancel of treasury stocks	-	-	(1,682,065)	(16,820,650,000)	-	(4.79)
Share issued from merging with Thuan Phat	-	-	200	2,000,000	-	-
Balance at the end of the year	<b>9,535,895</b>	<b>95,358,950,000</b>	<b>9,535,895</b>	<b>95,358,950,000</b>	<b>27.27</b>	<b>27.18</b>

**21. Off balance sheet items****(a) Leases commitment**

The future minimum lease payments under non-cancellable operating leases were:

Particulars	2018	2017	2018	2017
	VND	VND	₹ Crore	₹ Crore
Within one year	8,906,004,102	11,948,636,795	2.55	3.41
Within two to five years	10,751,115,382	19,407,180,954	3.07	5.53
	<b>19,657,119,484</b>	<b>31,355,817,749</b>	<b>5.62</b>	<b>8.94</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**(b) Foreign currencies**

Particulars	2018		2017		2018	2017
	Original currency	VND equivalent	Original currency	VND equivalent	₹ Crore	₹ Crore
USD	2,305,764	52,627,899,006	1,310,111	29,811,575,805	15.05	8.50
EUR	285	8,034,678	296	7,174,448	0.00	0.00
MYR	46,478	252,794,984	-	-	0.07	-
		<b>52,888,728,668</b>		<b>29,818,750,253</b>	<b>15.12</b>	<b>8.50</b>

**22. Revenue from sale of goods**

Net revenue comprised:

Particulars	2018	2017	2018	2017
	VND	VND	₹ Crore	₹ Crore
Total revenue				
Sales	1,271,324,045,500	1,333,855,206,817	363.60	380.15
Less revenue deductions				
Sales discounts	13,114,917,712	8,905,402,133	3.75	2.54
Sales returns	6,337,565,021	1,423,762,372	1.81	0.41
	19,452,482,733	10,329,164,505	5.56	2.94
<b>Net revenue</b>	<b>1,251,871,562,767</b>	<b>1,323,526,042,312</b>	<b>358.04</b>	<b>377.20</b>

**23. Cost of sales**

Particulars	2018	2017	2018	2017
	VND	VND	₹ Crore	₹ Crore
Total cost of sales				
Finished goods sold	425,315,281,083	358,702,482,812	121.64	102.23
Merchandise goods sold	117,142,102,720	167,889,139,060	33.50	47.85
Allowance for inventories	1,591,740,960	8,167,552,384	0.46	2.33
Others	1,037,832,584	835,160,834	0.30	0.24
	545,086,957,347	535,594,335,090	155.89	152.64

**24. Financial income**

Particulars	2018	2017	2018	2017
	VND	VND	₹ Crore	₹ Crore
Interest income	4,660,284,841	7,707,142,289	1.33	2.20
Realised foreign exchange gains	389,462,382	1,278,159,063	0.11	0.36
Unrealised foreign exchange gains	644,307,089	-	0.18	-
	5,694,054,312	8,985,301,352	1.63	2.56

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**25. Financial expenses**

Particulars	2018	2017	2018	2017
	VND	VND	₹ Crore	₹ Crore
Interest expense	1,280,397,528	874,635,009	0.37	0.25
Losses from merging with Thuan Phat (*)	-	44,685,170,213	-	12.74
Realised foreign exchange losses	1,289,945,146	888,013,034	0.37	0.25
Unrealised foreign exchange losses	-	257,796,443	-	0.07
	<b>2,570,342,674</b>	<b>46,705,614,699</b>	<b>0.74</b>	<b>13.31</b>

(\*) This loss incurred in 2016 from merging Thuan Phat into the Company as investment in Thuan Phat is higher than its net assets at the merger date.

**26. Selling expenses**

Particulars	2018	2017	2018	2017
	VND	VND	₹ Crore	₹ Crore
Staff costs	218,445,217,730	208,910,907,552	62.48	59.54
Advertising expenses	125,651,650,914	160,854,498,273	35.94	45.84
Marketing support expenses	59,414,005,253	142,090,445,031	16.99	40.50
Transportation expenses	20,214,574,551	19,880,870,045	5.78	5.67
Marketing and research expenses	16,597,027,499	12,871,890,468	4.75	3.67
Rental expenses	14,386,523,370	13,721,659,790	4.11	3.91
Travelling expenses	12,105,663,687	14,725,645,175	3.46	4.20
Depreciation and amortisation	730,663,291	548,297,345	0.21	0.16
Other expenses	7,593,543,385	8,819,246,310	2.17	2.51
	<b>475,138,869,680</b>	<b>582,423,459,989</b>	<b>135.89</b>	<b>165.99</b>

**27. General and administration expenses**

Particulars	2018	2017	2018	2017
	VND	VND	₹ Crore	₹ Crore
Staff costs	88,812,465,731	75,484,687,959	25.40	21.51
Outside services expenses	14,049,838,019	8,817,506,584	4.02	2.51
Rental expenses	7,165,554,020	7,280,400,175	2.05	2.07
Depreciation and amortisation	4,164,265,867	1,813,192,001	1.19	0.52
Repair and maintenance expenses	3,736,627,048	5,161,644,169	1.07	1.47
Professional expenses	3,066,508,445	4,879,489,660	0.88	1.39
Travelling expenses	2,033,175,346	1,863,619,376	0.58	0.53
License fees	1,802,830,585	1,474,408,267	0.52	0.42
Recruitment and training expenses	1,358,843,383	2,018,600,062	0.39	0.58
Other expenses	4,277,398,670	5,438,551,029	1.22	1.55
	<b>130,467,507,114</b>	<b>114,232,099,282</b>	<b>37.31</b>	<b>32.56</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**28. Production costs by element**

Particulars	2018	2017	2018	2017
	VND	VND	₹ Crore	₹ Crore
Raw material costs included in production costs	465,902,672,057	411,767,497,344	133.25	117.35
Labour costs and staff costs	337,711,086,600	319,758,655,825	96.59	91.13
Depreciation and amortisation	9,548,193,561	6,986,312,973	2.73	1.99
Outside services	294,099,767,929	431,699,474,057	84.11	123.03
Other expenses	43,431,613,994	14,978,615,156	12.42	4.27

**29. Income tax****(a) Recognised in the statement of income**

Particulars	2018	2017	2018	2017
	VND	VND	₹ Crore	₹ Crore
<b>Current tax expense</b>				
Current year	23,550,000,088	8,740,377,270	6.74	2.49
Under provision in prior years	-	3,353,770,858	-	0.96
	23,550,000,088	12,094,148,128	6.74	3.45
<b>Deferred tax benefit</b>				
Origination and reversal of temporary differences	(2,090,297,514)	(2,745,181,753)	(0.60)	(0.78)
	21,459,702,574	9,348,966,375	6.14	2.67

**(b) Reconciliation of effective tax rate**

Particulars	2018	2017	2018	2017
	VND	VND	₹ Crore	₹ Crore
Accounting profit before tax	104,043,214,816	53,275,526,274	29.76	15.18
Tax at the Company's tax rate	20,808,642,963	10,655,105,255	5.95	3.04
Non-deductible expenses	651,059,611	43,900,822	0.19	0.01
Unrecognised deferred tax assets in prior year	-	(4,703,810,560)	-	(1.34)
Under provision in prior years	-	3,353,770,858	-	0.96
	21,459,702,574	9,348,966,375	6.14	2.67

**(c) Applicable tax rates**

The Company's corporate income tax rate is 20% for 2018 and 2017.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**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		2018 ₹ Crore	2017 ₹ Crore
	2018 VND	2017 VND		
<b>Parent company</b>				
<b>Marico Limited</b>				
Sales of goods	1,053,399,405	-	0.30	-
Purchase of goods	148,924,569,450	107,854,496,864	42.59	30.74
Dividend	50,000,000,000	170,000,000,000	14.30	48.45
<b>Other related companies</b>				
<b>Thuan Phat Foodstuff Joint Stock</b>				
Sales of goods	-	9,609,602	-	0.00
Purchases of goods	-	109,846,135,953	-	31.31
<b>Members of Board of Management and Board of Directors</b>				
Compensation	37,295,198,887	37,418,000,000	10.67	10.66
Dividend	2,097,427	3,656,626	0.01	0.01

**31. Non-cash investing and financing activities**

Particulars	2018		2017	
	VND	VND	₹ Crore	₹ Crore
Purchase assets under form of merging Thuan Phat	-	36,111,946,294	-	10.29
Other non-cash transactions	-	15,833,180,801	-	4.51

**32. Corresponding figures**

Corresponding figures as at 1 April 2017 were derived from the balances and amounts reported in the Company's audited financial statements as at and for the year ended 31 March 2017.

17 May, 2018

Prepared by

Reviewed by

Approved by

**Trinh Thi Kim Thanh**  
General Accountant

**Phan Thi Cam Nguyen**  
Chief Accountant

**Luong Huu Khanh**  
General Director

## MARICO CONSUMER CARE LIMITED

### **Board of Directors**

(As on March 31, 2018)

Mr. Harsh Mariwala	Director
Mr. Saugata Gupta	Managing Director
Mr. Vivek Karve	Director & Chief Financial Officer
Mr. Rajeev Bakshi	Independent Director (From April 28, 2017 to October 30, 2017)
Ms. Hema Ravichandar	Independent Director (upto October 30, 2017)

### **Company Secretary**

Mr. Surender Sharma (upto October 16, 2017)  
Ms. Renu Desai (w.e.f. October 30, 2017)

### **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 Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Marico Consumer Care Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

#### Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 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 Ind AS financial statements 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.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS 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 thereunder.

