



PRODUCTS THAT  
IMPROVE LIVES

GROWTH THAT BRINGS  
STEADY RETURNS

EMPOWERED PEOPLE  
WHO LEARN AND GROW

CARE FOR COMMUNITIES  
AND THE ENVIRONMENT

THIS PASSION TO DELIVER  
MAKES US WHO WE ARE

AND FOR US,  
THIS HAS MADE  
ALL THE  
DIFFERENCE

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# MARICO BANGLADESH LIMITED

## **BOARD OF DIRECTORS (AS ON MARCH 31, 2020)**

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

## **MANAGEMENT TEAM**

Mr. Ashish Goupal	Managing Director
Mr. Elias Ahmed	Chief Financial Officer
Mr. Md. Saiful Alam	Director- Manufacturing
Mr. Allen Ebenezer Eric	Director-Marketing
Mr. Ashish Mane	Director-HR
Mr. Mohammad Hedayet Ullah	Director - Sales
Mr. Md. Habibur Rahman	Director - Supply Chain and NPD
Ms. Christabel Randolph	Director- Legal & Corporate Affairs

## **COMPANY SECRETARY**

Ms. Christabel Randolph

## **REGISTERED OFFICE**

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

## **CORPORATE OFFICE**

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

## **OUR FACTORIES**

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

## **STATUTORY AUDITORS**

M/s Rahman & Rahman Huq & Co

## **PRINCIPAL BANKERS**

Standard Chartered Bank  
HSBC  
BRAC Bank Limited  
Islami Bank Limited  
Citibank NA

## **STOCK INFORMATION**

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

## **INVESTOR RELATIONS**

Telephone: +88 (02) 9897180, Ext: 661  
Fax: +88 (02) 9897140  
Email: [info@marico.com](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 Audit of the Financial Statements

### Opinion

We have audited the financial statements of Marico Bangladesh Limited ("the Company"), which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

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

### Key Audit Matters

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

#### 1. Revenue recognition

See note 6 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>Revenue recognition has significant and wide influence on financial statements.</p> <p>Revenue is recognised when the amounts and the related costs are reliably measured and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognised at the time when the goods are dispatched for delivery to the distributor. The Company makes sales on advance basis. The sales of the Company are derived from a large number of distributors located over the country with relatively small amount of transactions. Above criteria makes the revenue process complex.</p> <p>Revenue is measured at net of discounts and incentives earned by customers/distributors. The estimation of discounts and incentives recognised based on sales made during the year is material and considered to be complex and judgemental.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>We understood, evaluated and validated the key controls related to the Company's sales process from end to end, from contracts approval and sign-off, recording of sales, all the way through to cash receipts and customers' outstanding balances.</li> <li>We tested the completeness of journal entries compared to financial statements; as well as if there any exception existed that the debit accounts of sales recognition were not related to cash and bank, trade receivables or advances from customers.</li> <li>We conducted substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents including sales invoices, outbound delivery note and truck challans. We also confirmed customer balances at the statement of financial position date.</li> </ul>

**Independent Auditor's Report (continued)**

<p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>Confirmation documents of dispatching goods were provided by numerous transporting agencies based on different locations. There is a risk of differences between the timing of invoicing of products and dispatch of the products to the company's distributors. Accordingly, there could be potential misstatements that these revenue transactions are not recognised in the proper reporting periods.</p> <p>Due to the complexities and the inherent risk of manipulation in revenue recognition, we determined this to be a key audit matter.</p> <p>The company has reported total revenue of BDT 9,796 million (2019: BDT 8,768).</p>	<ul style="list-style-type: none"> <li>• We have performed substantive procedure to check whether incentives and discounts is recognised completely and accurately. We have also tested the reasonableness of estimation considered at the time of recognition and measurement of incentives.</li> <li>• Furthermore, we tested the sales transactions recognised shortly before and after the statement of financial position date, including the sales returns recorded after that date, to test whether sales transactions were recorded in the correct reporting periods.</li> </ul>
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**2. Existence and valuation of inventory**

**See note 19 to the financial statements**

The key audit matter	How the matter was addressed in our audit
<p>The Company had inventory of BDT 1,632 million (2019: BDT 1,091 million) at 31 March 2020, held in plants, warehouses and depots and across multiple product lines.</p> <p>Inventory is kept and distributed from different location of the Country which increase the susceptibility of lost and misappropriation of inventories. Hence existence of inventories considered as key audit matter.</p> <p>Inventory is carried in the statement of financial position at the lower of cost and net realisable value. Sales in the manufacturing industry can be extremely volatile based on significant changes in consumer demand. As a result, there is a risk that the carrying value of inventory exceeds its net realisable value.</p> <p>Moreover, the process of estimating provision for inventories is judgmental and complex. Due to high level of judgement involved and use of some manual processes in estimating the provision and net realisable value of inventories, we considered this to be a key audit matter.</p>	<p>Our audit procedures were designed to confirm the existence of inventories and to challenge the adequacy of the Company's provisions against inventory included:</p> <ul style="list-style-type: none"> <li>• Evaluating the design and implementation of key inventory controls operating across the Company, including those at a sample of distribution centres, warehouses and depots;</li> <li>• Attending inventory counts to check the existence and reconciling the count results to the inventory listings to test the completeness of data;</li> <li>• Corroborating on a sample basis that items on the stock ageing by items were classified in the appropriate ageing bucket;</li> <li>• Assessing the appropriateness of the provision percentages applied to each item and challenged the assumptions made by the management on the extent to which old inventory can be sold through various channels;</li> <li>• Considering the historical accuracy of provisioning and using the information obtained as evidence for evaluating the appropriateness of the assumptions made in the current period; and</li> <li>• We have also considered the adequacy of the Company's disclosures in respect of the levels of provisions against inventory.</li> </ul>

Independent Auditor’s Report (continued)

3. Recognition of deferred tax asset (“DTA”)

See note 13 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company has recognised deferred tax assets for deductible temporary differences that it believes are recoverable.</p> <p>The recoverability of recognised deferred tax assets is in part dependent on the Company’s ability to generate future taxable profits sufficient to utilise deductible temporary differences.</p> <p>We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences where significant judgement is involved.</p> <p>The Company has reported deferred tax assets BDT 47 million (2019: BDT 48 million) as at 31 March 2020.</p>	<p>We obtained an understanding of the Company’s key controls over the recognition and measurement of deferred tax assets and the assumptions used in estimating the Company’s future taxable income.</p> <p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• using our own tax specialists to evaluate the tax strategies that the Company expects successful recovery of the recognised deferred tax assets;</li> <li>• assessing the accuracy of forecast future taxable profits by evaluating historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit; and</li> <li>• evaluating the adequacy of the financial statement disclosures as per IAS 12 Income Tax.</li> </ul>

4. Employee benefits

See note 22 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company maintain defined benefit plan i.e. gratuity. The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its eligible employees.</p> <p>At 31 March 2020, the Company recorded net defined benefit obligation of BDT 76 million out of which BDT 71 million is in non-current liabilities and BDT 5 million is in current liabilities.</p> <p>Key assumptions applied under IAS 19 have a significant impact on the defined benefit obligations, costs incurred and equity. The accounting standard requires the Company to make assumptions regarding parameters such as the discount rate, the rate of benefit increase, future mortality rates etc.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• evaluating the reasonableness of assumptions and the methodologies used by the valuer at the time of conducting valuation;</li> <li>• checking the adequacy of impact of IAS 19 on the statement of financial position and statement of profit or loss and other comprehensive income; and</li> <li>• evaluating the adequacy of the financial statements disclosures as per IAS 19 Employee Benefits.</li> </ul>

Other Information

“Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

## **Independent Auditor's Report (continued)**

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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



## MARICO BANGLADESH LIMITED

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

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

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

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

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

## STATEMENT OF FINANCIAL POSITION

As at 31 March, 2020

Particulars	Notes	March 31,			
		2020 Taka	2019 Taka	2020 ₹ Crore	2019 ₹ Crore
<b>Assets</b>					
Property, plant and equipment	14	646,996,533	468,716,557	57.52	38.76
Intangible assets	15	1,629,290	3,647,084	0.14	0.30
Right-of-use asset	16	175,398,286	-	15.59	-
Deferred tax assets	13	47,345,641	47,513,604	4.21	3.93
Advances, deposits and prepayments	17	22,687,928	51,127,555	2.02	4.23
Other financial assets	18	449,448	4,921,872	0.04	0.41
<b>Non-current assets</b>		<b>894,507,126</b>	<b>575,926,672</b>	<b>79.52</b>	<b>47.63</b>
Inventories	19	1,632,102,325	1,091,494,753	145.09	90.27
Advances, deposits and prepayments	17	601,458,728	435,633,515	53.47	36.03
Other financial assets	18	1,423,654,628	2,090,631,890	126.56	172.90
Cash and cash equivalents	20	420,407,014	382,661,779	37.37	31.65
Assets held for sale	14	35,865,465	-	3.19	-
<b>Current assets</b>		<b>4,113,488,160</b>	<b>4,000,421,937</b>	<b>365.69</b>	<b>330.83</b>
<b>Total assets</b>		<b>5,007,995,286</b>	<b>4,576,348,609</b>	<b>445.21</b>	<b>378.46</b>
<b>Equity</b>					
Share capital	21	315,000,000	315,000,000	28.00	26.05
Share premium		252,000,000	252,000,000	22.40	20.84
Retained earnings		820,680,232	735,135,754	72.96	60.80
<b>Total equity</b>		<b>1,387,680,232</b>	<b>1,302,135,754</b>	<b>123.36</b>	<b>107.69</b>
<b>Liabilities</b>					
Employee benefit obligation	22	85,861,639	64,907,949	7.63	5.37
Lease liabilities	23	167,728,340	-	14.91	-
<b>Non-current liabilities</b>		<b>253,589,979</b>	<b>64,907,949</b>	<b>22.54</b>	<b>5.37</b>
Loans and borrowings	24	-	200,000,000	-	16.54
Employee benefit obligation	22	6,516,576	9,665,787	0.58	0.80
Trade and other payables	25	2,711,929,259	2,539,270,784	241.09	210.00
Lease liabilities	23	42,836,393	-	3.81	-
Current tax liabilities	26	605,442,847	460,368,335	53.82	38.07
<b>Current liabilities</b>		<b>3,366,725,075</b>	<b>3,209,304,906</b>	<b>299.30</b>	<b>265.41</b>
<b>Total liabilities</b>		<b>3,620,315,054</b>	<b>3,274,212,855</b>	<b>321.85</b>	<b>270.78</b>
<b>Total equity and liabilities</b>		<b>5,007,995,286</b>	<b>4,576,348,609</b>	<b>445.21</b>	<b>378.46</b>

Company Secretary

Director

Managing Director

As per our annexed report of same date.

Chief Financial Officer

Hoda Vasi Chowdhury & Co.  
Chartered Accountants

Dhaka, 30 April, 2020

Note: The exchange rate use to convert Taka to ₹ 0.889 (Previous year Taka to ₹ 0.827)

MARICO BANGLADESH LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Particulars	Notes	For the year ended March 31,			
		2020 Taka	2019 Taka	2020 ₹ Crore	2019 ₹ Crore
Revenue	6	9,795,911,357	8,768,160,138	870.86	725.13
Cost of sales	7	(4,124,374,537)	(4,472,697,423)	(366.66)	(369.89)
<b>Gross profit</b>		<b>5,671,536,820</b>	<b>4,295,462,715</b>	<b>504.20</b>	355.23
Other income	10.1	924,181	1,749,599	0.08	0.14
General and administrative expenses	8	(1,143,789,781)	(931,650,175)	(101.68)	(77.05)
Marketing, selling and distribution expenses	9	(1,147,745,067)	(773,733,918)	(102.03)	(63.99)
Other expenses	10.2	(2,087,838)	(281,155)	(0.19)	(0.02)
<b>Operating profit</b>		<b>3,378,838,315</b>	<b>2,591,547,066</b>	<b>300.38</b>	<b>214.32</b>
Finance income	11.1	239,693,041	181,672,610	21.31	15.02
Finance costs	11.2	(46,447,617)	(23,475,331)	(4.13)	(1.94)
<b>Net finance income</b>		<b>193,245,424</b>	<b>158,197,279</b>	<b>17.18</b>	<b>13.08</b>
<b>Profit before tax</b>		<b>3,572,083,739</b>	<b>2,749,744,345</b>	<b>317.56</b>	<b>227.40</b>
Income tax expenses	13	(925,845,292)	(726,352,523)	(82.31)	(60.07)
<b>Profit for the year</b>		<b>2,646,238,447</b>	<b>2,023,391,822</b>	<b>235.25</b>	<b>167.33</b>
Other comprehensive income					
Remeasurement of defined benefit plan	22	(21,693,272)	(11,721,987)	(1.93)	(0.97)
Related tax	13	5,423,318	2,879,190	0.48	0.24
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>(16,269,954)</b>	<b>(8,842,797)</b>	<b>(1.45)</b>	<b>(0.73)</b>
<b>Total comprehensive income for the year</b>		<b>2,629,968,493</b>	<b>2,014,549,025</b>	<b>233.80</b>	<b>166.60</b>
Earnings per share Basic earnings per share (per value of Tk 10)	12	84.01	64.23	74.68	53.12

Company Secretary

Director

Managing Director

As per our annexed report of same date.