We conducted our audit of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

## INDEPENDENT AUDITOR'S REPORT (Contd.)

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 31 March 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### Other Matter

The audited Ind AS financial statements of the Company for the corresponding year ended 31 March 2017 prepared in accordance with Ind AS included in these Ind AS financial statements, have been audited by the predecessor auditors whose audit report dated 2 May 2017 expressed an unmodified opinion on those audited Ind AS financial statements. Our opinion is not modified in respect of these matter.

### 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. 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 Cash Flow Statement and Statement of Changes in Equity 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 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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".
  - (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. The Company does not have any pending litigation which would impact its financial position in its financial statements. Refer Note 19 to the 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and



# MARICO CONSUMER CARE LIMITED

- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the year ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**

Firm Registration Number: 101248W/W-100022

Chartered Accountants

**Sadashiv Shetty**

Partner

Membership Number 048648

Place : Mumbai

Date : May 2, 2018

**ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT****(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 2018 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 2018 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 2018, 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.

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**

Firm Registration Number: 101248W/W-100022

Chartered Accountants

**Sadashiv Shetty**

Partner

Membership Number 048648

Place : Mumbai

Date : May 2, 2018

## ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Marico Consumer Care Limited on the financial statements as of and for the year ended March 31, 2016

### Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Marico Consumer Care Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### 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.

#### 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.

# MARICO CONSUMER CARE LIMITED

## 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.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, 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.

For **B S R & Co. LLP**

Firm Registration Number: 101248W/W-100022

Chartered Accountants

**Sadashiv Shetty**

Partner

Membership Number 048648

Place : Mumbai

Date : May 2, 2018

# MARICO CONSUMER CARE LIMITED

## BALANCE SHEET

As at 31 March, 2018

Amount in ₹

Particulars	Note No.	As at March 31,	
		2018	2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	-	-
Financial assets			
(i) Investments	4(a)	-	12,843,600
(ii) Other financial assets	4(b)	432,244	432,244
Non current tax assets (net)	5	46,247	598,090
<b>Total non-current assets</b>		<b>478,491</b>	<b>13,873,934</b>
<b>Current assets</b>			
Financial assets			
(i) Investments	4(a)	362,242,449	300,467,626
(ii) Cash and cash equivalents	4(c)	180,664	279,984
(iii) Other financial assets	4(b)	18,315,994	13,980,609
Other current assets	6	25,675	-
<b>Total current assets</b>		<b>380,764,782</b>	<b>314,728,219</b>
<b>Total assets</b>		<b>381,243,273</b>	<b>328,602,153</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	7(a)	206,608,300	206,608,300
<u>Other equity</u>			
Reserves and Surplus	7(b)	165,737,392	114,868,338
<b>Total equity</b>		<b>372,345,692</b>	<b>321,476,638</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	8	2,782,706	3,070,870
<b>Total non-current liabilities</b>		<b>2,782,706</b>	<b>3,070,870</b>
<b>Current liabilities</b>			
<u>Financial liabilities</u>			
Trade payables	9	1,601,044	3,011,975
Other current liabilities	10	4,513,831	1,042,670
<b>Total current liabilities</b>		<b>6,114,875</b>	<b>4,054,645</b>
<b>Total liabilities</b>		<b>8,897,581</b>	<b>7,125,515</b>
<b>Total equity and liabilities</b>		<b>381,243,273</b>	<b>328,602,153</b>
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 2, 2018

**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 2, 2018

# MARICO CONSUMER CARE LIMITED

## PROFIT AND LOSS

For the year ended 31 March, 2018

Particulars	Note No.	Amount in ₹	
		Year ended March 31, 2018	2017
Other income	11	74,961,760	77,961,887
<b>Total income</b>		<b>74,961,760</b>	<b>77,961,887</b>
<b>Expenses:</b>			
Finance cost	13	202,928	25,311
Depreciation and amortisation expenses	12	-	414,928
Other expenses	14	6,578,654	9,518,667
<b>Total expenses</b>		<b>6,781,582</b>	<b>9,958,906</b>
<b>Profit before tax</b>		<b>68,180,178</b>	<b>68,002,981</b>
<b>Income tax expense:</b>			
Current tax	15	17,599,103	23,505,188
Deferred tax charge / (reversal)	8	(287,979)	1,014,729
<b>Total tax expense</b>		<b>17,311,124</b>	<b>24,519,917</b>
<b>Profit for the year</b>		<b>50,869,054</b>	<b>43,483,064</b>
Earnings per equity share for profit attributable to owners			
Basic earnings per share	23	2.46	2.10
Diluted earnings per share	23	2.46	2.10
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

**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 2, 2018

Place : Mumbai  
Date : May 2, 2018

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March, 2018

**A. Equity Share Capital**

Particulars	Note No.	Amount in ₹
As at 31st March, 2016	7 (a)	206,608,300
Changes in equity share capital		-
<b>As at 31st March 2017</b>		<b>206,608,300</b>
Changes in equity share capital		-
<b>As at 31st March 2018</b>		<b>206,608,300</b>

**B. Other Equity**

Particulars	Note No.	Amount in ₹	
		Attributable to owners Reserves and surplus Retained earnings	Total other equity
<b>Balance as at 31st March, 2016</b>	7(b)	71,385,274	71,385,274
Profit for the year	7(b)	43,483,064	43,483,064
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>43,483,064</b>	<b>43,483,064</b>
Dividend paid	7(b)	-	-
<b>Balance as at 31st March, 2017</b>		<b>114,868,338</b>	<b>114,868,338</b>
<b>Balance as at 31st March, 2017</b>	7(b)	<b>114,868,338</b>	<b>114,868,338</b>
Profit for the year	7(b)	50,869,054	50,869,054
<b>Total comprehensive income for the year</b>		<b>50,869,054</b>	<b>50,869,054</b>
<b>Balance as at 31st March, 2018</b>		<b>165,737,393</b>	<b>165,737,393</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

**Sadashiv Shetty**  
Partner  
Membership No. 048648

Place : Mumbai  
Date : May 2, 2018

**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 2, 2018



**STATEMENT OF CASH FLOW**

For the year ended 31 March, 2018

Amount in ₹

Particulars	For the year ended March 31,	
	2018	2017
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE INCOME TAX</b>	<b>68,180,178</b>	<b>68,002,981</b>
<b>Adjustments for:</b>		
Depreciation and amortisation	-	414,928
Finance costs	<b>202,928</b>	25,311
Interest income from financial assets at amortised cost	<b>(14,979,959)</b>	(17,243,366)
Net gain on sale of investments	<b>(9,248,499)</b>	(1,554,419)
Net gain on financial assets mandatorily measured at fair value through profit or loss	<b>(50,691)</b>	(4,016,381)
	<b>(24,076,221)</b>	<b>(22,373,927)</b>
<b>Cash generated from operations before working capital changes</b>	<b>44,103,957</b>	<b>45,629,054</b>
Change in operating assets and liabilities:		
Increase in other current financial assets	<b>(4,335,385)</b>	(688,938)
(Increase)/ Decrease in other current assets	<b>(25,675)</b>	19,562
Increase / (Decrease) in trade payables	<b>(1,410,931)</b>	317,471
Increase in other current liabilities	<b>3,471,161</b>	149,331
<b>Changes in Working Capital</b>	<b>(2,300,830)</b>	<b>(202,574)</b>
<b>Cash generated from Operations</b>	<b>41,803,127</b>	<b>45,426,480</b>
Income taxes paid (net of refunds)	<b>(17,047,259)</b>	(23,655,064)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES (A)</b>	<b>24,755,868</b>	<b>21,771,416</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investments (net)	<b>(120,887,572)</b>	(45,399,995)
Purchase of Inter-corporate deposits	<b>(120,000,000)</b>	(100,000,000)
Proceeds from redemption of Inter- corporate deposits	<b>200,000,000</b>	100,000,000
Interest income from financial assets at amortised cost	<b>16,235,312</b>	23,081,716
<b>NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES (B)</b>	<b>(24,652,260)</b>	<b>(22,318,279)</b>

# MARICO CONSUMER CARE LIMITED

## CASH FLOW STATEMENT(Contd.)

For the year ended 31 March, 2018

Particulars	Amount in ₹	
	For the year ended March 31,	
	2018	2017
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance charges paid	(202,928)	(25,311)
<b>NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES (C)</b>	<b>(202,928)</b>	<b>(25,311)</b>
<b>D NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(99,320)</b>	<b>(572,174)</b>
E Cash and cash equivalents at the beginning of the financial year	279,984	852,158
<b>F Cash and cash equivalents at end of the year (Refer note 4 (c))</b>	<b>180,664</b>	<b>279,984</b>

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 2, 2018

**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 2, 2018

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

up to the month in which the asset is disposed off.

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	Useful 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:

- o those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- o 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, 2018

### 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

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

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 goods & services 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.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

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.



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**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.

**q) Amendments to Ind AS 7:**

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

**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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

## 3 Property, plant and equipment

Particular	Amount in ₹	
	Plant and machinery	Total
<b>Year ended March 31, 2017</b>		
<b>Gross carrying amount</b>		
<b>Deemed Cost as at March 31, 2016</b>	<b>1,600,829</b>	<b>1,600,829</b>
Additions	—	—
<b>Closing gross carrying amount</b>	<b>1,600,829</b>	<b>1,600,829</b>
<b>Accumulated depreciation</b>	1,185,901	1,185,901
Depreciation charge during the year	414,928	414,928
<b>Closing accumulated depreciation</b>	<b>1,600,829</b>	<b>1,600,829</b>
<b>Net carrying amount</b>	<b>—</b>	<b>—</b>
<b>Year ended March 31, 2018</b>		
<b>Gross carrying amount</b>		
<b>Opening gross carrying amount</b>	<b>1,600,829</b>	<b>1,600,829</b>
Additions	—	—
<b>Closing gross carrying amount</b>	<b>1,600,829</b>	<b>1,600,829</b>
<b>Accumulated depreciation</b>		
<b>Opening accumulated depreciation</b>	1,600,829	1,600,829
Depreciation charge during the year	—	—
<b>Closing accumulated depreciation</b>	<b>1,600,829</b>	<b>1,600,829</b>
<b>Net carrying amount</b>	<b>—</b>	<b>—</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**4 (a) Investments**

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
<b>Non-current Investments</b>		
Mutual Funds	-	12,843,600
	-	<b>12,843,600</b>
<b>Current Investments</b>		
Inter corporate deposits	127,122,230	208,377,766
Mutual Funds	235,120,219	92,089,860
	<b>362,242,449</b>	<b>300,467,626</b>
<b>Total Investments</b>	<b>362,242,449</b>	<b>313,311,226</b>
<b>Non-current Investments</b>		
<b>Investment in mutual funds at FVTPL</b>		
Quoted		
Reliance Fixed Horizon Fund-XXVI-Series 2-Growth Plan	-	12,843,600
NIL(31st March, 2017 : 1,000,000) units of ₹ 10 each fully paid		
<b>Total investment in mutual funds</b>	-	<b>12,843,600</b>
Aggregate amount of quoted investments	-	12,843,600
Market value/ Net asset value of quoted investments	-	12,843,600
<b>Current investments</b>		
<b>Investment in mutual funds at FVTPL</b>		
Unquoted		
Reliance Liquid Fund-Treasury Plan-Growth	36,465,168	30,726,941
8,636 (31st March, 2017 : 7,771) Units of ₹ 1,000 each fully paid		
Edelweiss Liquid Fund - Super IP - Gr (Formerly known as JP Morgan India Liquid Fund-SIP-Growth)	9,370,631	26,410,355
4,218 (31st March, 2017 : 1,269,009) Units of ₹ 10 each fully paid		
UTI Money Market - IP - Growth	-	34,952,564
NIL (31st March, 2017 : 19,238) Units of ₹ 1,000 each fully paid		
Kotak Floater-Short Term-Growth	100,966,488	-
35,494 (31st March, 2017 : Nil) Units of ₹ 1000 each fully paid		
Aditya Birla Sun Life Cash Plus Fund-Reg-Growth	32,706,801	-
117,552 (31st March, 2017 : Nil) Units of ₹100 each fully paid		
Aditya Birla Sun Life Savings Fund-Reg-Growth	55,611,131	-
162,650 (31st March, 2017 : Nil) Units of ₹ 100 each fully paid		
<b>Total investment in mutual funds</b>	<b>235,120,219</b>	<b>92,089,860</b>
Aggregate amount of unquoted investments	<b>362,242,449</b>	<b>300,467,626</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**4(b) Other Non current financial assets**

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
Fixed Deposits-maturing after 12 months	432,244	432,244
<b>Total other non-current financial assets</b>	<b>432,244</b>	<b>432,244</b>

**4(b) Other current financial assets**

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
Advance to related parties	18,315,994	13,980,609
<b>Total other current financial assets</b>	<b>18,315,994</b>	<b>13,980,609</b>

**4(c) Cash and cash equivalents**

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
Bank balances in current accounts	180,534	279,854
Cash on hand	130	130
<b>Total cash and cash equivalents</b>	<b>180,664</b>	<b>279,984</b>

The details of specified bank notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 as provided in the table below:

During the year, the company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308 (E ) dated March 31st, 2017 on the details of the specified bank notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016. The denomination wise SBNs and other notes as per the notification are given below:

Details	Amount in ₹		
	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	130	130
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	130	130

**5 Total assets and liabilities**

Non current tax assets	Amount in ₹	
	As at March 31, 2017	As at March 31, 2016
Current Tax Asset (Net)	46,247	598,090
<b>Closing balance</b>	<b>46,247</b>	<b>598,090</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**6 Other current assets**

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
Other receivables	25,675	-
<b>Total other current assets</b>	<b>25,675</b>	<b>-</b>

**7 (a) Share capital**

Particulars	No. of shares	Amount
		in ₹
<b>Authorised share capital</b>		
As at 31st March, 2017		
Equity shares of ₹ 10/- each	80,000,000	800,000,000
<b>Total</b>	<b>80,000,000</b>	<b>800,000,000</b>
As at 31st March, 2018		
Equity shares of ₹ 10/- each	80,000,000	800,000,000
<b>Total</b>	<b>80,000,000</b>	<b>800,000,000</b>
<b>Issued, subscribed and paid-up as at 31st March, 2018 and 31st March, 2017</b>		
20,660,830 equity shares of ₹ 10/- each fully paid-up	20,660,830	206,608,300
<b>Total</b>	<b>20,660,830</b>	<b>206,608,300</b>

**Rights of equity shareholders**

The Company has one class of equity shares having a par value of ₹ 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**

Particulars	Amount in ₹			
	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity Shares of Rs. 10/- each fully paid-up</b>				
Marico Limited and its nominees	20,660,830	100%	20,660,830	100%

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 7 (b) Reserves and surplus

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
(i) Retained earnings	165,737,392	114,868,338
<b>Total Reserve and surplus</b>	<b>165,737,392</b>	<b>114,868,338</b>

#### (i) Retained earnings

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
Opening Balance	114,868,338	71,385,274
Net Profit for the year	50,869,054	43,483,064
<b>Closing balance</b>	<b>165,737,392</b>	<b>114,868,338</b>

### 8 Deferred tax liabilities

The balance comprises temporary differences attributable to :

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
Financial assets at fair value through Profit & Loss	2,782,706	3,070,870
<b>Total deferred tax liabilities</b>	<b>2,782,706</b>	<b>3,070,870</b>

#### Movement in deferred tax liabilities

Particulars	Amount in ₹	
	Financial assets at fair value through Profit & Loss	Total deferred tax liabilities
<b>As at 31st March, 2016</b>	<b>2,056,141</b>	<b>2,056,141</b>
(Charged)/credited :		
to Profit and loss	1,014,729	1,014,729
<b>As at 31 st March 2017</b>	<b>3,070,870</b>	<b>3,070,870</b>
(Charged)/credited :		
to Profit and loss	(287,979)	(287,979)
<b>As at 31 st March 2018</b>	<b>2,782,892</b>	<b>2,782,892</b>

### 9 Trade payables

Particulars	Amount in ₹	
	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Trade payables	1,601,044	3,011,975
<b>Total Trade Payables</b>	<b>1,601,044</b>	<b>3,011,975</b>

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, 2018

Particulars	As at	As at
	March 31, 2018	March 31, 2017
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	-	-
<b>Total</b>	-	-

**10 Other current liabilities**

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Statutory dues	3,061,818	1,042,670
Book Overdraft	1,452,013	-
<b>Total other current liabilities</b>	<b>4,513,831</b>	<b>1,042,670</b>

**11 Other income**

Particulars	Amount in ₹	
	Year ended March 31, 2018	Year ended March 31, 2017
Interest income from financial assets at amortised cost	14,979,959	17,243,366
Net gain on sale of investments*	9,299,190	5,570,800
Royalty income	50,524,125	55,134,738
Net gain on foreign currency transactions and translation	(14,013)	12,983
Others	172,499	-
<b>Total</b>	<b>74,961,760</b>	<b>77,961,887</b>

\*Includes net gain on financial assets mandatorily measured at fair value through profit or loss of ₹ 50,691 (31st March 2017: ₹ 4,016,381)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**12 Depreciation and amortization expense**

Particulars	Amount in ₹	
	Year ended March 31, 2018	Year ended March 31 2017
Depreciation on property, plant and equipment (refer note 3)	-	414,928
<b>Total depreciation and amortization expense</b>	<b>-</b>	<b>414,928</b>

**13 Finance costs**

Particulars	Amount in ₹	
	Year ended March 31, 2018	Year ended March 31 2017
Interest expense	195,281	19,569
Bank and other financial charges	7,647	5,742
<b>Finance costs expensed in profit or loss</b>	<b>202,928</b>	<b>25,311</b>

**14 Other expenses**

Particulars	Amount in ₹	
	Year ended March 31, 2018	Year ended March 31 2017
Legal and professional charges	4,684,640	7,632,247
Payments to the auditor as Statutory Audit fees	174,605	199,345
Rates and taxes	32,768	40,227
Miscellaneous expenses	286,641	296,848
Expenditure towards Corporate Social Responsibility	1,400,000	1,350,000
<b>Total</b>	<b>6,578,654</b>	<b>9,518,667</b>

Expenses towards Corporate Social Responsibility:

- (a) Gross amount required to be spent by the company during the year : ₹ 14,00,000 (31st March 2017 : ₹ 12,51,930)
- (b) Amount spent during the year : ₹ 14,00,000 (31st March 2017: ₹ 13,50,000)

Particulars	Paid
(i) Construction/acquisition of any asset	-
(ii) On purposes other than (i) above	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, 2018

### 15 Income tax expense

Particulars	Amount in ₹	
	Year ended March 31, 2018	Year ended March 31 2017
<b>(a) Income tax expense</b>		
Current tax	17,599,103	23,505,188
<b>Total current tax expense</b>	<b>17,599,103</b>	<b>23,505,188</b>
Deferred tax		
Expenses of current year	(287,979)	1,014,729
<b>Total deferred tax expense/(benefit)</b>	<b>(287,979)</b>	<b>1,014,729</b>
<b>Total income tax expense recognised during the year</b>	<b>17,311,124</b>	<b>24,519,917</b>