Chief Financial Officer

Hoda Vasi Chowdhury & Co.  
Chartered Accountants

Dhaka, 30 April, 2020

Note: The exchange rate use to convert Taka to ₹ 0.889 (Previous year Taka to ₹ 0.827)

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Share capital	Share premium	Retained earnings	Total	Share capital	Share premium	Retained earnings	Total
	Taka	Taka	Taka	Taka	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Balance at 1 April 2018</b>	315,000,000	252,000,000	925,586,729	1,492,586,729	24.48	19.58	71.92	115.97
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	2,023,391,822	2,023,391,822	-	-	167.33	167.33
Other comprehensive income for the year	-	-	(8,842,797)	(8,842,797)	-	-	(0.73)	(0.73)
<b>Total comprehensive income for the year</b>	-	-	<b>2,014,549,025</b>	<b>2,014,549,025</b>	-	-	<b>166.60</b>	<b>166.60</b>
<b>Transactions with owners of the Company</b>								
<b>Contributions and distributions</b>								
Final dividend for the year 2017-2018	-	-	(315,000,000)	(315,000,000)	-	-	(26.05)	(26.05)
First interim dividend for the year 2018-2019	-	-	(472,500,000)	(472,500,000)	-	-	(39.08)	(39.08)
Second interim dividend for the year 2018-2019	-	-	(787,500,000)	(787,500,000)	-	-	(65.13)	(65.13)
Third interim dividend for the year 2018-2019	-	-	(630,000,000)	(630,000,000)	-	-	(52.10)	(52.10)
<b>Total transactions with owners of the Company</b>	-	-	<b>(2,205,000,000)</b>	<b>(2,205,000,000)</b>	-	-	<b>(182.35)</b>	<b>(182.35)</b>
<b>Balance at 31 March 2019</b>	<b>315,000,000</b>	<b>252,000,000</b>	<b>735,135,754</b>	<b>1,302,135,754</b>	<b>26.05</b>	<b>20.84</b>	<b>60.80</b>	<b>107.69</b>
<b>Balance at 1 April 2019</b>	<b>315,000,000</b>	<b>252,000,000</b>	<b>735,135,754</b>	<b>1,302,135,754</b>	<b>26.05</b>	<b>20.84</b>	<b>60.80</b>	<b>107.69</b>
Adjustment on initial application of IFRS 16	-	-	(24,424,015)	(24,424,015)	-	-	(2.17)	(2.17)
<b>Adjusted balance at 1 April 2019</b>	<b>315,000,000</b>	<b>252,000,000</b>	<b>710,711,739</b>	<b>1,277,711,739</b>	<b>26.05</b>	<b>20.84</b>	<b>58.78</b>	<b>105.67</b>
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	2,646,238,447	2,646,238,447	-	-	235.25	235.25
Other comprehensive income for the year	-	-	(16,269,954)	(16,269,954)	-	-	(1.45)	(1.45)
<b>Total comprehensive income for the year</b>	-	-	<b>2,629,968,493</b>	<b>2,629,968,493</b>	-	-	<b>233.80</b>	<b>233.80</b>
<b>Transactions with owners of the Company</b>								
<b>Contributions and distributions</b>								
Final dividend for the year 2018-2019	-	-	(157,500,000)	(157,500,000)	-	-	(14.00)	(14.00)
First interim dividend for the year 2019-2020	-	-	(787,500,000)	(787,500,000)	-	-	(70.01)	(70.01)
Second interim dividend for the year 2019-2020	-	-	(630,000,000)	(630,000,000)	-	-	(56.01)	(56.01)
Third interim dividend for the year 2019-2020	-	-	(945,000,000)	(945,000,000)	-	-	(84.01)	(84.01)
<b>Total transactions with owners of the Company</b>	-	-	<b>(2,520,000,000)</b>	<b>(2,520,000,000)</b>	-	-	<b>(224.03)</b>	<b>(224.03)</b>
<b>Balance at 31 March 2020</b>	<b>315,000,000</b>	<b>252,000,000</b>	<b>820,680,232</b>	<b>1,387,680,232</b>	<b>28.00</b>	<b>22.40</b>	<b>72.96</b>	<b>123.36</b>

Note: The exchange rate use to convert Taka to ₹ 0.889 (Previous year Taka to ₹ 0.827)



**STATEMENT OF CASH FLOWS**

Particulars	For the year ended March 31,			
	2020 Taka	2019 Taka	2020 ₹ Crore	2019 ₹ Crore
<b>Cash flows from operating activities</b>				
Collection from customers	9,712,840,558	8,822,012,157	863.47	729.58
Payment to suppliers and for operating expenses	(6,099,313,985)	(5,658,674,669)	(542.23)	(467.97)
<b>Cash generated from operating activities</b>	<b>3,613,526,573</b>	<b>3,163,337,488</b>	<b>321.24</b>	<b>261.61</b>
Interest paid	(18,266,324)	(13,791,469)	(1.62)	(1.14)
Interest received	184,735,625	160,446,066	16.42	13.27
Income tax paid	(767,038,160)	(638,320,374)	(68.19)	(52.79)
<b>Net cash from operating activities</b>	<b>3,012,957,714</b>	<b>2,671,671,711</b>	<b>267.85</b>	<b>220.95</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(320,280,709)	(88,842,501)	(28.47)	(7.35)
Proceeds from disposal of property, plant and equipment	1,142,977	1,229,955	0.10	0.10
(Investment in)/encashment of short-term investments	741,184,316	(805,949,140)	65.89	(66.65)
<b>Net cash from/(used in) investing activities</b>	<b>422,046,584</b>	<b>(893,561,686)</b>	<b>37.52</b>	<b>(73.90)</b>
<b>Cash flows from financing activities</b>				
Proceeds/(payment) for loans and borrowings	(200,000,000)	(100,000,000)	(17.78)	(8.27)
Dividend paid	(3,150,000,000)	(1,575,000,000)	(280.04)	(130.25)
Payment for lease liabilities	(47,728,849)	-	(4.24)	-
<b>Net cash used in financing activities</b>	<b>(3,397,728,849)</b>	<b>(1,675,000,000)</b>	<b>(302.06)</b>	<b>(138.52)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>37,275,449</b>	<b>103,110,025</b>	<b>3.31</b>	<b>8.53</b>
Effect of exchange rate fluctuations on cash held	469,786	362,017	0.04	0.03
Opening cash and cash equivalents	382,661,779	279,189,737	34.02	23.09
<b>Closing cash and cash equivalents</b>	<b>420,407,014</b>	<b>382,661,779</b>	<b>37.37</b>	<b>31.65</b>

Note: The exchange rate use to convert Taka to ₹ 0.889 (Previous year Taka to ₹ 0.827)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 1. Reporting entity

#### 1.1 Company profile

Marico Bangladesh Limited (hereinafter referred to as 'MBL' or '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 corporate address of the Company is at The Glass House, Level 6-7, Plot 2, Block SE(B), Gulshan 1, Dhaka 1212. The Company was initially registered as a private limited company and subsequently converted into a public limited company on 21 September 2008. The Company has been listed with both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 16 September 2009.

#### 1.2 Nature of business

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

### 2. Basis of preparation

#### 2.1 Statement of compliance

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

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

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

- i. Bangladesh Securities and Exchange Rules, 1987;
- ii. The Income Tax Ordinance, 1984; and
- iii. The Value Added Tax Act, 1991 and The Value Added Tax and Supplementary Duty Act, 2012.

Details of the Company's accounting policies including changes during the year, if any, are included in note 42.

#### 2.2 Authorisation for issue

These financial statements are authorised for issue by the Board of Directors in its 108th Board of Directors meeting held on 28 April, 2020.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 2.3 Reporting period

The financial period of the Company covers 1 year from 1 April to 31 March and is followed consistently.

### 2.4 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 financial statements. Comparative figures have been rearranged/ reclassified wherever considered necessary, to ensure better comparability with the current year financial statements and to comply with relevant IFRSs.

### 3. Functional and presentation currency

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

### 4. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### (a) Judgements

Information about judgements related to lessee accounting under IFRS 16 made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is described in note 5(B)(i).

#### (b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 14	Property, plant and equipment
Note 15	Intangible assets
Note 19	Inventories
Note 22	Employee benefit obligation
Note 26	Current tax liabilities
Note 31	Contingent liabilities

### 5. Changes in significant accounting policies

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

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. As the Company's financial year starts from 1 April, the Company has initially adopted IFRS 16 Leases from 1 April 2019.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for the year ended 31 March 2019 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below:

### A. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and nonlease components as a single lease component.

### B. As a lessee

The Company leases many assets, including properties, warehouses, depots and sales offices.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The carrying amounts of right-of-use assets are as below.

In taka	Right-of-use asset	In INR CR
Balance at 1 April 2019	181,317,622	14.99
Balance at 31 March 2020	175,398,286	15.59

The Company presents lease liabilities as separately in the statement of financial position.

#### i. Significant accounting policies

The Company recognises a right-of-use asset and a lease liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liabilities. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

The lease liabilities is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liabilities is subsequently increased by the interest cost on the lease liabilities and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

### ii. Transition

Previously, the Company classified property leases as operating leases under IAS 17. These include corporate office, warehouse and factory facilities. The leases typically run for a period of 5 to 10 years. Some leases include an option to renew the lease for an additional five years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Company applied this approach to its largest property lease; or
- an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments – the Company applied this approach to all other leases.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use assets at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2020

**iii. Impacts on transition**

On transition to IFRS 16, the Company recognised additional right-of-use assets and additional lease liabilities recognising the difference in retained earnings. The impact on transition is summarised below.

Particular	1 April 2019	
	In taka	₹ Crore
Right-of-use asset	181,317,622	14.99
Deferred tax asset	8,141,339	0.67
Lease liabilities	213,882,976	17.69
Retained earnings	24,424,015	2.02

**iv. Impacts for the year**

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognised BDT 175,398,286 of right-of-use assets and BDT 210,564,733 of lease liabilities as at 31 March 2020.

Also in relation to those leases under IFRS 16, the Company has recognised depreciation and interest expense, instead of operating lease expense. During the year ended 31 March 2020, the Company recognised BDT 37,432,890 of depreciation charges and BDT 12,897,052 of interest expense from these leases.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 6 Revenue

See accounting policy in note 41.13

Particulars	For the year ended			
	31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Parachute coconut oil	6,363,063,211	6,053,556,498	565.68	500.63
Value added hair oil (VAHO)	2,623,452,312	2,094,875,868	233.22	173.25
Color	58,427,272	55,557,132	5.19	4.59
Edible oil	96,887,883	106,828,373	8.61	8.83
Others*	654,080,679	457,342,267	58.15	37.82
<b>Total</b>	<b>9,795,911,357</b>	<b>8,768,160,138</b>	<b>870.86</b>	<b>725.13</b>

\* Others include baby products, male grooming, skin care, byproducts and others.

#### 6.1 Breakup of local/export revenue

Particulars	For the year ended			
	31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Revenue from domestic operation	9,739,989,481	8,716,011,688	865.89	720.81
Revenue from export	55,921,876	52,148,450	4.97	4.31
	<b>9,795,911,357</b>	<b>8,768,160,138</b>	<b>870.86</b>	<b>725.13</b>

### 7. Cost of sales

Particulars	Note	For the year ended			
		31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Opening stock of finished goods		266,208,457	174,804,729	23.67	14.46
Cost of goods manufactured	7.1	4,062,684,657	4,564,101,151	361.17	377.45
		4,328,893,114	4,738,905,880	384.84	391.91
Closing stock of finished goods		(204,518,577)	(266,208,457)	(18.18)	(22.02)
		<b>4,124,374,537</b>	<b>4,472,697,423</b>	<b>366.66</b>	<b>369.89</b>

#### 7.1 Cost of goods manufactured

Particulars	Note	For the year ended			
		31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Materials consumed	7.1.1	3,805,337,176	4,330,819,194	338.29	358.16
Factory overhead	7.1.2	257,347,481	233,281,957	22.88	19.29
		<b>4,062,684,657</b>	<b>4,564,101,151</b>	<b>361.17</b>	<b>377.45</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## 7.1.1 Materials consumed

Particulars	For the year ended			
	31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Opening stock of raw materials, packing materials and others	825,286,297	1,542,517,291	73.37	127.57
Purchases during the period	4,407,634,627	3,613,588,200	391.84	298.84
Closing stock of raw materials, packing materials and others	(1,427,583,748)	(825,286,297)	(126.91)	(68.25)
	3,805,337,176	4,330,819,194	338.29	358.16

## 7.1.2 Factory overhead

Particulars	For the year ended			
	31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Communication expenses	580,557	609,710	0.05	0.05
Cost of outsourced human resources	60,608,527	47,472,540	5.39	3.93
Depreciation	57,562,213	55,649,905	5.12	4.60
Entertainment	6,342,365	4,894,565	0.56	0.40
Power expenses	61,040,643	60,006,003	5.43	4.96
Printing and stationery	1,383,830	1,042,209	0.12	0.09
Repairs and maintenance	16,056,202	11,918,472	1.43	0.99
Salaries and allowances	41,303,892	38,758,510	3.67	3.21
Security charges	5,749,746	5,289,774	0.51	0.44
Travelling and conveyance	6,120,084	5,526,960	0.54	0.46
Warehouse rent	599,422	2,113,309	0.05	0.17
	257,347,481	233,281,957	22.88	19.29

## 8. General and administrative expenses

Particulars	Note	For the year ended			
		31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Salaries and allowances		502,054,025	393,076,497	44.63	32.51
Gratuity		18,012,145	15,465,392	1.60	1.28
Workers' profit participation and welfare fund		188,004,407	144,723,387	16.71	11.97
Rent, rates and taxes		6,386,072	35,750,862	0.57	2.96
Professional and legal charges		24,220,666	22,803,007	2.15	1.89
Security charges		2,092,055	1,949,736	0.19	0.16
Stamp and license fees		7,528,419	8,014,442	0.67	0.66
Directors' fees		996,670	1,006,250	0.09	0.08