#### Reconciliation of tax expense and accounting profit multiplies by India tax rate

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit from continuing operations before income tax expense (A)	68,180,178	68,002,981
Income tax rate as applicable in India (B)	27.553%	33.063%
<b>Calculated taxes based on above without any adjustments for deductions (A * B)</b>	<b>18,785,344</b>	<b>22,483,826</b>
Tax effect of amounts which are not deductible (allowable) in calculating taxable income :		
Expenses not deductible for tax purposes	(19,575)	2,711,091
Disallowance for Corporate Social Responsibility expenditure	385,735	(675,000)
Deduction under Section 80 G of the Income Tax Act, 1961	(192,868)	-
Income Tax at lower rate	(1,647,513)	-
<b>Income tax expense</b>	<b>17,311,123</b>	<b>24,519,917</b>

### 16 Fair Value Measurements

#### a) Financial Instruments bt category

Particulars	Note	As at March 31, 2018			As at March 31, 2017		
		FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
<b>Financial Assets</b>							
Investments							
Mutual funds	4(a)	235,120,219	-	-	104,933,460	-	-
Inter corporate deposits	4(a)	-	-	127,122,230	-	-	208,377,766
Advance to related parties	4(b)	-	-	18,315,994	-	-	13,980,609
Cash and cash equivalent	4(c)	-	-	180,664	-	-	279,984
Fixed deposits	4(b)	-	-	432,244	-	-	432,244
<b>Total financial assets</b>		<b>235,120,219</b>	<b>-</b>	<b>146,051,132</b>	<b>104,933,460</b>	<b>-</b>	<b>223,070,603</b>
<b>Financial Liabilities</b>							
Trade payables	9	-	-	1,601,044	-	-	3,011,975
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>1,601,044</b>	<b>-</b>	<b>-</b>	<b>3,011,975</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**(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 2018	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Mutual funds	4(a)	-	235,120,219	-	235,120,219
<b>Total financial assets</b>		-	<b>235,120,219</b>	-	<b>235,120,219</b>

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
<b>Financial Assets</b>					
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
<b>Total financial assets</b>		-	<b>146,051,132</b>	-	<b>146,051,132</b>

Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31st March 2017	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Mutual funds	4(a)	-	92,089,860	-	92,089,860
<b>Total financial assets</b>		-	<b>92,089,860</b>	-	<b>92,089,860</b>

Financial assets and liabilities measured at amortized cost for which fair value are disclosed as at 31st March 2017	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Inter - corporate deposits	4(a)	-	208,377,766	-	208,377,766
Advance to related parties	4(b)	-	13,980,609	-	13,980,609
Cash and cash equivalent	4(c)	-	279,984	-	279,984
Fixed deposits	4(b)	-	432,244	-	432,244
<b>Total financial assets</b>		-	<b>223,070,603</b>	-	<b>223,070,603</b>

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, 2018

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 March 31, 2018		As at March 31, 2017	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>					
<b>Investments</b>					
Inter-Corporate Deposits	4(a)	146,051,132	146,051,132	208,377,766	208,377,766
<b>Total financial assets</b>		<b>146,051,132</b>	<b>146,051,132</b>	<b>208,377,766</b>	<b>208,377,766</b>

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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**(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.

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, 2018 and Rs. 0.10 Crore as on 31st March, 2017.

**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, 2018 and 31st March 2017.

**20 Capital / Other Commitments :**

There are no contracts remaining to be executed on capital / other account and not provided for as at 31st March, 2018

**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)

Ms. Hema Ravichandar :- Independent Director\*

Mr. Rajeev Bakshi :- Independent Director\*

Mr. Vivek Karve :- Director & CFO (KMP as well)

Ms. Renu Desai :- Company Secretary (KMP)@

Mr. Surender Sharma :- Company Secretary (KMP)#

\* Resigned w.e.f 30<sup>th</sup> October, 2017

# Resigned w.e.f 16<sup>th</sup> October, 2017

@ Appointed w.e.f 30<sup>th</sup> October, 2017

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**Note**

Marico Innovation Foundation “(MIF)”, a company incorporated under Section 25 of the Companies Act, 1956 (being a private company limited by guarantee not having share capital) primarily with an objective of fuelling and promoting innovation in India.

**b) Transactions with related parties**

Particulars	Amount in ₹	
	March 31, 2018	March 31, 2017
<b>Marico Limited</b>		
Royalty income	49,879,978	54,629,287
Reimbursement of expenses paid by holding company	79,445	2,500
<b>Marico Middle East FZE</b>		
Royalty Income	644,146	505,450
<b>Marico Innovation Foundation</b>		
Corporate Social Responsibility expenditure	1,400,000	1,350,000
<b>Key Management Personnel compensation</b>		
Renumeration/ sitting fees to Non – Executive and Independent Directors	170,000	218,150

**c) Outstanding balances at the year end**

Particulars	Amount in ₹	
	March 31, 2018	March 31, 2017
<b>Other Receivable</b>		
Marico Limited	17,671,847	13,475,159
Marico Middle East FZE	644,146	505,450

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**23 Earnings per share**

Particulars	March 31, 2018	March 31, 2017
Profit during the year (Amount in ₹)	50,869,054	43,483,064
Number of equity shares as at year end (A)	20,660,830	20,660,830
<b>Weighted average number of equity shares used as denominator for calculating basic / diluted earnings per share. (B)</b>	<b>20,660,830</b>	<b>20,660,830</b>
Nominal value of equity share	10	10
Basic / Diluted Earnings per share (A)/(B)	2.46	2.10

**For B S R & Co. LLP**  
**Chartered Accountants**  
 Firm Registration No. 101248W/W-100022

**Sdashiv Shetty**  
 Partner  
 Membership No. 048648

Place : Mumbai  
 Date : May 2, 2018

**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 2, 2018

# MARICO INNOVATION FOUNDATION

**Board of Directors**

(As on March 31, 2018)

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 Ind AS Financial Statements

1. We have audited the accompanying Ind AS financial statements of Marico Innovation Foundation ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Ind AS Financial Statements

2. The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of 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; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these Ind AS 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 Ind AS financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 31st March, 2018 and its surplus and its cash flows for the year ended on that date.



## INDEPENDENT AUDITORS' REPORT (Contd.)

7. Report on Other Legal and Regulatory Requirements
8. As required by Section 143(3) of the Act, we further 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 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, Statement of Profit and Loss, and Cash Flow Statement 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 applicable Accounting Standards specified under Section 133 of the Act, 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, 2018, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act;
  - f) 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 other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
    - (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 : June 13, 2018

**BALANCE SHEET**

As at 31 March, 2018

Amount in ₹

Particulars	Note No.	As at March 31,		
		2018	2017	2016
<b>ASSETS</b>				
<b>Current assets</b>				
Financial Assets				
Cash and Cash Equivalents	3	4,207,758	385	4,096,474
Other Current Financial Assets	4	1,065,000	-	-
		<u>5,272,758</u>	<u>385</u>	<u>4,096,474</u>
<b>TOTAL ASSETS</b>		<u>5,272,758</u>	<u>385</u>	<u>4,096,474</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital		-	-	-
Other Equity	5	(2,641,145)	(1,494,076)	(1,541,088)
		<u>(2,641,145)</u>	<u>(1,494,076)</u>	<u>(1,541,088)</u>
<b>Current liabilities</b>				
Financial Liabilities				
Other Financial Liabilities	6	7,560,366	1,407,471	5,363,734
Other Current Liabilities	7	353,537	86,990	273,828
		<u>7,913,903</u>	<u>1,494,461</u>	<u>5,637,562</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>5,272,758</u>	<u>385</u>	<u>4,096,474</u>

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 : June 13, 2018

**For and on behalf of the Board of Directors**

**Harsh Mariwala**  
**Director**  
**(DIN: 00210342)**

Place: Mumbai  
Date : June 13, 2018

**Saugata Gupta**  
**Director**  
**(DIN: 05251806)**

**STATEMENT OF INCOME AND EXPENDITURE**

For the year ended 31 March, 2018

Amount in ₹

Particulars	Note No.	Year ended 31st March,	
		2018	2017
I Donations Received	8	23,550,000	4,550,000
II Other Income	9	65,000	-
III <b>Total Income</b>		<b>23,615,000</b>	<b>4,550,000</b>
IV <b>Expenses</b>			
Employee Benefit Expenses	10	100,955	41,466
Other Expenses	11	24,661,114	4,461,522
<b>Total expenses</b>		<b>24,762,069</b>	<b>4,502,988</b>
V <b>Profit / (Loss) Before Exceptional Items and Tax</b>		<b>(1,147,069)</b>	<b>47,012</b>
VI Exceptional Items		-	-
VII <b>Profit / (Loss) Before Tax</b>		<b>(1,147,069)</b>	<b>47,012</b>
VIII Tax Expense			
Current Tax		-	-
Deferred Tax		-	-
IX <b>Profit/ (Loss) for the period</b>		<b>(1,147,069)</b>	<b>47,012</b>
X <b>Other Comprehensive Income</b>			
A. (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B. (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XI <b>Total comprehensive income for the period</b>		<b>(1,147,069)</b>	<b>47,012</b>

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 : June 13, 2018

**For and on behalf of the Board of Directors****Harsh Mariwala**  
**Director****(DIN: 00210342)**

Place: Mumbai

Date : June 13, 2018

**Saugata Gupta**  
**Director****(DIN: 05251806)**

**CASH FLOW STATEMENT**

For the year ended 31 March, 2018

Amount in ₹

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax	(1,147,069)	47,012
<b>Adjustments for :</b>	-	-
<b>Operating Loss Before Working Capital Changes</b>	(1,147,069)	47,012
<b>Adjustments for :</b>		
(Increase)/Decrease in Other Current Financial Assets	(1,065,000)	-
Increase/(Decrease) in Other Current Financial Liabilities	6,152,895	(3,956,263)
Increase/(Decrease) in Other Current Liabilities	266,547	(186,838)
	5,354,442	(4,143,101)
<b>Cash (used in) / generated from Operating Activities</b>	4,207,373	(4,096,089)
Taxes Paid (Net)	-	-
<b>Net Cash (used in) / generated from Operating Activities</b>	4,207,373	(4,096,089)
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>	4,207,373	(4,096,089)
Cash and Cash Equivalents at the beginning of the year	385	4,096,474
Cash and Cash Equivalents at the end of the year	4,207,758	385

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 : June 13, 2018

**For and on behalf of the Board of Directors****Harsh Mariwala**  
**Director****(DIN: 00210342)**

Place: Mumbai

Date : June 13, 2018

**Saugata Gupta**  
**Director****(DIN: 05251806)**

**STATEMENT OF CHANGES EQUITY**

For the year ended 31 March, 2018

**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, 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	-	-	-	-	-	(1,147,068)	(1,147,068)
Any other change (specify)	-	-	-	-	-	-	-
Balance as at 31st March, 2018	-	-	-	-	-	(2,641,144)	(2,641,144)

**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, 2016	-	-	-	-	-	(1,541,088)	(1,541,088)
Changes in Accounting Policy or Prior Period Errors	-	-	-	-	-	-	-
Restated Balance at the beginning of the Reporting Period	-	-	-	-	-	(1,541,088)	(1,541,088)
Total OCI for the year	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Transfer to Retained Earnings	-	-	-	-	-	47,012	47,012
Any other change (specify)	-	-	-	-	-	-	-
Balance as at 31st March, 2017	-	-	-	-	-	(1,494,076)	(1,494,076)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### 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 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, 2018, 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, 2018

### 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 is subsequently measured at fair value through profit or loss and is not part of a hedging relationship

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

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 profit and loss.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

### (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.

## K. First Time Adoption of Ind AS

These are the Company's first financial statement prepared in accordance with Ind AS.

The accounting policies set out have been applied in preparing the financial statements for the year ended March 31, 2018 and in the preparation of comparative Balance sheet as at March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2018

in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

### (i) First Time Adoption Exemptions Availed

Ind-AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind-AS. However, the Company has not applied any such exemptions.

### (ii) First Time Adoption Reconciliations

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101. Refer Note for Changes in Other Equity for reconciliation statements.

### Note 3 Cash and Cash Equivalents Amount in ₹

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Balances with Banks	4,203,248	-	4,048,875
Cash on hand	4,510	385	47,599
<b>Total</b>	<b>4,207,758</b>	<b>385</b>	<b>4,096,474</b>

### Note 4 Other Current Financial Assets Amount in ₹

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Deposits to Suppliers	1,000,000	-	-
Receivable for services rendered	65,000	-	-
<b>Total</b>	<b>1,065,000</b>	<b>-</b>	<b>-</b>

### Note 5 Other Equity Amount in ₹

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
<b>Retained Earnings</b>			
Balance at the beginning of the year	(1,494,076)	(1,541,088)	(904,453)
Profit/ (Loss) during the year	(1,147,069)	47,012	(636,635)
Balance at the end of the year	<b>(2,641,145)</b>	<b>(1,494,076)</b>	<b>(1,541,088)</b>

### Note 6 Other Financial Liabilities Amount in ₹

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Book Overdraft	-	297,018	-
Payable for services availed	7,560,366	1,110,453	5,363,734
<b>Total</b>	<b>7,560,366</b>	<b>1,407,471</b>	<b>5,363,734</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

**Note 7 Other Current Liabilities** Amount in ₹

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
<b>Other Payables</b>			
For Statutory Dues	353,537	86,990	273,828
<b>Total</b>	<b>353,537</b>	<b>86,990</b>	<b>273,828</b>

**Note 8 Donations Received** Amount in ₹

Particulars	As at 31st March, 2018	As at 31st March, 2017
Donations	23,550,000	4,550,000
<b>Total</b>	<b>23,550,000</b>	<b>4,550,000</b>

**Note 9 Other Income** Amount in ₹

Particulars	As at 31st March, 2018	As at 31st March, 2017
Sale of Services	65,000	-
<b>Total</b>	<b>65,000</b>	<b>-</b>

**Note 10 Employee Benefit Expenses** Amount in ₹

Particulars	As at 31st March, 2018	As at 31st March, 2017
Staff welfare expenses	100,955	41,466
<b>Total</b>	<b>100,955</b>	<b>41,466</b>

**Note 11 Other Expenses** Amount in ₹

Particulars	As at 31st March, 2018	As at 31st March, 2017
Donation Given	-	2,000,000
Legal and Professional Charges	17,244,951	1,719,938
Event Management Expenses	5,793,158	-
Advertisement (Sponsorship Expenses)	510,000	-
Travelling & Conveyance	502,312	365,140
Recruitment Expenses	231,940	198,756
Printing & Stationery	210,735	-
Audit Fees	100,300	97,750
Entertainment Expenses	23,065	15,029
Training & Seminar Expenses	10,620	3,931
Communication Expenses	9,428	-
Bank Charges	1,657	633
Gifts	3,190	3,999
Miscellaneous Expenses	19,758	56,346
<b>Total</b>	<b>24,661,114</b>	<b>4,461,522</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2018

Auditor's Remuneration (Including Service Tax/GST)		Amount in ₹		
Particulars	As at		As at	
	31st March, 2018		31st March, 2017	
Audit Fees	100,300		97,750	
<b>Total</b>	<b>100,300</b>		<b>97,750</b>	

**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, 2018	31st March, 2017
<b>A</b>	<b>Holding</b>			
	Marico Limited	India	100.00%	100.00%
<b>B</b>	<b>Enterprises over which Key Managerial Personnel are able to exercise significant influence</b>			
	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)

**12.2 Details of transactions with related parties**

Amount in ₹

Sr No.	Nature of Transactions	Holding	Others	Total
1	Donations Received : FY 2017-2018	22,200,000.00	1,350,000	23,550,000.00
	FY 2016-2017	4,550,000.00	-	4,550,000.00

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****For and on behalf of the Board of Directors****Chartered Accountants**

Firm's Registration No: 105215W/W100057

**Milind Bhave**  
**Partner****Harsh Mariwala**  
**Director****Saugata Gupta**  
**Director****M. No : 047973****(DIN: 00210342)****(DIN: 05251806)**

Place: Mumbai

Place: Mumbai

Date : June 13, 2018

Date : June 13, 2018

**MARICO FOR CONSUMER CARE PRODUCTS S.A.E.**  
**(ERSTWHILE MEL CONSUMER CARE & PARTNERS - WIND)**

**Board of Directors**  
(As on March 31, 2018)

Mr. Padmanabh Maydeo  
Mr. Ashish Modak  
Mr. Durgesh Chugh  
Mr. Ashish Joshi (w.e.f. February 11, 2018)  
Mr. Ashutosh Telang (till October 27, 2017)

**Registered Office**

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

**Auditors**

KPMG Hazem Hassan

**Bankers**

HSBC  
SAIB Bank  
Arab African 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 Consumer care Products S A.E., which comprise the statement of financial position as at 31 December 2017, 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.

The financial statements of the company as at 31 December 2016 were audited by another auditor, and issued unqualified audit report, dated 20 April 2017.

### **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 statement.

### **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**

As indicated in note no. (31) Of the notes to the financial statements related to the company's going concern, the Company incurred cumulative losses of EGP 15 24,430,758 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.

## **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.

Cairo, 23 May 2018

**KPMG Hazem Hassan**

MARICO FOR CONSUMER CARE PRODUCTS S.A.E.  
(ERSTWHILE MEL CONSUMER CARE & PARTNERS - WIND)  
**STATEMENT OF FINANCIAL POSITION**

As at 31 December, 2017

Particulars	Note No.	2017 EGP	2016 EGP	2017 Crore	2016 Crore
<b>Assets</b>					
<b>Non current assets</b>					
Fixed assets	(32-7,15)	9 114 204	9,850,174	3.27	3.69
Intangible assets	(32-8,16)	1	1	-	-
Projects under construction	(32-7,17)	-	447,901	-	0.17
Deferred tax assets	(32-5,14A)	11,898	130,324	-	0.05
<b>Total Non current assets</b>		<b>9,126,103</b>	<b>10,428,400</b>	<b>3.27</b>	<b>3.91</b>
<b>Current assets</b>					
Inventories	(32-6,18)	9 186 702	21,185,676	3.30	7.94
Trade and other receivables	(32-14,19)	4,415,332	6,046,009	1.59	2.27
Prepayments	(32-14,20)	2,010,254	4,210,378	0.72	1.58
Due from related parties	(32-14,21A)	875,300	3,216	0.31	0.00
Cash and cash equivalents	(32-15,22)	2 206 668	1,595,384	0.79	0.60
<b>Total current assets</b>		<b>18,694,256</b>	<b>33,040,663</b>	<b>6.71</b>	<b>12.39</b>
<b>Total Assets</b>		<b>27,820,359</b>	<b>43,469,063</b>	<b>9.98</b>	<b>16.30</b>
<b>Equity</b>					
Issued & paid-up capital	( 23)	14,453,300	1,000,000	5.19	0.37
Shareholders current account		-	73,824,158	-	27.68
Reserves	(32-13)	19,658	-	0.01	-
Retained (losses)		(24,430,758)	(51,291,015)	(8.79)	(19.22)
<b>Total Equity</b>		<b>(9,957,800)</b>	<b>23,533,143</b>	<b>(3.59)</b>	<b>8.83</b>
<b>Current Liabilities</b>					
Bank Facilities	(25)	1 064 832	692 650	0.38	0.26
Trade and other payables	(32-16-26)	10 526 464	19 040 074	3.78	7.13
Due to related parties	(32-16,21B)	24 906 098	79 967	8.95	0.03
provisions	(32-12-24)	1 280 765	123 229	0.46	0.05
<b>Total current liabilities</b>		<b>37,778,159</b>	<b>19,935,920</b>	<b>13.57</b>	<b>7.47</b>
<b>Total equity and liabilities</b>		<b>27,820,359</b>	<b>43,469,063</b>	<b>9.98</b>	<b>16.30</b>

The accompanying notes from page (1) to page (22) form an integral part of these financial statements.