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

Particulars	Note	For the year ended			
		31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Directors' remuneration		25,099,806	32,506,329	2.23	2.69
Repair and maintenance		8,071,172	7,087,797	0.72	0.59
Communication expenses		5,131,226	4,285,231	0.46	0.35
Subscription to trade association		395,309	207,925	0.04	0.02
Entertainment		20,669,251	20,614,861	1.84	1.70
Printing and stationery		2,504,357	2,823,526	0.22	0.23
Vehicle running expenses		18,622,305	17,790,994	1.66	1.47
Travelling and conveyance - local		10,231,233	9,259,966	0.91	0.77
Travelling and conveyance - foreign		8,368,217	2,777,990	0.74	0.23
Audit fees		1,650,000	1,339,000	0.15	0.11
Insurance premium		8,521,938	10,564,093	0.76	0.87
Books and periodicals		128,605	146,269	0.01	0.01
Bank charges		3,495,657	2,542,295	0.31	0.21
AGM and public relation		2,153,868	1,244,856	0.19	0.10
Conference and training		9,075,016	5,101,032	0.81	0.42
Electricity and gas charges		2,291,517	1,915,635	0.20	0.16
Amortisation		2,017,794	2,540,973	0.18	0.21
Royalty		92,971,017	83,542,949	8.27	6.91
Depreciation		35,123,539	35,667,643	3.12	2.95
Depreciation on right-of-use asset		37,432,890	-	3.33	-
General and technical assistance fees		72,443,188	56,883,362	6.44	4.70
Listing fees		315,000	315,000	0.03	0.03
CSR project*		26,062,155	13,587,839	2.32	1.12
<b>Impairment loss (reversal of impairment) of PPE</b>		<b>1,720,262</b>	<b>(3,884,963)</b>	<b>0.15</b>	<b>(0.32)</b>
		<b>1,143,789,781</b>	<b>931,650,175</b>	<b>101.68</b>	<b>77.05</b>

\* Marico Bangladesh Limited (Marico) is continuing the CSR project during financial year 2020 with UNDP. Marico and UNDP are implementing project "SWAPNO" from 1 September 2018 as per agreed project proposal & extension of that and in line with the policies, strategies and guidelines of Government of Bangladesh (GoB) and Marico. The beneficiaries of the project are underprivileged women. The project is continuing to run as of 31 March 2020.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 9. Marketing, selling and distribution expenses

Particulars	For the year ended			
	31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Advertisement, travelling and communication expenses	871,929,639	558,721,525	77.51	46.21
Business promotion expenses	28,479,181	23,416,515	2.53	1.94
Other selling and distribution expenses	65,209,926	77,088,759	5.80	6.38
Entertainment	5,607,991	12,217,976	0.50	1.01
Free sample	8,588,555	6,800,410	0.76	0.56
Freight- outward	77,524,049	69,717,478	6.89	5.77
Market research expenses	90,405,726	25,771,255	8.04	2.13
	1,147,745,067	773,733,918	102.03	63.99

### 10. Other income/(expense)

Particulars	Note	For the year ended			
		31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Other income	10.1	924,181	1,749,599	0.08	0.14
Other expenses	10.2	(2,087,838)	(281,155)	(0.19)	(0.02)
		(1,163,657)	1,468,444	(0.10)	0.12

#### 10.1 Other income

Particulars	For the year ended			
	31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Gain on sale of PPE	620,017	1,511,111	0.06	0.12
Insurance claim	304,164	238,488	0.03	0.02
	924,181	1,749,599	0.08	0.14

#### 10.2 Other expense

Particulars	For the year ended			
	31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Loss on sale of PPE	(2,087,838)	(281,155)	(0.19)	(0.02)
	(2,087,838)	(281,155)	(0.19)	(0.02)

### 11. Net finance income

Particulars	Note	For the year ended			
		31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Finance income	11.1	239,693,041	181,672,610	21.31	15.02
Finance costs	11.2	(46,447,617)	(23,475,331)	(4.13)	(1.94)
		193,245,424	158,197,279	17.18	13.08

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## 11.1 Finance Income

See accounting policy in note 42.14(i)

Particulars	For the year ended			
	31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Interest on fixed deposits	233,792,829	175,413,730	20.78	14.51
Interest on call deposits	5,900,212	6,258,880	0.52	0.52
	239,693,041	181,672,610	21.31	15.02

## 11.2 Finance Income

See accounting policy in note 42.14(ii)

Particulars	For the year ended			
	31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Interest on overdraft and loans	(17,657,581)	(13,387,078)	(1.57)	(1.11)
Foreign exchange loss	(15,892,984)	(10,088,253)	(1.41)	(0.83)
Interest on lease	(12,897,052)	-	(1.15)	-
	(46,447,617)	(23,475,331)	(4.13)	(1.94)

## 12. Earnings per share

## 12.1 Basic earnings per share

Particulars	For the year ended			
	31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
Earnings attributable to ordinary shareholders (net profit after tax)	2,646,238,447	2,023,391,822	235.25	167.33
Weighted average number of ordinary shares outstanding during the year	31,500,000	31,500,000	31,500,000	31,500,000
Earnings per share (EPS) in Taka	84.01	64.23	74.68	53.12

## 12.2 Diluted earnings per share

As per IAS-33 "Earnings Per Share", the calculation of diluted earning per share does not assume conversion, exercise or other issue of potential ordinary shares that would have an anti dilutive effect on earning per share. The Company has no dilutive instruments that is why we are not considering the diluted earning per share.

## 13. Income tax expense

See accounting policy in note 42.12

Amounts recognised in profit or loss

Particulars	For the year ended			
	31 March 2020 Taka	31 March 2019 Taka	31 March 2020 ₹ Crore	31 March 2019 ₹ Crore
<b>Current tax expenses</b>	<b>908,685,699</b>	<b>712,476,925</b>	<b>80.78</b>	<b>58.92</b>
Current year	3,426,973	-	0.30	-
Adjustment for prior years	912,112,672	712,476,925	81.09	58.92
Deferred tax expenses	13,732,620	13,875,598	1.22	1.15
	925,845,292	726,352,523	82.31	60.07

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## A. Reconciliation of effective tax rate

Particulars	31 March 2020		31 March 2019	
	%	Taka	%	Taka
Profit before income tax		3,572,083,739		2,749,744,345
Income tax using the corporate tax rate	25%	893,020,935	25%	687,436,086
Factors affecting the tax charge for current period:				
Short of fiscal depreciation and amortisation over that of accounting	-0.36%	(13,022,477)	0.02%	465,067
Disallowance for excess perquisites	0.23%	8,213,048	0.12%	3,255,000
Short of gratuity payment over gratuity provision	-0.02%	(624,998)	0.01%	266,473
Short of leave encashment payment over provision	-0.01%	(347,200)	0.04%	1,234,877
Disallowance for contribution to not government approved CSR project	0.11%	3,909,323	0.07%	2,038,176
Impairment loss of property, plant and equipment	0.01%	430,065	0.01%	194,745
Allowance for exemption of export income	-0.07%	(2,608,590)	-0.08%	(2,129,093)
Other inadmissible expenses	0.55%	19,715,593	0.72%	19,715,594
Adjustment for prior years	0.10%	3,426,973	0.00%	-
Deferred tax expense	0.38%	13,732,620	0.50%	13,875,598
<b>Total income tax expense</b>	<b>25.92%</b>	<b>925,845,292</b>	<b>26.42%</b>	<b>726,352,523</b>

## A. Reconciliation of effective tax rate

Particulars	31 March 2020		31 March 2019	
	%	₹ Crore	%	₹ Crore
Profit before income tax		317.56		227.00
Income tax using the corporate tax rate	25%	79.00	25%	57.00
Factors affecting the tax charge for current period:				
Short of fiscal depreciation and amortisation over that of accounting	-0.36%	(1.16)	0.02%	0.04
Disallowance for excess perquisites	0.23%	0.73	0.12%	0.27
Short of gratuity payment over gratuity provision	-0.02%	(0.06)	0.01%	0.02
Short of leave encashment payment over provision	-0.01%	(0.03)	0.04%	0.10
Disallowance for contribution to not government approved CSR project	0.11%	0.35	0.07%	0.17
Impairment loss of property, plant and equipment	0.01%	0.04	0.01%	0.02
Allowance for exemption of export income	-0.07%	(0.23)	-0.08%	(0.18)
Other inadmissible expenses	0.55%	1.75	0.72%	1.63
Adjustment for prior years	0.10%	0.30	0.00%	-
Deferred tax expense	0.38%	1.22	0.50%	1.15
<b>Total income tax expense</b>	<b>25.92%</b>	<b>81.92</b>	<b>26.42%</b>	<b>60.22</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### B. Movement in deferred tax balances

2020

Particulars TAKA					Balance as at 31 March	
	Net balance at 1 April	Recognised in profit/(loss)	Recognized in OCI	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(26,910,451)	16,558,491	-	(10,351,960)	(10,351,960)	-
Intangible assets	(1,959,719)	(217,300)	-	(2,177,019)	(2,177,019)	-
Provision for gratuity	(14,265,143)	(2,305,498)	(5,423,318)	(21,993,959)	(21,993,959)	-
Provision for leave encashment	(4,378,291)	347,200	-	(4,031,091)	(4,031,091)	-
Adjustment for IFRS 16	(8,141,339)	(650,273)	-	(8,791,612)	(8,791,612)	-
<b>Net deferred tax (assets)/ liabilities</b>	<b>(55,654,943)</b>	<b>13,732,620</b>	<b>(5,423,318)</b>	<b>(47,345,641)</b>	<b>(47,345,641)</b>	<b>-</b>

2019

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

### B. Movement in deferred tax balances

2020

Particulars ₹ Crore					Balance as at 31 March	
	Net balance at 1 April	Recognised in profit/(loss)	Recognized in OCI	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(2.39)	1.47	-	(0.92)	(0.92)	-
Intangible assets	(0.17)	(0.02)	-	(0.19)	(0.19)	-
Provision for gratuity	(1.27)	(0.20)	(0.48)	(1.96)	(1.96)	-
Provision for leave encashment	(0.39)	0.03	-	(0.36)	(0.36)	-
<b>Adjustment for IFRS 16</b>	<b>(0.72)</b>	<b>(0.06)</b>	<b>-</b>	<b>(0.78)</b>	<b>(0.78)</b>	<b>-</b>
<b>Net deferred tax (assets)/ liabilities</b>	<b>(4.95)</b>	<b>1.22</b>	<b>(0.48)</b>	<b>(4.21)</b>	<b>(4.21)</b>	<b>-</b>

2019

Particulars ₹ Crore					Balance as at 31 March	
	Net balance at 1 April	Recognised in profit/(loss)	Recognized in OCI	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(3.53)	1.30	-	(2.23)	(2.23)	-
Intangible assets	(0.14)	(0.03)	-	(0.16)	(0.16)	-
Provision for gratuity	(0.92)	(0.03)	(0.24)	(1.18)	(1.18)	-
Provision for leave encashment	(0.26)	(0.10)	-	(0.36)	(0.36)	-
<b>Net deferred tax (assets)/ liabilities</b>	<b>(4.84)</b>	<b>1.15</b>	<b>(0.24)</b>	<b>(3.93)</b>	<b>(3.93)</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

14. Property, plant and equipment  
See accounting policies in notes 42.2  
A. Reconciliation of carrying amount

Cost	In Taka									
	Freehold land	Plant and machinery	Factory building	Office building	Office equipment	Computers	Furniture and fixtures	A.C and refrigerators	Assets under construction	Total
Balance at 1 April 2018	176,749,959	855,195,128	231,650,100	193,910,204	69,216,997	18,835,419	94,501,721	17,332,333	1,038,825	1,658,430,686
Additions	-	-	-	-	-	-	-	-	44,987,166	44,987,166
Transfer from asset under construction	-	20,266,610	-	6,347,736	5,453,790	3,731,350	3,439,575	644,909	(39,883,970)	-
Disposals	-	(10,129,617)	-	-	(17,358,496)	(176,050)	(10,432,887)	(3,332,061)	-	(41,429,111)
Balance at 31 March 2019	176,749,959	865,332,121	231,650,100	200,257,940	57,312,291	22,390,719	87,508,409	14,645,181	6,142,021	1,661,988,741
Balance at 1 April 2019	176,749,959	865,332,121	231,650,100	200,257,940	57,312,291	22,390,719	87,508,409	14,645,181	6,142,021	1,661,988,741
Additions	-	-	-	-	-	-	-	-	311,162,255	311,162,255
Transfer from asset under construction	-	151,087,851	-	105,193,618	6,076,048	6,124,678	11,488,906	11,253,600	(291,224,701)	-
Disposals	-	(27,957,729)	-	-	(6,802,399)	(770,873)	(390,159)	(3,487,632)	-	(39,408,792)
Assets held for sale adjustment	-	-	-	(136,844,485)	-	-	(23,356,261)	-	-	(160,200,746)
Balance at 31 March 2020	176,749,959	988,462,243	231,650,100	168,607,073	56,585,940	27,744,524	75,250,895	22,411,149	26,079,575	1,773,541,458
Accumulated depreciation and impairment loss	-	-	-	-	-	-	-	-	-	-
Balance at 1 April 2018	-	680,365,944	187,437,198	137,415,175	59,218,064	13,824,726	55,704,905	12,879,447	-	1,146,845,459
Depreciation for the year	-	43,010,115	8,677,275	14,860,069	7,273,136	3,190,229	12,394,486	1,912,238	-	91,317,548
Impairment loss (reversal of impairment) of PPE	-	(3,986,714)	182,631	348,162	151,634	(17,113)	25,340	(588,903)	-	(3,884,963)
Disposals	-	(10,127,869)	-	-	(17,164,564)	(173,545)	(10,246,337)	(3,293,545)	-	(41,005,860)
Balance at 31 March 2019	-	709,261,476	196,297,104	152,623,406	49,478,270	16,824,297	57,876,394	10,909,237	-	1,193,272,184
Balance at 1 April 2019	-	709,261,476	196,297,104	152,623,406	49,478,270	16,824,297	57,876,394	10,909,237	-	1,193,272,184
Depreciation for the year	-	48,105,989	6,978,034	13,430,471	5,469,915	4,360,340	12,471,971	1,869,032	-	92,685,752
Impairment loss (reversal of impairment) of PPE	-	1,927,809	158,107	-	41,417	-	(407,071)	-	-	1,720,262
Disposals	-	(26,054,419)	-	-	(6,602,712)	(754,574)	(343,491)	(3,042,796)	-	(36,797,992)
Assets held for sale adjustment	-	-	-	(105,997,772)	-	-	(18,337,509)	-	-	(124,335,281)
Balance at 31 March 2020	-	733,240,855	203,433,245	60,056,105	48,386,890	20,430,063	51,262,294	9,735,473	-	1,126,544,925
Carrying amounts	-	-	-	-	-	-	-	-	-	-
At 1 April 2018	176,749,959	174,829,184	44,212,902	56,495,029	9,998,933	5,010,693	38,796,816	4,452,886	1,038,825	511,585,227
At 31 March 2019	176,749,959	156,070,645	35,352,996	47,634,534	7,834,021	5,566,422	29,630,015	3,735,944	6,142,021	468,716,557
At 31 March 2020	176,749,959	255,221,388	28,216,855	108,550,968	8,199,050	7,314,461	23,988,601	12,675,676	26,079,575	646,996,533

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

Cost	₹ Crore										
	Freehold land	Plant and machinery	Factory building	Office building	Office equipment	Computers	Furniture and fixtures	A.C and refrigerators	Assets under construction	Total	
<b>Balance at 1 April 2018</b>	14.62	70.72	19.16	16.04	5.72	1.56	7.82	1.43	0.09	137.15	
Additions	-	-	-	-	-	-	-	-	3.72	3.72	
Transfer from asset under construction	-	1.68	-	0.52	0.45	0.31	0.28	0.05	(3.30)	-	
Disposals/ adjustments	-	(0.84)	-	-	(1.44)	(0.01)	(0.86)	(0.28)	-	(3.43)	
<b>Balance at 31 March 2019</b>	14.62	71.56	19.16	16.56	4.74	1.85	7.24	1.21	0.51	137.45	
<b>Balance at 1 April 2019</b>	15.71	76.93	20.59	17.80	5.10	1.99	7.78	1.30	0.55	147.75	
Additions	-	-	-	-	-	-	-	-	27.66	27.66	
Transfer from asset under construction	-	13.43	-	9.35	0.54	0.54	1.02	1.00	(25.89)	-	
Disposals	-	(2.49)	-	-	(0.60)	(0.07)	(0.03)	(0.31)	-	(3.50)	
Assets held for sale adjustment	-	-	-	(12.17)	-	-	(2.08)	-	-	(14.24)	
Balance at 31 March 2020	15.71	87.87	20.59	14.99	5.03	2.47	6.69	1.99	2.32	157.67	
Accumulated depreciation and impairment loss	-	-	-	-	-	-	-	-	-	-	
<b>Balance at 1 April 2018</b>	-	56.27	15.50	11.36	4.90	1.14	4.61	1.07	-	94.84	
Depreciation for the year	-	3.56	0.72	1.23	0.60	0.26	1.03	0.16	-	7.55	
Impairment loss (reversal of impairment) of PPE	-	(0.33)	0.02	0.03	0.01	(0.00)	0.00	(0.05)	-	(0.32)	
Disposals	-	(0.84)	-	-	(1.42)	(0.01)	(0.85)	(0.27)	-	(3.39)	
<b>Balance at 31 March 2019</b>	-	58.66	16.23	12.62	4.09	1.39	4.79	0.90	-	98.68	
<b>Balance at 1 April 2019</b>	-	63.05	17.45	13.57	4.40	1.50	5.15	0.97	-	106.08	
Depreciation for the year	-	4.28	0.62	1.19	0.49	0.39	1.11	0.17	-	8.24	
Impairment loss (reversal of impairment) of PPE	-	0.17	0.01	-	0.00	-	(0.04)	-	-	0.15	
Disposals	-	(2.32)	-	-	(0.59)	(0.07)	(0.03)	(0.27)	-	(3.27)	
Assets held for sale adjustment	-	-	-	(9.42)	-	-	(1.63)	-	-	(11.05)	
<b>Balance at 31 March 2020</b>	-	65.19	18.09	5.34	4.30	1.82	4.56	0.87	-	100.15	
Carrying amounts	-	-	-	-	-	-	-	-	-	-	
At 1 April 2018	14.62	14.46	3.66	4.67	0.83	0.41	3.21	0.37	0.09	42.31	
At 31 March 2019	14.62	12.91	2.92	3.94	0.65	0.46	2.45	0.31	0.51	38.76	
At 31 March 2020	15.71	22.69	2.51	9.65	0.73	0.65	2.13	1.13	2.32	57.52	

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### A. Assets held for sale

See accounting policy in note 42.18

Particulars	For the year ended 31 March		For the year ended 31 March	
	2020	2019	2020	2019
	Taka	Taka	₹ Crore	₹ Crore
Office building	30,846,713	-	2.74	-
Furniture and fixtures	5,018,752	-	0.45	-
	35,865,465	-	3.19	-

### B. Allocation of depreciation

Particulars	For the year ended 31 March		For the year ended 31 March	
	2020	2019	2020	2019
	Taka	Taka	₹ Crore	₹ Crore
Cost of sales	57,562,213	55,649,905	5.12	4.60
General and administrative expenses	35,123,539	35,667,643	3.12	2.95
	92,685,752	91,317,548	8.24	7.55

### 15. Intangible assets

See accounting policies in notes 42.3

#### Reconciliation of carrying amount

Particulars	Computer software	Total	Computer software	Total
	Taka	Taka	₹ Crore	₹ Crore
<b>Cost</b>				
Balance at 1 April 2018	22,061,875	22,061,875	1.82	1.82
Additions	-	-	-	-
Disposals	-	-	-	-
<b>Balance at 31 March 2019</b>	<b>22,061,875</b>	<b>22,061,875</b>	<b>1.82</b>	<b>1.82</b>
Balance at 1 April 2019	22,061,875	22,061,875	1.96	1.96
Additions	-	-	-	-
Disposals	-	-	-	-
<b>Balance at 31 March 2020</b>	<b>22,061,875</b>	<b>22,061,875</b>	<b>1.96</b>	<b>1.96</b>
<b>Accumulated amortisation</b>				
Balance at 1 April 2018	15,873,818	15,873,818	1.31	1.31
Amortisation during the year	2,540,973	2,540,973	0.21	0.21
Disposals	-	-	-	-
<b>Balance at 31 March 2019</b>	<b>18,414,791</b>	<b>18,414,791</b>	<b>1.52</b>	<b>1.52</b>
Balance at 1 April 2019	18,414,791	18,414,791	1.64	1.64

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

Particulars	Computer software	Total	Computer software	Total
	Taka	Taka	₹ Crore	₹ Crore
Amortisation during the year	2,017,794	2,017,794	0.18	0.18
Disposals	-	-	-	-
<b>Balance at 31 March 2020</b>	<b>20,432,585</b>	<b>20,432,585</b>	<b>1.82</b>	<b>1.82</b>
<b>Carrying amounts</b>				
At 1 April 2018	6,188,057	6,188,057	0.51	0.51
<b>At 31 March 2019</b>	<b>3,647,084</b>	<b>3,647,084</b>	<b>0.30</b>	<b>0.30</b>
<b>At 31 March 2020</b>	<b>1,629,290</b>	<b>1,629,290</b>	<b>0.14</b>	<b>0.14</b>

## 16. Right-of-use asset

See accounting policy in note 42.4

Particulars	Right-of-use asset	Total	Right-of-use asset	Total
	Taka	Taka	₹ Crore	₹ Crore
<b>Balance at 1 April 2019</b>	<b>181,317,622</b>	<b>181,317,622</b>	<b>16.12</b>	<b>16.12</b>
Addition during the year	31,513,554	31,513,554	2.80	2.80
Disposal during the year	-	-	-	-
<b>Balance at 31 March 2020</b>	<b>212,831,176</b>	<b>212,831,176</b>	<b>18.92</b>	<b>18.92</b>
<b>Accumulated depreciation</b>				
Balance at 1 April 2019	-	-	-	-
Depreciation during the year	37,432,890	37,432,890	3.33	3.33
Disposal during the year	-	-	-	-
<b>Balance at 31 March 2020</b>	<b>37,432,890</b>	<b>37,432,890</b>	<b>3.33</b>	<b>3.33</b>
<b>Carrying amount</b>				
<b>At 1 April 2019</b>	<b>181,317,622</b>	<b>181,317,622</b>	<b>16.12</b>	<b>16.12</b>
<b>At 31 March 2020</b>	<b>175,398,286</b>	<b>175,398,286</b>	<b>15.59</b>	<b>15.59</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 17. Advances, deposits and prepayments

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
<b>Advances</b>				
Advance for capital goods	47,443,472	27,783,879	4.22	2.30
Advance to suppliers and others	496,832,058	323,578,492	44.17	26.76
	544,275,530	351,362,371	48.39	29.06
<b>Deposits</b>				
Security deposits	15,574,365	12,349,428	1.38	1.02
VAT account	39,622,553	88,710,243	3.52	7.34
Supplementary duty	-	1,915,385	-	0.16
	55,196,918	102,975,056	4.91	8.52
<b>Prepayments</b>				
Prepaid expenses	24,674,208	32,423,643	2.19	2.68
	624,146,656	486,761,070	55.49	40.26

#### 17.1 Current and non-current classification of advances, deposits and prepayments

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Current	601,458,728	435,633,515	53.47	36.03
Non-current	22,687,928	51,127,555	2.02	4.23
	624,146,656	486,761,070	55.49	40.26

### 18. Other financial assets

Particulars	Note	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Taka	Taka	₹ Crore	₹ Crore
Fixed deposits	18.2	1,290,000,000	2,031,184,316	114.68	167.98
Trade receivables		43,955,943	22,521,632	3.91	1.86
Loans to employees		1,673,431	8,330,529	0.15	0.69
Accrued interest		88,474,702	33,517,285	7.87	2.77
		1,424,104,076	2,095,553,762	126.60	173.30

#### 18.1 Current and non-current classification of other financial assets

Particulars	Note	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Taka	Taka	₹ Crore	₹ Crore
Current		1,423,654,628	2,090,631,890	126.56	172.90
Non-current		449,448	4,921,872	0.04	0.41
		1,424,104,076	2,095,553,762	126.60	173.30



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## 18.2 Fixed deposits (maturity more than three months)

Particulars	Credit rating	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Taka	Taka	₹ Crore	₹ Crore
BRAC Bank Limited	AA+	120,000,000	266,800,376	10.67	23.72
Delta Brac Housing Finance Corporation Ltd.	AAA	-	190,993,027	-	16.98
IPDC Finance Limited	AAA	240,000,000	150,000,000	21.34	13.34
IDLC Finance Limited	AAA	-	354,165,913	-	31.49
Mutual Trust Bank Limited	AA	-	359,225,000	-	31.94
Eastern Bank Limited	AA+	-	260,000,000	-	23.11
Commercial Bank of Ceylon PLC	AAA	250,000,000	450,000,000	22.23	40.01
Standard Chartered Bank	AAA	610,000,000	-	54.23	-
Bank Alfalah	AA	70,000,000	-	6.22	-
		1,290,000,000	2,031,184,316	114.68	180.57

## 19. Inventories

See accounting policy in note 42.5

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Raw materials	965,403,374	580,442,733	85.82	48.00
Packing materials	183,301,649	115,323,902	16.30	9.54
Finished goods	204,518,577	266,208,457	18.18	22.02
Stores and spares	23,321,953	19,657,254	2.07	1.63
Materials in transit	255,556,772	109,862,407	22.72	9.09
	1,632,102,325	1,091,494,753	145.09	90.27

Details break-up of inventories has not been given as it is difficult to quantify each item in a separate and distinct category due to large variety of items.