Head of Finance -MENA  
**Ashish Modak**  
(Auditors' report "attached")

Chairman  
**Durgesh Chugh**

Note: The exchange rate use to convert EGP to ₹ 3.593 (Previous year EGP to ₹ 3.747)



MARICO FOR CONSUMER CARE PRODUCTS S.A.E.  
(ERSTWHILE MEL CONSUMER CARE & PARTNERS - WIND)

## INCOME STATEMENT

For the financial year ended 31 December, 2017

Particulars	Notes No.	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
<b>Revenus</b>	(32-2,5)	<b>30,293,808</b>	33,833,298	<b>10.88</b>	12.68
Cost of sales	(6)	<b>(32,664,125)</b>	(30,083,294)	<b>(11.74)</b>	(11.27)
<b>Gross (loss)/profit</b>		<b>(2,370,317)</b>	<b>3,750,004</b>	<b>(0.85)</b>	<b>1.41</b>
Other income	(7)	<b>2,164,794</b>	574,434	<b>0.78</b>	0.22
Selling & distribution expenses	(8)	<b>(6,406,387)</b>	(10,727,943)	<b>(2.30)</b>	(4.02)
Administrative expenses	(9)	<b>(6,231,992)</b>	(3,721,378)	<b>(2.23)</b>	(1.39)
Other expenses	(10)	<b>(1,093,245)</b>	-	<b>(0.39)</b>	-
<b>Operating profit</b>		<b>(13,937,147)</b>	<b>(10,124,883)</b>	<b>(5.01)</b>	<b>(3.79)</b>
Finance income	(32-4,11)	<b>126,928</b>	15,607	<b>0.05</b>	0.01
Finance cost	(32-4,12)	<b>(728,141)</b>	(110,242)	<b>(0.26)</b>	(0.04)
<b>Net finance (cost)</b>		<b>(601,213)</b>	<b>(94,635)</b>	<b>(0.22)</b>	<b>(0.04)</b>
<b>(Loss) before tax</b>		<b>(14,538,360)</b>	<b>(10,219,518)</b>	<b>(5.22)</b>	<b>(3.83)</b>
Income tax expense	(32-5,13)	<b>(146,985)</b>	474,106	<b>(0.05)</b>	0.18
<b>(Loss) for the year</b>		<b>(14,685,345)</b>	<b>(9,745,412)</b>	<b>(5.28)</b>	<b>(3.65)</b>

The accompanying notes from page (1) to page (22) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.593 (Previous year EGP to ₹ 3.747)

MARICO FOR CONSUMER CARE PRODUCTS S.A.E.  
(ERSTWHILE MEL CONSUMER CARE & PARTNERS - WIND)  
**STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 December, 2017

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Net (losses) profits for the year	(14,685,345)	(9,745,412)	(5.28)	(3.66)
Other comprehensive income for the year	-	-	-	-
<b>Total Comprehensive (loss) income for the year</b>	<b>(14,685,345)</b>	<b>(9,745,412)</b>	<b>(5.28)</b>	<b>(3.66)</b>

The accompanying notes from page (1) to page (22) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.593 (Previous year EGP to ₹ 3.747)

MARICO FOR CONSUMER CARE PRODUCTS S.A.E.  
(ERSTWHILE MEL CONSUMER CARE & PARTNERS - WIND)

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the financial year ended 31 December, 2017

Description	Share capital EGP	Shareholders` current accounts EGP	Genral reserve EGP	Retained losses EGP	Total
Balance as of 1 January 2016	1,000,000	55,018,560	-	(41,545,603)	14,472,957
shareholder's current account	-	18,805,598	-	-	18,805,598
Total comprehensive income					
Net (loss) for the year	-	-	-	(9,745,412)	(9,745,412)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>(9,745,412)</b>	<b>(9 745 412)</b>
<b>Balance as at 31 December 2016</b>	<b>1,000,000</b>	<b>73,824,158</b>	-	<b>(51,291,015)</b>	<b>23,533,143</b>
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)
Total comprehensive income					
Net (loss) for the year	-	-	-	(14,685,345)	(14,685,345)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>(14,685,345)</b>	<b>(14,685,345)</b>
<b>Balance as at 31 December 2017</b>	<b>14 453 300</b>	-	<b>19 658</b>	<b>(24 430 758)</b>	<b>(9 957 800)</b>

Description	Issued & paid-in- capital ₹ Crore	Shareholder` current accounts ₹ Crore	Genral reserve ₹ Crore	Retained earnings ₹ Crore	Total
Balance as of 1/1/2016	0.37	20.62	-	(15.57)	5.42
shareholder's current account	-	7.05	-	-	7.05
Total comprehensive income					
Net (loss) for the year	-	-	-	(3.65)	(3.65)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>(3.65)</b>	<b>(3.65)</b>
<b>Balance as at 31 December 2016</b>	<b>0.37</b>	<b>27.66</b>	-	<b>(19.22)</b>	<b>8.82</b>
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	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>(5.28)</b>	<b>(5.28)</b>
<b>Balance as at 31 December 2017</b>	<b>5.19</b>	-	<b>0.01</b>	<b>(8.78)</b>	<b>(3.58)</b>

The accompanying notes from page (1) to page (22) form an integral part of these financial statements.

## STATEMENT OF CASH FLOW

For the financial year ended 31 December, 2017

Particulars	Note No.	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
<b>Cash Flows From Operating Activities :</b>					
Net (loss) for the year		(14 685 345)	(9 745 412)	(5.28)	(3.65)
<b>Adjustments for:</b>					
Depreciation	(15)	1 674 345	2 265 066	0.60	0.85
Loss on sale of fixed assets		-	( 66 985)	0.00	(0.03)
Impairment in fixed assets		( 342 080)	( 436 220)	(0.12)	(0.16)
Claims provision		1 251 641	-	0.45	0.00
Allowance for inventory		7 752 763	276 123	2.79	0.10
Income tax expense		146 985	( 474 106)	0.05	(0.18)
<b>Changes In</b>					
Inventories		4 246 211	(15 357 965)	1.53	(5.75)
Trade and other receivables		1 630 678	(7 946 701)	0.59	(2.98)
Prepayments		2 200 124	-	0.79	0.00
Trade and other payables		(8 545 681)	11 784 085	(3.07)	4.42
Related parties		5 148 448	( 4 821)	1.85	0.00
Provisions used		( 94 105)	( 862 292)	(0.03)	(0.32)
<b>Cash provided by (used in) operating activities</b>		<b>383 984</b>	<b>(20 569 228)</b>	<b>0.14</b>	<b>(7.71)</b>
Income tax paid		3 512	-	0.00	-
<b>Net cash provided by (used in) operating activities</b>		<b>387 496</b>	<b>(20 569 228)</b>	<b>0.14</b>	<b>(7.71)</b>
<b>Cash Flows From Investing Activities :</b>					
Proceeds from sale of fixed assets		-	66 987	-	0.03
Acquisition of fixed assets and project under construction		( 148 394)	( 640 901)	(0.05)	(0.24)
<b>Net cash (used in) in investing activities</b>		<b>( 148 394)</b>	<b>( 573 914)</b>	<b>(0.05)</b>	<b>(0.22)</b>
<b>Cash Flows From Financing Activities</b>					
Proceeds from (payments) banks facilities		372 182	( 638 024)	0.13	(0.24)
Shareholders current account		-	18 805 598	-	7.05
<b>Net cash provided by financing activities</b>		<b>372 182</b>	<b>18 167 574</b>	<b>0.13</b>	<b>6.81</b>
<b>Net change in cash and cash equivalents</b>		<b>611 284</b>	<b>(2 975 568)</b>	<b>0.22</b>	<b>(1.11)</b>
Cash and cash equivalents at the beginning of the year		1 595 384	4 570 952	0.57	1.71
<b>Cash and cash equivalents at the end of the year</b>	(32-15,22)	<b>2 206 668</b>	<b>1 595 384</b>	<b>0.79</b>	<b>0.60</b>

The accompanying notes from page (1) to page (22) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹ 3.593 (Previous year EGP to ₹ 3.747)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 1- General

#### 1-1 Reporting entity

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) "partnership Company."

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 the 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 the Chairman of the General Authority For Investment No. 72 for the year 2017 that resulted in the company's net equity amounted EGP 14,453,300 as of 31/12/2015.

On 18 December 2017 the company was registered in the commercial register under No 31640 and changing the name of the 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 at 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

Compliance with laws and regulation

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 2018

### 3- Functional and Presentation Currency

These financial statements are presented in Egyptian Pounds.