## 20. Cash and cash equivalents

See accounting policy in note 42.6 (ii)(a)

Particulars	Note	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Taka	Taka	₹ Crore	₹ Crore
Cash in hand		-	173,870	-	0.01
Cash at bank	20.1	402,482,632	259,541,439	35.78	21.46
Fixed deposits	20.2	-	112,034,435	-	9.27
Balance with bank for unclaimed dividend		17,924,382	9,738,138	1.59	0.81
Remittance in transit		-	1,173,897	-	0.10
		420,407,014	382,661,779	37.37	31.65

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 20.1 Cash at bank

Particulars	Credit rating	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Taka	Taka	₹ Crore	₹ Crore
BRAC Bank Limited	AA+	104,438,660	7,466,933	9.28	0.66
Citibank N.A.	AAA	1,516,312	514,025	0.13	0.05
Islami Bank Bangladesh Limited	AAA	86,368,614	7,804,702	7.68	0.69
Sonali Bank Limited	AAA	511,863	514,358	0.05	0.05
Standard Chartered Bank	AAA	83,691,017	190,114,282	7.44	16.90
The Hongkong and Shanghai Banking Corporation Ltd.	AAA	1,195,016	355,510	0.11	0.03
The City Bank Limited	AA2	124,761,150	52,771,629	11.09	4.69
		402,482,632	259,541,439	35.78	23.07

### 20.2 Fixed deposits (maturity less than three months)

Particulars	Credit rating	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Taka	Taka	₹ Crore	₹ Crore
IPDC Finance Limited	AAA	-	112,034,435	-	9.96
		-	112,034,435	-	9.96

### 21. Share capital

See accounting policy in note 42.7

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
<b>Authorised</b>				
40,000,000 ordinary shares of Tk 10 each	400,000,000	400,000,000	35.56	33.08
<b>Issued, subscribed and paid up</b>				
Issued for cash	41,500,000	41,500,000	3.69	3.43
Issued for consideration other than cash	273,500,000	273,500,000	24.31	22.62
	315,000,000	315,000,000	28.00	26.05

### 21.1 Composition of shareholding

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ % of Holding	₹ % of Holding
Marico Limited, India	28,350,000	28,350,000	90.00	90.00
Institutions	2,790,979	2,795,277	8.86	8.87
General Shareholders	359,021	354,723	1.14	1.13
	31,500,000	31,500,000	100	100

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 21.2 Classification of shareholders by holding

Holdings	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ % of Holding	₹ % of Holding
Less than 500 shares	1,810	2,822	0.33	0.58
500 to 5,000 shares	95	150	0.46	0.63
5,001 to 10,000 shares	17	16	0.33	0.35
10,001 to 20,000 shares	15	9	0.66	0.38
20,001 to 30,000 shares	7	1	0.53	0.06
30,001 to 40,000 shares	3	2	0.32	0.23
40,001 to 50,000 shares	5	2	0.72	0.30
50,001 to 100,000 shares	6	4	1.27	0.86
100,001 to 1,000,000 shares	8	9	5.38	6.61
Over 1,000,000 shares	1	1	90.00	90.00
	1,967	3,016	100	100

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

Holdings	31 March 2020	31 March 2019
	Taka	Taka
Managing Director	-	-
	-	-

### 21.4 Dividends

The following dividend was declared/recommended by the Company for the year.

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
BDT 95 per qualifying ordinary share (2019: BDT 65)	2,992,500,000	2,047,500,000	266.03	169.33

The following dividend was paid by the Company in the year.

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
BDT 100 per qualifying ordinary share (2019: BDT 50)	3,150,000,000	1,575,000,000	280.04	130.25
	3,150,000,000	1,575,000,000	280.04	130.25

## 22. Employee benefit obligation

See accounting policies in notes 41.8

Particulars	Note	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Taka	Taka	₹ Crore	₹ Crore
Provision for gratuity	22.4	76,253,851	57,060,572	6.78	4.72
Provision for leave encashment	22.6	16,124,364	17,513,164	1.43	1.45
		92,378,215	74,573,736	8.21	6.17

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 22.1 Current and non-current classification of employee benefit obligation

Particulars	Note	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Taka	Taka	₹ Crore	₹ Crore
Current		6,516,576	9,665,787	0.58	0.80
Non-current		85,861,639	64,907,949	7.63	5.37
		92,378,215	74,573,736	8.21	6.17

### 22.2 Employee benefits - gratuity

Particulars	Note	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Taka	Taka	₹ Crore	₹ Crore
Net defined benefit asset	22.4	-	-	-	-
Total employee benefit asset		-	-	-	-
Net defined benefit liability	22.4	76,253,851	57,060,572	6.78	4.72
Total employee benefit liabilities		76,253,851	57,060,572	6.78	4.72

### 22.3 Current and non-current classification of employee benefits- gratuity

Particulars	Note	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Taka	Taka	₹ Crore	₹ Crore
Current		5,024,103	6,656,803	0.45	0.55
Non-current		71,229,748	50,403,769	6.33	4.17
		76,253,851	57,060,572	6.78	4.72

### 22.4 Movement in net defined benefit asset and liability

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

TAKA	Defined benefit obligation		Fair value of plan assets		Net defined (asset)/ liability	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Balances as at 1 April of 2019 and 2018	57,060,572	44,272,692	-	-	57,060,572	44,272,692
<b>Included in profit or loss</b>						
Current service cost	12,306,088	10,595,396	-	-	12,306,088	10,595,396
Interest cost	5,706,057	4,869,996	-	-	5,706,057	4,869,996
	18,012,145	15,465,392	-	-	18,012,145	15,465,392
<b>Included in OCI</b>						
Actuarial (gain)/loss arising from:						
-demographic assumption	3,012,528	177,859	-	-	3,012,528	177,859
-financial assumption	10,037,495	-	-	-	10,037,495	-
-experience adjustment	8,643,249	11,544,128	-	-	8,643,249	11,544,128
Return on plan asset excluding interest income	-	-	-	-	-	-
	21,693,272	11,721,987	-	-	21,693,272	11,721,987

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

TAKA	Defined benefit obligation		Fair value of plan assets		Net defined (asset)/ liability	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Other						
Contribution paid by the employer	-	-	-	-	-	-
Benefits paid	(20,512,138)	(14,399,499)	-	-	(20,512,138)	(14,399,499)
	(20,512,138)	(14,399,499)	-	-	(20,512,138)	(14,399,499)
<b>Balances as at 31 March</b>	<b>76,253,851</b>	<b>57,060,572</b>	-	-	<b>76,253,851</b>	<b>57,060,572</b>

₹ Crore	Defined benefit obligation		Fair value of plan assets		Net defined (asset)/ liability	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Balances as at 1 April of 2019 and 2018	5.07	3.66	-	-	5.07	3.66
<b>Included in profit or loss</b>						
Current service cost	1.09	0.88	-	-	1.09	0.88
Interest cost	0.51	0.40	-	-	0.51	0.40
	1.60	1.28	-	-	1.60	1.28
<b>Included in OCI</b>						
Actuarial (gain)/loss arising from:						
-demographic assumption	0.27	0.01	-	-	0.27	0.01
-financial assumption	0.89	-	-	-	0.89	-
-experience adjustment	0.77	0.95	-	-	0.77	0.95
Return on plan asset excluding interest income	-	-	-	-	-	-
	1.93	0.97	-	-	1.93	0.97
<b>Other</b>						
Contribution paid by the employer	-	-	-	-	-	-
Benefits paid	(1.82)	(1.19)	-	-	(1.82)	(1.19)
	(1.82)	(1.19)	-	-	(1.82)	(1.19)
<b>Balances as at 31 March</b>	<b>6.78</b>	<b>4.72</b>	-	-	<b>6.78</b>	<b>4.72</b>

### 22.5 Defined Benefit obligation

#### (i) Actuarial assumption

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

	31 March 2020	31 March 2019
Discount rate	10%	10%
Salary increase rate	12%	10%
Employee turnover rate	11%	17%

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

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

## 22.6 Provision for leave encashment

Holdings	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Opening balance	17,513,164	12,573,655	1.56	1.04
Provision made during the year	6,567,617	15,710,730	0.58	1.30
Payment during the year	(7,956,417)	(10,771,221)	(0.71)	(0.89)
	16,124,364	17,513,164	1.43	1.45
Current	1,492,473	3,008,984	0.13	0.25
Non-Current	14,631,891	14,504,180	1.30	1.20
	16,124,364	17,513,164	1.43	1.45

## 23. Lease liabilities

See accounting policy in note 42.15

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Current	42,836,393	-	3.81	-
Non-current	167,728,340	-	14.91	-
	210,564,733	-	18.72	-

## 24. Loans and borrowings

See accounting policy in note 42.6(iii)(b)

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Short term loan	-	200,000,000	-	16.54
	-	200,000,000	-	16.54

## 25. Trade and other payables

See accounting policy in note 42.6(iii)(a)

Particulars	Note	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Taka	Taka	₹ Crore	₹ Crore
Trade payables	25.1	776,586,623	449,103,730	69.04	37.14
Other payables	25.2	1,935,342,636	2,090,167,054	172.05	172.86
		2,711,929,259	2,539,270,784	241.09	210.00



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 25.1 Trade payables

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
<b>Inter-company trade payables</b>				
Payable against raw material	199,436,248	81,112,210	17.73	6.71
Payable against packing material	892,454	2,519,885	0.08	0.21
	200,328,702	83,632,095	17.81	6.92
<b>Third party trade payables</b>				
Payable against raw material	100,614,332	39,169,598	8.94	3.24
Payable against services	369,482,503	126,552,551	32.85	10.47
Payable against packing material	104,355,701	139,979,847	9.28	11.58
Payable against finished goods	1,805,385	59,769,639	0.16	4.94
	576,257,921	365,471,635	51.23	30.22
	776,586,623	449,103,730	69.04	37.14

### 25.2 Other payables

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
<b>Inter-company other payables</b>				
Royalty payable	176,513,966	83,542,949	15.69	6.91
General and technical assistance fees payable	313,359,294	279,205,943	27.86	23.09
Payable against expenses	55,809	-	0.00	-
Advance from customers	-	1,173,887	-	0.10
Dividend payable	-	567,000,000	-	46.89
	489,929,069	930,922,779	43.55	76.99
<b>Third party other payables</b>				
Payable against expenses	473,941,727	349,215,303	42.13	28.88
Payable against business promotion expense	509,232,759	417,685,440	45.27	34.54
Import duty and related charges payable	145,719,882	68,246,568	12.95	5.64
Withholding tax and VAT payable	9,838,781	22,886,236	0.87	1.89
Workers' profit participation and welfare fund	188,004,407	144,723,386	16.71	11.97
Festival bonus	12,615,191	-	1.12	-
Advance from customers	16,266,231	76,728,830	1.45	6.35
Payable against capital goods	15,160,516	4,619,374	1.35	0.38
Unclaimed dividend	17,924,382	9,738,138	1.59	0.81
Audit fees payable	1,400,000	1,751,000	0.12	0.14
Interest accrued on loans	41,257	650,000	0.00	0.05
Dividend payable	-	63,000,000	-	5.21
Supplementary duty	55,268,434	-	4.91	-
	1,445,413,567	1,159,244,275	128.50	95.87
	1,935,342,636	2,090,167,054	172.05	172.86

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## 26. Current tax liabilities

Particulars	Note	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Taka	Taka	₹ Crore	₹ Crore
Provision for income tax	26.1	1,372,481,007	1,098,688,709	122.01	90.86
Advance income tax	26.2	(767,038,160)	(638,320,374)	(68.19)	(52.79)
		605,442,847	460,368,335	53.82	38.07

## 26.1 Provision for income tax

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Opening balance	460,368,335	386,211,784	40.93	31.94
Provision for current year	908,685,699	712,476,925	80.78	58.92
<b>Provision for prior year:</b>				
Assessment year 2019-2020	3,426,973	-	0.30	-
	1,372,481,007	1,098,688,709	122.01	90.86

## 26.2 Advance income tax

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Payment during the year:				
Payment for current year	491,249,372	438,453,844	43.67	36.26
<b>Payment for prior year:</b>				
Assessment year 2019-2020	275,788,788	-	24.52	-
Assessment year 2018-2019	-	171,510,104	-	14.18
Assessment year 2013-2014	-	28,356,426	-	2.35
	767,038,160	638,320,374	68.19	52.79

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

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

Accounting year/period ended	Assessment year	Provision for income tax (Amount in Taka)	Advance income tax (Amount in Taka)	Status	Provision for income tax ₹ Crore	Advance income tax ₹ Crore
31 March 2020	2020-21	908,685,699	491,249,372		80.78	43.67
31 March 2019	2019-20	715,903,898	714,242,632	Return submitted	63.64	63.50
31 March 2018	2018-19	603,956,939	560,411,195	Open at DCT level	53.69	49.82
31 March 2017	2017-18	511,139,076	482,832,785	Open at DCT level	45.44	42.92
31 March 2016	2016-17	536,229,894	516,829,134	Open at CT appeal	47.67	45.95
31 March 2015	2015-16	502,672,641	438,992,339	Open at CT appeal	44.69	39.03
31 March 2014	2014-15	475,304,697	468,166,315	At High Court	42.25	41.62
31 March 2013	2013-14	279,549,372	234,442,800	At TAT*	24.85	20.84
31 March 2012	2012-13	206,588,040	236,519,377	At TAT*	18.37	21.03
30 September 2008	2009-10	9,098,540	-	At TAT*	0.81	-
		<b>4,749,128,796</b>	<b>4,143,685,949</b>		<b>422.20</b>	<b>368.37</b>

\*Taxes Appellate Tribunal

## 27. Related party transactions

### 27.1 Parent and ultimate controlling party

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

### 27.2 Transactions with key management personnel

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Directors' remuneration	<b>25,099,806</b>	32,506,329	<b>2.23</b>	2.69
Directors' fees	<b>996,670</b>	1,006,250	<b>0.09</b>	0.08
	<b>26,096,476</b>	<b>33,512,579</b>	<b>2.32</b>	<b>2.77</b>

Compensation for the Company's key management personnel includes Directors' remuneration and fees. These expenses are included in general and administrative expenses.

### 27.3 Other related party transactions

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

27.3.1 Transactions with parent company

Name of the related parties	Relationship	Nature of transaction	Transaction 2020		Transaction 2019		Balance as at 2020		Balance as at 2019	
			Taka	₹ Crore	Taka	₹ Crore	Taka	₹ Crore	Taka	₹ Crore
Marico Limited, India	Parent company	Purchase of raw materials, packing materials, and finished goods	79,138,940	121,469,061	1,800,430	2,530,022	7.04	10.05	0.16	0.21
		Asset	2,262,960	1,793,677	-	-	0.20	0.15	-	-
		Royalty	92,971,017	83,542,949	176,513,966	83,542,949	8.27	6.91	15.69	6.91
		Dividend	2,268,000,000	1,984,500,000	-	567,000,000	201.63	164.12	-	46.89
		General and technical assistance fees	71,792,928	58,906,846	313,359,294	279,205,943	6.38	4.87	27.86	23.09
		Advance received for sales of SFG & FG	-	4,773,818	-	1,173,887	-	0.39	-	0.10
		Sales of PM	89,495	-	-	-	0.01	-	-	

27.3.2 Transactions with other related parties

Name of the related parties	Relationship	Nature of transaction	Transaction 2020		Transaction 2019		Balance as at 31 March 2020		Balance as at 31 March 2019	
			Taka	₹ Crore	Taka	₹ Crore	Taka	₹ Crore	Taka	₹ Crore
Marico Middle East FZE	Associated company	Purchase of raw materials (RM)	1,925,977,910	1,591,802,546	198,528,272	81,102,073	171.22	131.64	17.65	6.71
MEL Consumer Care	Associated company	Purchase of RM	-	4,190,633	-	-	-	0.35	-	-
Marico South East Asia	Associated company	Purchase of finished goods (FG)	1,725,549	20,720,769	-	-	0.15	1.71	-	-
Marico South East Asia	Associated company	Reimbursement of expenses	55,615	-	55,809	-	0.00	-	0.00	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

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

#### 28.1 Calculation of net asset value per share

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Net asset	1,387,680,232	1,302,135,754	123.36	107.69
Number of shares	31,500,000	31,500,000	31,500,000	31,500,000
Net asset value (NAV) per share	44.05	41.34	39.16	34.19

#### 28.2 Calculation of net operating cash flow per share (NOCFPS)

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Net cash from operating activities	3,012,957,714	2,671,671,711	267.85	220.95
Number of shares	31,500,000	31,500,000	31,500,000	31,500,000
Net operating cash flow per share (NOCFPS)	95.65	84.81	85.03	70.14

#### 28.3 Reconciliation of net profit with cash flows from operating activities

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Profit after tax	2,646,238,447	2,023,391,822	235.25	167.33
Adjustment for:				
- Depreciation	130,118,642	91,317,548	11.57	7.55
- Amortisation	2,017,794	2,540,973	0.18	0.21
- Unrealised foreign currency gain	(469,786)	(362,017)	(0.04)	(0.03)
- Interest expense	17,657,581	13,387,078	1.57	1.11
- Interest expense on lease	12,897,052	-	1.15	-
- (Reversal of) impairment expense	1,720,262	(3,884,963)	0.15	(0.32)
- Interest income	(239,693,041)	(181,672,610)	(21.31)	(15.02)
- Gain/(loss) on sale of PPE	1,467,821	(1,229,956)	0.13	(0.10)
- Tax expense	925,845,292	726,352,523	82.31	60.07
	3,497,800,064	2,669,840,398	310.95	220.80
Changes in operating assets and liabilities:				
Inventories	(540,607,572)	625,827,267	(48.06)	51.76
Financial assets	(14,777,213)	(21,817,798)	(1.31)	(1.80)
Advances, deposits and prepayments	(119,641,378)	181,351,195	(10.64)	15.00
Employee benefits	17,804,479	6,005,402	1.58	0.50
Trade and other payables	772,948,193	(297,868,976)	68.72	(24.63)
Cash generated from operating activities	3,613,526,573	3,163,337,488	321.24	261.61
Interest paid	(18,266,324)	(13,791,469)	(1.62)	(1.14)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Interest received	184,735,625	160,446,066	16.42	13.27
Income tax paid	(767,038,160)	(638,320,374)	(68.19)	(52.79)
Net cash flows from operating activities	3,012,957,714	2,671,671,711	267.85	220.95

## 29. Production capacity

Main product	Unit of measure	Installed capacity
PCNO	KL	36,500
Copra Crushing	MT	36,000
Refined Oil	MT	18,000
VAHO	KL	15,200
Water based product	KL	12,000
Edible Oil	KL	3,600

## 30. Commitment

## i) Capital commitment

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Estimated amount of contracts remaining to be executed on capital account	119,656,388	196,877,848	10.64	16.28

## ii) Other commitment

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Outstanding L/C	242,262,007	463,236,928	21.54	38.31

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

## 31. Contingent liabilities

The Company has contingent liability of BDT 1,103,433,853 as on 31 March 2020 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.

The Company has ordinary letter of credit amounting of Taka 212,892,725, Taka 29,369,282 and Taka 9,151,220 with Standard Chartered Bank, Hongkong and Shanghai Banking Corporation Ltd. and The Citibank N.A. respectively. Shipping guarantee of Taka 528,447 and Taka 13,968,359 with Hongkong and Shanghai Banking Corporation Ltd. and Standard Chartered Bank respectively.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 32. Dividends remitted

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 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Final dividend for 2017-2018	-	255,150,000	-	21.10
Interim dividend for the period ended 30 June 2018	-	382,725,000	-	31.65
Interim dividend for the period ended 30 September 2018	-	637,875,000	-	52.75
Interim dividend for the period ended 28 February 2019	510,300,000	-	45.37	-
Final dividend for 2018-2019	127,575,000	-	11.34	-
Interim dividend for the period ended 30 June 2019	637,875,000	-	56.71	-
Interim dividend for the period ended 30 September 2019	510,300,000	-	45.37	-
Interim dividend for the period ended 31 December 2019	765,450,000	-	68.05	-
	2,551,500,000	1,275,750,000	226.83	105.50

### 33. Capital management

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

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

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2020.

### 34. 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.

### 35. Number of employees

The number of employees engaged for the whole year or part there of who received a total salary of TK 36,000 p.a. and above is 336 (previous year:266), among them 64 employees left Marico and 272 (previous year:226) existed at 31 March 2020.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 36. Subsequent events

As per IAS - 10 "Events after the Reporting Period" events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of event can be identified:

- (a) Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and
- (b) Non adjusting events after the reporting period, are those that are indicative of conditions that arose after the reporting period.

The details about the events after reporting period are as follows:

- A. On 11 March 2020, COVID-19 has been declared a pandemic by the World Health Organisation, and Bangladesh Government has taken restrictive measures including declared general public holidays to contain its further spread affecting free movement of people and goods. As consequence, the COVID-19 outbreak has brought about additional challenges in the Company's operating environment and has impacted the Company's operations in Bangladesh.

The Company is closely monitoring the impact of the developments on the Company's businesses. As the situation is fast evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown.

However company has taken certain steps to continue maximum possible business operation in the given situation, ensuring required health safety measures are in place. Meanwhile according to the Ministry of Commerce confirmation, company's products ranges have been recognized as essential products, which allows the business operations and supply chain to continue.

- B. The Board of Directors of Marico Bangladesh Limited at its 108th meeting held on 28 April 2020 has declared final cash dividend @ 200% i.e. Taka 20 per share, amount to total Taka 630,000,000 for the year ended at 31 March 2020.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## 37. Financial instruments - fair values and financial risk management

## 37.1 Accounting classifications and fair values

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

31 March 2020

Particulars	Note	In Taka ₹						Total
		Fair value hedging instruments	Manadatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities	
<b>Financial assets measured at fair value</b>		-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>								
Fixed deposits	18	-	-	-	-	1,290,000,000	-	1,290,000,000
Loan to employees	18	-	-	-	-	1,673,431	-	1,673,431
Trade receivables	18	-	-	-	-	43,955,943	-	43,955,943
Cash and cash equivalents	20	-	-	-	-	420,407,014	-	420,407,014
		-	-	-	-	1,756,036,388	-	1,756,036,388
<b>Financial liabilities measured at fair value</b>								
<b>Financial liabilities not measured at fair value</b>								
Loans and borrowings	24	-	-	-	-	-	-	-
Trade and other payables	25	-	-	-	-	-	1,935,342,636	1,935,342,636
Lease liabilities	23	-	-	-	-	-	210,564,733	210,564,733
		-	-	-	-	-	2,145,907,369	2,145,907,369

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## 37. Financial instruments - fair values and financial risk management

## 37.1 Accounting classifications and fair values

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

31 March 2020

Particulars	Note	₹ in Crore						Total
		Fair value hedging instruments	Manadatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities	
<b>Financial assets measured at fair value</b>		-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>								
Fixed deposits	18	-	-	-	-	114.68	-	114.68
Loan to employees	18	-	-	-	-	0.15	-	0.15
Trade receivables	18	-	-	-	-	3.91	-	3.91
Cash and cash equivalents	20	-	-	-	-	37.37	-	37.37
		-	-	-	-	156.11	-	156.11
<b>Financial liabilities measured at fair value</b>								
<b>Financial liabilities not measured at fair value</b>								
Loans and borrowings	24	-	-	-	-	-	-	-
Trade and other payables	25	-	-	-	-	-	172.05	172.05
Lease liabilities	23	-	-	-	-	-	18.72	18.72
		-	-	-	-	-	190.77	190.77

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## 37. Financial instruments - fair values and financial risk management (continued)

## 37.1 Accounting classifications and fair values (continued)

31 March 2019

Amounts in ₹ in Crore

Particulars	Note	In Taka						Total
		Fair value hedging instruments	Manadatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities	
Financial assets measured at fair value		-	-	-	-	-	-	-
Financial assets not measured at fair value								
Fixed deposits	18	-	-	-	-	2,031,184,316	-	2,031,184,316
Loan to employees	18	-	-	-	-	8,330,529	-	8,330,529
Trade receivables	18	-	-	-	-	22,521,632	-	22,521,632
Cash and cash equivalents	20	-	-	-	-	382,661,779	-	382,661,779
Financial liabilities measured at fair value		-	-	-	-	2,444,698,256	-	2,444,698,256
Financial liabilities not measured at fair value								
Loans and borrowings	24	-	-	-	-	-	200,000,000	200,000,000
Trade and other payables	25	-	-	-	-	-	2,090,167,054	2,090,167,054
		-	-	-	-	-	2,290,167,054	2,290,167,054

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## 37. Financial instruments - fair values and financial risk management (continued)

## 37.1 Accounting classifications and fair values (continued)

31 March 2019

Amounts in ₹ in  
Crore

Particulars	Note	Amounts in ₹ in Crore						Total
		Fair value hedging instruments	Manadatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortised cost	Other financial liabilities	
<b>Financial assets measured at fair value</b>		-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>								
Fixed deposits	18	-	-	-	-	167.98	-	167.98
Loan to employees	18	-	-	-	-	0.69	-	0.69
Trade receivables	18	-	-	-	-	1.86	-	1.86
Cash and cash equivalents	20	-	-	-	-	31.65	-	31.65
Financial liabilities measured at fair value		-	-	-	-	202.18	-	202.18
<b>Financial liabilities not measured at fair value</b>								
Loans and borrowings	24	-	-	-	-	-	16.54	16.54
<b>Trade and other payables</b>	25	-	-	-	-	-	172.86	172.86
		-	-	-	-	-	189.40	189.40



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 37.2 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

#### 37.2.1 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:

Particulars	Note	31 March 2020	31 March 2019	31 March 2020	31 March 2019
		Taka	Taka	₹ Crore	₹ Crore
<b>Financial assets</b>					
Fixed deposits	18	<b>1,290,000,000</b>	2,031,184,316	<b>114.68</b>	167.98
Loans to employees	18	<b>1,673,431</b>	8,330,529	<b>0.15</b>	0.69
Trade receivables	18	<b>43,955,943</b>	22,521,632	<b>3.91</b>	1.86
Cash and cash equivalents	20	<b>420,407,014</b>	382,487,909	<b>37.37</b>	31.63
		<b>1,756,036,388</b>	<b>2,444,524,386</b>	<b>156.11</b>	<b>202.16</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

**37.2.2 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:

In Taka	Note	Carrying amount	Contractual cash flows						
			Expected cash flow	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	
<b>31 March 2020</b>									
Loans and borrowings	24	-	-	-	-	-	-	-	-
Trade and other payables	25	1,935,342,636	2,711,929,259	2,711,929,259	-	-	-	-	-
Lease liabilities	23	210,564,733	210,564,733	21,030,699	21,805,694	50,131,396	117,596,944	-	-
		<b>2,145,907,369</b>	<b>2,922,493,992</b>	<b>2,732,959,958</b>	<b>21,805,694</b>	<b>50,131,396</b>	<b>117,596,944</b>	-	-
<b>31 March 2019</b>									
Loans and borrowings	24	200,000,000	200,000,000	200,000,000	-	-	-	-	-
Trade and other payables	25	2,090,167,054	2,539,270,784	2,539,270,784	-	-	-	-	-
		<b>2,290,167,054</b>	<b>2,739,270,784</b>	<b>2,739,270,784</b>	-	-	-	-	-