MARICO FOR CONSUMER CARE PRODUCTS S.A.E.  
(ERSTWHILE MEL CONSUMER CARE & PARTNERS - WIND)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

#### 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.

#### 5- Revenues

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Domestic sales	49,906,025	55,527,715	17.93	20.81
Exports sales	1,385,482	990,942	0.50	0.37
Intercompany sales	373,678	3,241,156	0.13	1.21
<b>Less:</b>				
Sales discount	(21,212,981)	(25,803,286)	(7.62)	(9.67)
Return of sales provision	(158,396)	(123,229)	(0.06)	(0.05)
	<b>30,293,808</b>	<b>33,833,298</b>	<b>10.88</b>	<b>12.67</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 6- Cost of sales

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Materials	15,074,815	19,517,824	5.42	7.31
Depreciation	1,674,345	2,262,612	0.60	0.85
Salaries and wages	3,119,068	2,794,619	1.12	1.05
Other manufacturing cost	1,390,153	1,243,455	0.50	0.47
Change in finished goods and work in progress inventory	(2,181,049)	(1,651,040)	(0.78)	(0.62)
Inventory allowance	7,752,763	276,123	2.79	0.10
Other expenses	5,834,030	5,639,701	2.10	2.11
	<b>32,664,125</b>	<b>30,083,294</b>	<b>11.75</b>	<b>11.27</b>

### 7- Other income

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Reversal of impairment in fixed assets	342,080	436,220	0.12	0.16
Gain on sale of fixed assets	-	66,985	-	0.03
Scrap sales	1,822,714	71,229	0.65	0.03
	<b>2,164,794</b>	<b>574,434</b>	<b>0.77</b>	<b>0.22</b>

### 8- Selling and distribution expenses

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Advertising and marketing expense	5,163,513	8,741,342	1.86	3.28
Commission agency	294,518	279,600	0.11	0.10
Medical expenses	251,396	284,296	0.09	0.11
Meetings and events expenses	514,838	787,618	0.18	0.30
Other selling expenses	182,122	635,087	0.07	0.24
	<b>6,406,387</b>	<b>10,727,943</b>	<b>2.30</b>	<b>4.02</b>

### 9- General and administrative expenses

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Salaries and wages	4,424,494	3,065,795	1.59	1.15
Travel expenses	598,644	53,336	0.22	0.02
Consulting services	585,847	174,054	0.21	0.07
Insurance expenses	213,563	119,713	0.08	0.04
Medical expenses	159,449	119,495	0.06	0.04
Other expenses	249,995	188,985	0.09	0.07
	<b>6,231,992</b>	<b>3,721,378</b>	<b>2.24</b>	<b>1.39</b>

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended March 31, 2017

### 10- Other expenses

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Provision formed during the year	1,093,245	-	0.39	-
	1,093,245	-	0.39	-

### 11- Finance income

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Credit interest	126,928	15,607	0.05	0.01
	126,928	15,607	0.05	0.01

### 12- Finance cost

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Debit interest	15,519	38,389	0.01	0.01
Foreign currency exchange losses	712,622	71,853	0.26	0.03
	728,141	110,242	0.27	0.04

### 13- Reconciliation of effective tax rate

Particulars	Tax Rate	2017 EGP	Tax Rate	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Net loss before income tax		(14,538,360)		(10,219,518)	(5.22)	(3.83)
Income tax on accounting profit	22.5%	(3,271,131)	22.5%	(2,299,392)	(1.18)	(0.86)
Non – deductible expenses		7,446		39,452	0.00	0.01
Treasury bills revenue		28,559		-	0.01	-
Deferred tax differences from prior years		216,704		-	0.08	-
Unrecognized tax losses		1,237,558		2,177,135	0.44	0.82
Provisions		1,927,849		(131,888)	0.69	(0.05)
Other		-		(259,413)	-	(0.10)
<b>Income tax</b>	<b>1.01%</b>	<b>146,985</b>	<b>(4.64%)</b>	<b>(474,106)</b>	<b>0.05</b>	<b>(0.18)</b>

### 14- Deferred tax asset / (liabilities)

#### A- Recognized deferred tax assets/ (liabilities)

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Fixed assets	11,898	130,324	0.00	0.05
NET	11,898	130,324	0.00	0.05

#### B- Unrecognized deferred tax assets

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Decrease in inventory	2,246,358	501,986	0.81	0.19
Provision	288,172	27,726	0.10	0.01
Impairment in fixed assets	30,801	107,769	0.01	0.04
	2,565,331	637,481	0.92	0.24

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, 2017

### 15. Fixed assets

Description	Land	Buildings & Constructions	Machinery & Equipment	Tools & Equipment	Office Furniture, Equipment	Computers & Software	Lab Equipment	Office Equipment	Motor Vehicles	Total
<b>EGP Cost</b>										
As at 1/1/2016	578 340	12 552 680	12 355 803	2 061 430	281 756	170 360	697 970	108 515	265 350	29 072 204
Additions during the year	-	-	193 000	-	-	-	-	-	-	193 000
Disposals during the year	-	-	-	-	-	-	-	-	(84 000)	(84 000)
<b>At 31/12/2016</b>	<b>578 340</b>	<b>12 552 680</b>	<b>12 548 803</b>	<b>2 061 430</b>	<b>281 756</b>	<b>170 360</b>	<b>697 970</b>	<b>108 515</b>	<b>181 350</b>	<b>29 181 204</b>
<b>Cost as at 1/1/2017</b>	<b>578 340</b>	<b>12 552 680</b>	<b>12 548 803</b>	<b>2 061 430</b>	<b>281 756</b>	<b>170 360</b>	<b>697 970</b>	<b>108 515</b>	<b>181 350</b>	<b>29 181 204</b>
Additions during the year	-	-	541 899	54 221	175	-	-	-	-	596 295
<b>At 31/12/2017</b>	<b>578 340</b>	<b>12 552 680</b>	<b>13 090 702</b>	<b>2 115 651</b>	<b>281 931</b>	<b>170 360</b>	<b>697 970</b>	<b>108 515</b>	<b>181 350</b>	<b>29 777 499</b>
<b>Accumulated depreciation</b>										
At 1/1/2016	-	4 419 530	9 067 238	1 709 957	277 327	169 724	674 847	106 611	245 754	16 670 988
Depreciation for the year	-	627 323	1 493 223	122 476	2 948	586	8 805	1 867	7 838	2 265 066
Accumulated depreciation for disposals	-	-	-	-	-	-	-	-	(83 999)	(83 999)
<b>At 31/12/2016</b>	<b>-</b>	<b>5 046 853</b>	<b>10 560 461</b>	<b>1 832 433</b>	<b>280 275</b>	<b>170 310</b>	<b>683 652</b>	<b>108 478</b>	<b>169 593</b>	<b>18 852 055</b>
<b>Accumulated depreciation as at 1/1/2017</b>	<b>-</b>	<b>5 046 853</b>	<b>10 560 461</b>	<b>1 832 433</b>	<b>280 275</b>	<b>170 310</b>	<b>683 652</b>	<b>108 478</b>	<b>169 593</b>	<b>18 852 055</b>
Depreciation for the year	-	627 323	831 136	199 751	1 534	-	6 764	-	7 837	1 674 345
<b>At 31/12/2017</b>	<b>-</b>	<b>5 674 176</b>	<b>11 391 597</b>	<b>2 032 184</b>	<b>281 809</b>	<b>170 310</b>	<b>690 416</b>	<b>108 478</b>	<b>177 430</b>	<b>20 526 400</b>
<b>Impairment of fixed assets</b>										
At 31/12/2016	-	-	478 544	422	-	-	9	-	-	478 975
At 31/12/2017	-	-	136 895	-	-	-	-	-	-	136 895
<b>Net book Value</b>										
At 31/12/2016	578 340	7 505 827	1 509 798	228 575	1 481	50	14 309	37	11 757	9 850 174
<b>At 31/12/2017</b>	<b>578 340</b>	<b>6 878 504</b>	<b>1 562 210</b>	<b>83 467</b>	<b>122</b>	<b>50</b>	<b>7 554</b>	<b>37</b>	<b>3 920</b>	<b>9 114 204</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

	Land	Buildings & Constructions	Machinery & Equipment	Tools & Equipment	Office Furniture, Equipment	Computers & Software	Lab Equipment	Office Equipment	Motor Vehicles	Total
<b>15. Fixed assets( net)</b>										
<b>₹ Crore</b>										
<b>Cost</b>										
As at 1/1/2016	0.22	4.70	4.63	0.77	0.11	0.06	0.26	0.04	0.10	10.89
Additions during the year	-	-	0.07	-	-	-	-	-	-	0.07
Disposals during the year	-	-	-	-	-	-	-	-	(0.03)	(0.03)
<b>At 31/12/2016</b>	<b>0.22</b>	<b>4.70</b>	<b>4.70</b>	<b>0.77</b>	<b>0.11</b>	<b>0.06</b>	<b>0.26</b>	<b>0.04</b>	<b>0.07</b>	<b>10.93</b>
<b>Cost as at 1/1/2017</b>	<b>0.22</b>	<b>4.70</b>	<b>4.70</b>	<b>0.77</b>	<b>0.11</b>	<b>0.06</b>	<b>0.26</b>	<b>0.04</b>	<b>0.07</b>	<b>10.93</b>
Additions during the year	-	-	0.19	0.02	0.00	-	-	-	-	0.21
<b>At 31/12/2017</b>	<b>0.21</b>	<b>4.51</b>	<b>4.70</b>	<b>0.76</b>	<b>0.10</b>	<b>0.06</b>	<b>0.25</b>	<b>0.04</b>	<b>0.07</b>	<b>10.70</b>
<b>Accumulate depreciation</b>										
At 1/1/2016	-	1.66	3.40	0.64	0.10	0.06	0.25	0.04	0.09	6.25
Depreciation for the year	-	0.24	0.56	0.05	-	0.00	0.00	0.00	0.00	0.85
Accumulated depreciation for disposals	-	-	-	-	-	-	-	-	(0.03)	(0.03)
<b>At 31/12/2016</b>	<b>-</b>	<b>1.89</b>	<b>3.96</b>	<b>0.69</b>	<b>0.11</b>	<b>0.06</b>	<b>0.26</b>	<b>0.04</b>	<b>0.06</b>	<b>7.06</b>
<b>Accumulate depreciation as at 1/1/2017</b>	<b>-</b>	<b>1.89</b>	<b>3.96</b>	<b>0.69</b>	<b>0.11</b>	<b>0.06</b>	<b>0.26</b>	<b>0.04</b>	<b>0.06</b>	<b>7.06</b>
Depreciation for the year	-	0.23	0.30	0.07	0.00	-	0.00	-	0.00	0.60
<b>At 31/12/2017</b>	<b>-</b>	<b>2.04</b>	<b>4.09</b>	<b>0.73</b>	<b>0.10</b>	<b>0.06</b>	<b>0.25</b>	<b>0.04</b>	<b>0.06</b>	<b>7.38</b>
<b>Impairment of fixed assets</b>										
At 31/12/2016	-	-	0.18	-	-	-	0.00	-	-	0.18
At 31/12/2017	-	-	0.05	-	-	-	-	-	-	0.05
<b>Net book Value</b>										
At 31/12/2016	0.22	2.81	0.57	0.09	0.00	0.00	0.01	0.00	0.00	3.69
<b>At 31/12/2017</b>	<b>0.21</b>	<b>2.47</b>	<b>0.56</b>	<b>0.03</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3.27</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December, 2017