₹ Crore	Note	Carrying amount	Contractual cash flows						
			Expected cash flow	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	
<b>31 March 2020</b>									
Loans and borrowings	24	-	-	-	-	-	-	-	-
Trade and other payables	25	172.05	241.09	241.09	-	-	-	-	-
Lease liabilities	23	18.72	18.72	1.87	1.94	4.46	10.45	-	-
		<b>190.77</b>	<b>259.81</b>	<b>242.96</b>	<b>1.94</b>	<b>4.46</b>	<b>10.45</b>	-	-
<b>31 March 2019</b>									
Loans and borrowings	24	16.54	16.54	16.54	-	-	-	-	-
Trade and other payables	25	172.86	210.00	210.00	-	-	-	-	-
		<b>189.40</b>	<b>226.54</b>	<b>226.54</b>	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## 37.2.3 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 2020 are as follows:

In USD	31 March 2020	31 March 2019
Import of goods and services	(564,730)	(1,405,600)
Bank balance	330,351	354,243
	(234,379)	(1,051,357)

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

Particular	Average rate		Year-end spot rate	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Exchange rate (USD/BDT)	84.62	83.91	84.94	83.92

## 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.

Effect in Taka	Profit/(loss)		Equity	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2020</b>				
USD (1% movement)	(199,082)	199,082	(199,082)	199,082
<b>31 March 2019</b>				
USD (1% movement)	(882,299)	882,299	(882,299)	882,299

## 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.

As at 31 March 2020, the interest rate profile of the Company's interest bearing financial instruments was:

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
<b>Fixed rate instruments</b>				
Financial assets				
Fixed deposit receipts	1,290,000,000	2,031,184,316	114.68	167.98
Financial liabilities	-	-	-	-
<b>Variable rate instruments</b>				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-

## 38. Value of import calculated on CIF basis

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
Materials and finished goods	2,743,115,157	2,688,052,497	243.86	222.30
Capital goods	143,058,091	12,141,435	12.72	1.00
	223.31	2,700,193,932	256.58	223.31

## 39. Expenditure in foreign currency

Particulars	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Taka	Taka	₹ Crore	₹ Crore
General and technical assistance fees	72,443,188	56,883,362	6.44	4.70
Professional consultation fees	7,030,998	1,142,314	0.63	0.09
	79,474,186	58,025,676	7.07	4.80

## 40. Basis of measurement

The financial statements of the Company have been prepared on historical cost basis except for net defined benefit (asset)/liability for which the measurement basis is the fair value of plan assets less the present value of the defined benefit obligation, as explained in note 42.9.

## 41. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- Amendments To References To Conceptual Framework in IFRS Standards.
- IFRS 17 Insurance Contracts.
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Definition of a Business (Amendments to IFRS 3)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2020

**42. Significant accounting policies**

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

<b>Note</b>	<b>Particulars</b>
42.1	Foreign currency transactions
42.2	Property, plant and equipment
42.3	Intangible assets
42.4	Right-of-use asset
42.5	Inventories
42.6	Financial instruments
42.7	Share capital
42.8	Dividend to the equity holders
42.9	Employee benefits
42.10	Accruals
42.11	Provisions
42.12	Income tax expenses
42.13	Revenue
42.14	Finance income and finance cost
42.15	Lease liabilities
42.16	Impairment
42.17	Contingencies
42.18	Assets held for sale
42.19	Earnings per share
42.20	Events after the reporting period

**42.1 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 (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 (BDT) at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 42.2 Property, plant and equipment

#### i) Recognition and measurement

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

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets, bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

Parts of an item of property, plant and equipment having different useful lives, are accounted for as separate items (major components) of property, plant and equipment.

#### ii) Subsequent cost

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

#### iii) Depreciation

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

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

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

<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%
Computers	33- 50%
Furniture and fixtures	20- 50%
Office building	10- 20%
A.C and refrigerators	20- 33%

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### iv) Derecognition

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

### v) Asset under construction

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

### vi) Capitalisation of borrowing costs

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

## 42.3 Intangible assets

### i) Recognition and measurement

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

### ii) Subsequent costs

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

### iii) Amortisation

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

Intangible asset (Computer Software) is 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.

## 42.4 Right-of-use asset

The Company recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liabilities. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 42.5 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.

### 42.6 Financial instruments

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

#### i. Recognition and initial measurement

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

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

#### ii. Classification and subsequent measurement

##### Financial assets

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

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

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

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

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

### Financial assets – business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

### Financial assets – subsequent measurement and gains and losses

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

**(a) Cash and cash equivalents**

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

**(b) Trade and other receivables**

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

**(c) Short-term investment**

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

**iii. Financial liability**

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

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

Financial liabilities include trade and other payables etc.

**(a) Trade and other payables**

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

**(b) Loans and borrowings**

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

### 42.7 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, 2020

### 42.8 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.

### 42.9 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 plan (Gratuity)

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all its eligible employees. This scheme is qualified as defined benefit plan. Employees are entitled to Gratuity benefit after completion of minimum 05 (five) years of continuous service with the Company from the date of his/her joining.

#### Eligibility to gratuity payments

Actual years of service	Eligibility	Calculation
Less than 4.5 years	Not eligible	Nil
4.5 years or more but less than 9.5 years	Eligible	(Last basic drawn)* (No. of years service)
9.5 years or more	Eligible	(Last basic drawn)* (No. of years service)* (1.5)

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 an 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 60 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 years and the calculation is performed annually by a qualified actuary.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### iv) Workers' profit participation and welfare fund

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

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

### 42.10 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.

### 42.11 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 provisions are reversed."

### 42.12 Income tax expenses

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 2019 i.e 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 42.13 Revenue

The Company has initially applied IFRS 15 Revenue from contracts with customers from 1 April 2018. The Company recognises as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, IFRS 15 establishes a five-step model as follows:

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

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

### 42.14 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 cost 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.

### 42.15 Lease liabilities

The lease liabilities is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liabilities is subsequently increased by the interest cost on the lease liabilities and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 42.16 Impairment

#### i. Financial assets

The Company recognises loss allowances for ECLs on:

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

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

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

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

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

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

#### Measurement of ECLs

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

#### ii) Non-financial assets

The carrying amounts of the Company’s non-financial assets (other than inventories and deferred tax 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 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

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.

### 42.17 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.

### 42.18 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

### 42.19 Earnings per share

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 42.20 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.

### 43. Going concern

The financial statements of the Company are prepared on a going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon Company's ability to continue as a going concern. The management do not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any other material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, which is most unlikely though yet considering overall perspectives.



## MBL INDUSTRIES LIMITED

**BOARD OF DIRECTORS  
(AS ON MARCH 31, 2020)**

Mr. Ashish Goupal  
Mr. Elias Ahmed  
Mr. Mohammad Hedayet Ullah  
Mr. Gaurav Sarda

**REGISTERED OFFICE**

House-1, Road-1, Sector-1  
Uttara, Dhaka-1230, Bangladesh  
Telephone: +88 (02) 9897180, Fax: +88 (02) 9897140

**AUDITORS**

Ahmed Mashuque & Co.

**BANKERS**

Citi N.A.

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

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of MBL Industries Limited, which comprise the statements of financial position as at 31 March 2020, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

### Basis for opinion

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

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

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

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

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

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

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

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

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

## MBL INDUSTRIES LIMITED

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

### **Report on Other Legal and Regulatory Requirements**

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

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

**Dated, April 28, 2020**  
**Dhaka**

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

Note: The exchange rate use to convert Taka to ₹ 0.889 (Previous year Taka to ₹ 0.827)

## STATEMENT OF FINANCIAL POSITION

As at 31 March, 2020

Particulars	Note	2020	2019	2020	2019
		Taka	Taka	₹Crore	₹Crore
<b>Assets</b>					
<b>Non current assets</b>		-	-	-	-
Cash and cash equivalents	5	8,030,017	8,032,517	0.71	0.66
<b>Total current assets</b>		8,030,017	8,032,517	0.71	0.66
<b>Total assets</b>		8,030,017	8,032,517	0.71	0.66
<b>Equity &amp; Liabilities</b>					
<b>Equity</b>					
Share capital	6	1,000,000	1,000,000	0.09	0.08
Retained earnings		3,898,308	3,943,933	0.35	0.33
<b>Total equity</b>		4,898,308	4,943,933	0.44	0.41
<b>Liabilities</b>					
<b>Non current liabilities</b>		-	-		
Payable for expenses	7	1,035,547	992,422	0.09	0.08
Other payable	8	26,250	26,250	0.00	0.00
Current tax liabilities	9	2,069,912	2,069,912	0.18	0.17
<b>Total current liabilities</b>		3,131,709	3,088,584	0.28	0.26
<b>Total liabilities</b>		3,131,709	3,088,584	0.28	0.26
<b>Total equity and liabilities</b>		8,030,017	8,032,517	0.71	0.66

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

As per our annexed report of same date.

Dated, April 28, 2020  
Dhaka

Ahmed Mashuque & Co.  
Chartered Accountants

Note: The exchange rate use to convert Taka to ₹ 0.889 (Previous year Taka to ₹ 0.827)

## STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March, 2020

Particular	Note	2020	2019	2020	2019
		Taka	Taka	₹Crore	₹Crore
Revenue		-	-	-	-
Cost of sales		-	-	-	-
<b>Gross profit</b>		-	-	-	-
General and administrative expenses	10	(45,625)	(60,000)	(0.00)	(0.00)
<b>Net profit before income tax</b>		(45,625)	(60,000)	(0.00)	(0.00)
<b>Income tax expense</b>					
Current tax (expense)/income		-	-	-	-
<b>Net profit after income tax</b>		(45,625)	(60,000)	(0.00)	(0.00)

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

As per our annexed report of same date.

Dated, April 28, 2020  
Dhaka

Ahmed Mashuque & Co.  
Chartered Accountants

Note: The exchange rate use to convert Taka to ₹ 0.889 (Previous year Taka to ₹ 0.827)

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March, 2020

Particulars	Share capital	Retained earnings	Total	Share capital	Retained earnings	Total
	Taka	Taka	Taka	₹ Crore	₹ Crore	₹ Crore
Balance as at 1 April 2018	1,000,000	4,003,933	5,003,933	0.08	0.33	0.41
Addition during the year	-	(60,000)	(60,000)	-	(0.00)	(0.00)
Balance as at 31 March 2019	1,000,000	3,943,933	4,943,933	0.08	0.33	0.41
Balance as at 1 April 2019	1,000,000	3,943,933	4,943,933	0.09	0.35	0.44
Addition during the year	-	(45,625)	(45,625)	-	(0.00)	(0.00)
Balance as at 31 March 2020	1,000,000	3,898,308	4,898,308	0.09	0.35	0.44

## STATEMENT OF CASH FLOWS

For the year ended 31 March, 2020

Particulars	2020	2019	2020	2019
	Taka	Taka	₹Crore	₹Crore
<b>Cash flows from operating activities</b>				
Net profit/(loss) before income tax	(45,625)	(60,000)	(0.00)	(0.00)
(Decrease)/Increase in payable for expenses	43,125	57,500	0.00	0.00
(Decrease)/Increase in other payable	-	-	-	-
<b>Cash generated from/(used in) operating activities</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(0.00)</b>	<b>(0.00)</b>
Income tax paid	-	-	-	-
Net cash generated from/(used in) operating activities	(2,500)	(2,500)	(0.00)	(0.00)
<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>(2,500)</b>	<b>(2,500)</b>	<b>(0.00)</b>	<b>(0.00)</b>
Opening cash and cash equivalents	8,032,517	8,035,017	0.71	0.66
Closing cash and cash equivalents	8,030,017	8,032,517	0.71	0.66

Note: The exchange rate use to convert Taka to ₹ 0.889 (Previous year Taka to ₹ 0.827)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 1. Reporting entity

#### 1.1 Company profile

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

#### 1.2 Nature of business

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

### 2. Basis of preparation

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), 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 28 April 2020.