### 16- Intangible assets

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Cost as of 31 December, 2017	188,182	188,182	0.07	0.07
Less				
Accumulated amortization as of 31 December, 2017	(188,181)	(188,181)	(0.07)	(0.07)
<b>Net intangible assets at 31 December, 2017</b>	<b>1</b>	<b>1</b>	<b>0.00</b>	<b>0.00</b>

### 17- Projects under construction

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Equipment under construction	-	447,901	-	0.17
	-	447,901	-	0.17

### 18- Inventories

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Raw materials	6,596,643	11,889,270	2.37	4.45
Packing materials	5,112,802	6,938,168	1.84	2.60
Work in process	43,627	57,011	0.02	0.02
Finished goods	7,417,442	4,532,276	2.67	1.70
	19,170,514	23,416,725	6.89	8.77
<b>Less:</b>				
Allowance for inventories	(9,983,812)	(2,231,049)	(3.59)	(0.84)
	9,186,702	21,185,676	3.30	7.94

### 19- Trade and other receivables

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Accounts receivable	4,151,451	5,574,447	1.49	2.09
Deposits with others	4,600	4,600	0.00	0.00
Other debit balances	259,281	466,962	0.09	0.17
	4,415,332	6,046,009	1.59	2.27

### 20- Prepayments

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Suppliers – advance payments	1,991,836	4,131,201	0.71	1.55
Prepayments	18,418	79,177	0.01	0.03
	2,010,254	4,210,378	0.72	1.58

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### 21- 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	6,033,936	18,805,598	2.17	6.76
- Marico Limited Company	- India	-Royalty Expenses	145,417	152,720	0.05	0.05
- Marico Limited Company	-India	-Expenses	15,092	18,719	0.01	0.01
- Marico Limited Company	-India	- Payments	-	110,938	-	0.04
- Marico Egypt for Industries Company	-Egypt	-Sales	425,993	3,241,156	0.15	1.16
- Marico Egypt for Industries Company	-Egypt	- Purchases	234,690	-	0.08	-
- Marico Limited Company	-India	- Purchases	1,869,057	6,309,691	0.67	2.27
- Marico Middle East Company	-UAE	- Payment of expenses on behalf of the company	866,861	3,423	0.31	0.00

Those transactions resulted in the following balances as at 31 December 2017:

#### A) Due from related parties:

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Marico Middle east Company-UAE	875,300	3,216	0.31	0.00
	<b>875,300</b>	<b>3,216</b>	<b>0.31</b>	<b>0.00</b>

#### B) Due to related parties:

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Marico Limited – India	66,564	79,967	0.02	0.03
MEL Consumer care Comoany	24,839,534	-	8.92	-
	<b>24,906,098</b>	<b>79,967</b>	<b>8.95</b>	<b>0.03</b>

### 22- Cash and cash equivalents

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Banks current accounts	1,062,721	1,595,384	0.38	0.60
Short Term deposit	164,159	-	0.06	-
*Treasury bills-short terms	979,788	-	0.35	-
	<b>2,206,668</b>	<b>1,595,384</b>	<b>0.79</b>	<b>0.60</b>

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\*The Short term treasury bills with maturity date less than 3 month is presented in the following :-

Bank Name	Paid Amount EGP	Accrued Interest till 31/12/2017	Total As at 31/12/2017	Maturity Date
QNB Bank	852,860	126,928	979,788	20 February 2018

Bank Name	Paid Amount ₹	Accrued Interest till 31/12/2017	Total As at 31/12/2017	Maturity Date
QNB Bank	0.31	0.05	0.36	20 February 2018

### 23- Share capital

- A. Authorized capital of the company is EGP 50 million.
- B. The issued and fully paid capital of the company is EGP 14 453 300 represented in 1 445 330 shares, at par value EGP 10. The share capital of the company is represented in the 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	Share value EGP	Share value ₹ Crore
- Mel For Consumer Care companay S.A.E	1,430,878	14,308,780	5.14
- Mr.Padmanabh Suresh Maydeo	7,226	72,260	0.03
- Mr.Ashish Sugandh Modak	7,226	72,260	0.03
<b>Total</b>	<b>1,445,330</b>	<b>14,453,300</b>	<b>5.20</b>

### 24- Provisions and impairment in assets and allowance for inventory

Particulars	Balance at 01/01/2017 EGP	Formed during the year EGP	Used during the year EGP	Provisions no longer required EGP	Balance at 31/12/2017 EGP
Claims provision	-	1,093,245	(50,000)	-	<b>1,043,245</b>
Sales Returns provision	123,229	158,396	(44,105)	-	<b>237,520</b>
<b>Total</b>	<b>123,229</b>	<b>1,251,641</b>	<b>(94,105)</b>	-	<b>1,280,765</b>
Allowance for inventory	2,231,049	7,752,763	-	-	<b>9,983,812</b>
Impairment in fixed assets	478,975	-	-	(342,080)	<b>136,895</b>

Particulars	Balance at 01/01/2017 EGP	Formed during the year EGP	Used during the year EGP	Provisions no longer required EGP	Balance at 31/12/2017 EGP
Claims provision	-	0.39	(0.02)	-	<b>0.37</b>
Sales Returns provision	0.04	0.06	(0.02)	-	<b>0.09</b>
<b>Total</b>	<b>0.04</b>	<b>0.45</b>	<b>(0.03)</b>	-	<b>0.46</b>
Allowance for inventory	0.80	2.79	-	-	<b>3.59</b>
Impairment in assets	0.17	-	-	(0.12)	<b>0.05</b>

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### 25- Bank Facilities

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
*QNB Bank	1,064,832	692,650	0.38	0.26
	<b>1,064,832</b>	<b>692,650</b>	<b>0.38</b>	<b>0.26</b>

\*Guranteed by treasury bills

### 26- Trade and other payables

Particulars	2017 EGP	2016 EGP	2017 ₹ Crore	2016 ₹ Crore
Suppliers	8,574,347	16,965,782	3.08	6.36
Accrued expenses	929,248	934,539	0.33	0.35
Salaries & bonus of expats	117,192	442,300	0.04	0.17
Tax authority	902,622	679,308	0.32	0.25
Social insurance authority	3,055	18,145	0.01	0.01
	<b>10,526,464</b>	<b>19,040,074</b>	<b>3.78</b>	<b>7.14</b>

### 27- Tax position

#### a) Corporate Tax:

##### Years from commencement of operation till 2016

- 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

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 2012 to 2017:

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

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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

### 28- 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. (30) 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 EGP 3504688 and EGP 205916 respectively.

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

<b>Foreign Currency</b>	<b>surplus</b>
US Dollars	185,049
Euro	403

And as stated in note (32-1) "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.

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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
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	EGP	EGP	₹ Crore	₹ Crore
Trade and other creditors	10,526,464	19,040,074	3.78	7.13
Due to related parties	24,906,098	79,967	8.95	0.03
Bank overdraft	1,064,832	692,650	0.38	0.26
	<b>36,497,394</b>	<b>19,812,691</b>	<b>13.11</b>	<b>7.42</b>

### 29- Comparative Figures

Comparative figures has been reclassified to confirm with the current period classification.

### 30- Basis of Measurement

The financial statements have been prepared on historical cost basis .

### 31- Going concern

The company incurred cumulative losses amounting to EGP 24,430,758 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 EGP 24,906,098, 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.

### 32- Significant accounting policies

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

#### 32-1 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);



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- 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.

### 32-2 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.

### 32-3 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.

### 32-4 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.

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**32-5 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.

**32-6 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.

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### 32-7 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)

### 32-8 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.

### 32-9 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.

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**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 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.

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### 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.

### 32-10 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".

### 32-11 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.

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**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.

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

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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.

### 32-12 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.

### 32-13 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.

### 32-14 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.

### 32-15 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.

### 32-16 Payables, due to related parties ,creditors and credit balances

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

### 32-17 Cash flow statement

Cash flow statement is prepared according to the indirect method.

### 32-18 Cash dividends

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



## 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



Marico Limited



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@Maricocareers