#### 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 2019 to 31 March 2020.

#### 2.6 Use of estimates and judgments

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

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

#### 2.7 Statement of cash flows

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 2.8 Going concern

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

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

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

### 3. Significant accounting policies

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

#### 3.1 Financial instruments

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

##### 3.1.1 Financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

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

##### ***Cash and cash equivalents***

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 3.1.2 Financial liabilities

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

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

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

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

### 3.2 Provisions

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

### 3.3 Share capital

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

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

### 3.4 Taxation

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

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

### 3.5 General

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

## 4 Comparative information

Comparative information have been disclosed for (for 12 months covering period from 1 April 2018 to 31 March 2019) 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-20	31-Mar-19	31-Mar-20	31-Mar-19
	Taka	Taka	₹Crore	₹Crore
Cash at banks:				
Citibank, N.A.	8,030,017	8,032,517	0.71	0.66
	8,030,017	8,032,517	0.71	0.66

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 6. Share capital

Particulars	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	Taka	Taka	₹Crore	₹Crore
<b>Authorised</b>				
1,000,000 Ordinary shares of Tk 10 each	10,000,000	10,000,000	0.89	0.83
<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	0.09	0.08
<b>Shareholding position of the Company is as follows</b>				
Marico Middle East FZE (MME)	999,960	999,960	0.09	0.08
Directors (as joint holders with MME)	40	40	0.00	0.00
	<b>1,000,000</b>	<b>1,000,000</b>	<b>0.09</b>	<b>0.08</b>

### 7 Payable for expenses

Particulars	As at March 31,		As at March 31,	
	2020	2019	2020	2019
	Taka	Taka	₹ Crore	₹ Crore
Payable for Audit fees & other services	1,035,547	992,422	0.09	0.08
	<b>1,035,547</b>	<b>992,422</b>	<b>0.09</b>	<b>0.08</b>

### 8 Other payable

Particulars	As at March 31,		As at March 31,	
	2020	2019	2020	2019
	Taka	Taka	₹ Crore	₹ Crore
Withholding tax and VAT payable	26,250	26,250	0.00	0.00

### 9 Current tax liabilities

Particulars	As at March 31,		As at March 31,	
	2020	2019	2020	2019
	Taka	Taka	₹ Crore	₹ Crore
Provision for income tax (Note 9.1)	5,438,646	5,438,646	0.48	0.45
Advance income tax (Note 9.2)	(3,368,734)	(3,368,734)	(0.30)	(0.28)
	<b>2,069,912</b>	<b>2,069,912</b>	<b>0.18</b>	<b>0.17</b>

#### 9.1 Provision for tax

Opening balance	5,438,646	5,438,646	0.48	0.45
Add: Provision made during the period	-	-	-	-
Less: Adjustment for completed assessments	-	-	-	-
	<b>5,438,646</b>	<b>5,438,646</b>	<b>0.48</b>	<b>0.45</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 9.2 Advance income tax

Opening balance	3,368,734	3,368,734	0.30	0.28
Add: Advance income tax paid during the period	-	-	-	-
Less: Adjustment for completed assessments	-	-	-	-
	<b>3,368,734</b>	<b>3,368,734</b>	<b>0.30</b>	<b>0.28</b>

### 10 General and administrative expenses

Particulars	As at March 31,		As at March 31,	
	2020	2019	2020	2019
	Taka	Taka	₹ Crore	₹ Crore
Professional charges	-	-	-	-
Statutory audit fees	43,125	57,500	0.00	0.00
Bank charges	2,500	2,500	0.00	0.00
License fees	-	-	-	-
Legal fees	-	-	-	-
	<b>45,625</b>	<b>60,000</b>	<b>0.00</b>	<b>0.00</b>

### 11 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

#### 11.1 Credit risk

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

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

Particular	Note	As at March 31,			
		2020	2019	2020	2019
		Taka	Taka	₹ Crore	₹ Crore
Cash and cash equivalents	5	8,030,017	8,032,517	0.71	0.66
		<b>8,030,017</b>	<b>8,032,517</b>	<b>0.71</b>	<b>0.66</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 11.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. The requirement is determined in advance through cash flows projections and credit lines facilities with banks are negotiated accordingly.

The following are the contractual maturities of financial liabilities:

As at 31 March 2020		Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	Note	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Payable for expenses	7	1,035,547	(1,035,547)	-	-	(1,035,547)	-	-
Other payable	8	26,250	(26,250)	(26,250)	-	-	-	-
		<b>1,061,797</b>	<b>(1,061,797)</b>	<b>(26,250)</b>	-	<b>(1,035,547)</b>	-	-

As at 31 March 2020		Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	Note	₹Crore	₹Crore	₹Crore	₹Crore	₹Crore	₹Crore	₹Crore
Payable for expenses	7	0.09	(0.09)	-	-	(0.09)	-	-
Other payable	8	0.00	(0.00)	(0.00)	-	-	-	-
		<b>0.09</b>	<b>(0.09)</b>	<b>(0.00)</b>	-	<b>(0.09)</b>	-	-

As at 31 March 2019		Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	Note	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Payable for expenses	7	992,422	(992,422)	-	-	(992,422)	-	-
Other payable	8	26,250	(26,250)	(26,250)	-	-	-	-
		<b>961,172</b>	<b>(1,018,672)</b>	<b>(26,250)</b>	-	<b>(992,422)</b>	-	-

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

### 11.3 Market risk

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 11.4 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 2020.

### 11.5 Interest rate risk

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

## 12 Capital risk management

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

## 13 Accounting classification and fair values

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	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>	-	-	-	-
<b>Held to maturity assets</b>	-	-	-	-
<b>Loans and receivables</b>				
Cash and cash equivalents	8,030,017	8,030,017	8,032,517	8,032,517
<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	1,035,547	N/A*	992,422	N/A*
Other payable	26,250	N/A*	26,250	N/A*

Particulars	As at 31 March 2020		As at 31 March 2019	
	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>	-	-	-	-
<b>Held to maturity assets</b>	-	-	-	-
<b>Loans and receivables</b>				
Cash and cash equivalents	0.71	0.71	0.66	0.66
<b>Available for sale financial assets</b>	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Particulars	As at 31 March 2020		As at 31 March 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<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	0.09	N/A*	0.08	N/A*
Other payable	0.00	N/A*	0.00	N/A*

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

### 14 Number of employees

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

### 15 Capital expenditure commitment

There is no such commitment as at 31 March 2020.

### 16 Events after the reporting period

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

## MARICO MIDDLE EAST FZE

### **BOARD OF DIRECTORS**

(AS ON MARCH 31, 2020)

Mr. Vivek Karve

Mr. Saugata Gupta

Mr. Ashish Sugandh Modak (until June 18, 2019)

Mr. Durgesh Chugh

Mr. Ashish Joshi

### **SECRETARY & MANAGER**

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

### **REGISTERED OFFICE**

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

### **AUDITORS**

KPMG Lower Gulf Limited, UAE

### **BANKERS**

Standard Chartered Bank

HSBC Bank

Citibank NA

Pt. Bank Mandiri (Persero) TBK, Indonesia

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

To the Shareholder of Marico Middle East FZE

## Report on the Audit of the Financial Statements

### Opinion

We have audited the consolidated financial statements of Marico Middle East FZE ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 March 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and their preparation in accordance with the applicable provisions of The Jebel Ali Free Zone Companies Implementing Regulations 2016, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated 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.



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

- 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

### **Report on Other Legal and Regulatory Requirements**

We further report that the consolidated financial statements have been prepared, in all material respects, in accordance with the Jebel Ali Free Zone Companies Implementing Regulations 2016.

**KPMG Lower Gulf Limited**

Fawzi AbuRass  
Registration No. 968  
Dubai, United Arab Emirates  
Date: 9th June 2020

**STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2020

Particulars	Note	As at March 31,			
		2020 AED	2019 AED	2020 ₹ Crore	2019* ₹ Crore
<b>Non-current assets</b>					
Property, plant and equipment	10	5,348,408	4,761,445	10.98	8.99
Right-of-use-assets	11	1,549,896	-	3.18	-
		<b>6,898,304</b>	4,761,445	<b>14.16</b>	8.99
<b>Current assets</b>					
Inventories	12	4,416,781	4,755,029	9.07	8.98
Trade and other receivables	13	28,302,415	36,296,051	58.09	68.56
Due from related parties	14	8,589,590	3,551,053	17.63	6.71
Cash at bank and in hand	15	3,753,802	2,392,735	7.70	4.52
		<b>45,062,588</b>	46,994,868	<b>92.49</b>	88.77
<b>Current liabilities</b>					
Trade and other payables	16	44,824,035	43,055,781	92.00	81.33
Due to related parties	14	10,656,353	12,369,825	21.87	23.37
Lease liabilities	20	244,132	-	0.50	-
Bank borrowings	17	103,401,428	97,473,225	212.23	184.12
		<b>159,125,948</b>	152,898,831	<b>326.61</b>	288.81
<b>Net current liabilities</b>					
		<b>(114,063,360)</b>	(105,903,963)	<b>(234.12)</b>	(200.04)
<b>Non-current liabilities</b>					
Lease liabilities	20	(1,347,768)	-	(2.77)	-
<b>Provision for staff terminal benefits</b>	18	<b>(1,516,048)</b>	(1,072,690)	<b>(3.11)</b>	(2.03)
<b>Net liabilities</b>		<b>(110,028,872)</b>	(102,215,208)	<b>(225.83)</b>	(193.07)
<b>Represented by:</b>					
Share capital	19(a)	22,000,000	22,000,000	45.16	41.56
Legal reserve	19(b)	886,635	886,635	1.82	1.67
Foreign currency translation reserve	19(c)	(483,430)	(303,450)	(0.99)	(0.57)
Accumulated losses		(132,432,077)	(124,798,393)	(271.82)	(235.73)
<b>Total equity deficit</b>		<b>(110,028,872)</b>	<b>(102,215,208)</b>	<b>(225.83)</b>	<b>(193.07)</b>

\* The Group initially applied IFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. Refer to note 3.

To the best of our knowledge, the consolidated financial statements present fairly, in all material respects, the consolidated financial position, results of operations and consolidated cash flows of the Group as of and for the year ended 31 March 2020.

The notes on pages 9 to 36 are an integral part of these financial statements.

These Consolidated financial statements were approved by the Board of Directors on 9th June 2020 and signed on their behalf by:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Finance Manager

The exchange rate use to convert AED to ₹ 20.525 (Previous year AED to ₹ 18.889)

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March, 2020

Particulars	Note	Year ended March 31,			
		2020 AED	2019 AED	2020 ₹ Crore	2019* ₹ Crore
<b>Revenue</b>	6	<b>178,003,153</b>	183,732,357	<b>365.35</b>	347.05
Cost of sales		<b>(132,370,614)</b>	(134,286,996)	<b>(271.69)</b>	(253.65)
Gross profit		<b>45,632,539</b>	49,445,361	<b>93.66</b>	93.40
Administrative, selling and general expenses	7	<b>(52,773,716)</b>	(49,519,357)	<b>(108.32)</b>	(93.54)
Finance expense	8	<b>(3,695,029)</b>	(4,064,887)	<b>(7.58)</b>	(7.68)
Finance income	8	<b>947,421</b>	1,692,336	<b>1.94</b>	3.20
Other income	9	<b>2,604,457</b>	1,966,203	<b>5.35</b>	3.71
<b>Loss for the year before tax</b>		<b>(7,284,328)</b>	(480,344)	<b>(14.95)</b>	(0.91)
Income tax		<b>(299,182)</b>	(344,631)	<b>(0.61)</b>	(0.65)
<b>Loss for the year</b>	-	<b>(7,583,510)</b>	(824,975)	<b>(15.57)</b>	(1.56)
Other comprehensive loss					
Exchange difference on translation of foreign operations		<b>(179,980)</b>	(92,343)	<b>(0.37)</b>	(0.17)
<b>Total comprehensive loss for the year</b>		<b>(7,763,490)</b>	(917,318)	<b>(15.93)</b>	(1.73)
<b>Loss for the year attributable to:</b>					
Owners of the Company		<b>(7,583,510)</b>	<b>(824,975)</b>	<b>(15.57)</b>	<b>(1.56)</b>
Loss for the year		<b>(7,583,510)</b>	(824,975)	<b>(15.57)</b>	(1.56)
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>(7,763,490)</b>	<b>(917,318)</b>	<b>(15.93)</b>	<b>(1.73)</b>
<b>Total comprehensive loss for the year</b>		<b>(7,763,490)</b>	<b>(917,318)</b>	<b>(15.93)</b>	<b>(1.73)</b>

\* The Group initially applied IFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. Refer to note 3.

The notes on pages 9 to 36 are an integral part of these consolidated financial statements

The exchange rate use to convert AED to ₹ 20.525 (Previous year AED to ₹ 18.889)

**STATEMENT OF CASH FLOWS**

For the year ended 31 March, 2020

Particulars	Year ended March 31,			
	2020	2019	2020	2019*
	AED	AED	₹ Crore	₹ Crore
<b>Operating activities</b>				
Loss for the year before tax	(7,284,328)	(480,344)	(14.95)	(0.91)
Adjustments for:			-	-
Depreciation of property and equipment	1,111,028	974,156	2.28	1.84
Depreciation of right-of-use assets	323,738	-	0.66	-
Provision for staff terminal benefits	493,260	83,485	1.01	0.16
Gain on disposal of property, plant and equipment	(197,923)	(1,496,740)	(0.41)	(2.83)
Interest on lease liabilities	205,176	-	0.42	-
Interest on bank borrowings	2,735,118	2,961,188	5.61	5.59
Interest income on fixed deposits	(180,968)	(659,191)	(0.37)	(1.25)
	(2,794,899)	1,382,554	(5.74)	2.61
Changes in inventories	338,248	2,614,032	0.69	4.94
Changes in trade and other receivables	7,993,636	(559,179)	16.41	(1.06)
Changes in due from related parties	(5,038,537)	847,668	(10.34)	1.60
<b>Changes in trade and other payables</b>	1,555,426	(6,039,207)	3.19	(11.41)
<b>Changes in due to related parties</b>	(1,713,472)	(11,188,615)	(3.52)	(21.13)
Staff terminal benefits paid	(49,902)	(91,089)	(0.10)	(0.17)
Tax paid	(86,354)	(421,196)	(0.18)	(0.80)
Net cash from / (used in) operating activities	204,146	(13,455,032)	0.42	(25.42)
<b>Investing activities</b>				
Acquisition of property, plant and equipment	(1,753,744)	(2,943,817)	(3.60)	(5.56)
Proceeds from disposal of property, plant and equipment	253,676	2,127,956	0.52	4.02
Interest received	180,968	659,191	0.37	1.25
Movement in foreign currency translation reserve	(179,980)	(92,343)	(0.37)	(0.17)
<b>Net cash used in investing activities</b>	(1,499,080)	(249,013)	(3.08)	(0.47)
<b>Financing activity</b>				
Net movement in bank borrowings	(11,417)	20,201,500	(0.02)	38.16
Interest paid	(2,735,118)	(2,961,188)	(5.61)	(5.59)
Payment of lease obligations	(537,084)	-	(1.10)	-
Net cash (used in) / from financing activities	(3,283,619)	17,240,312	(6.74)	32.57
Net (decrease) / increase in cash and cash equivalents	(4,578,553)	3,536,267	(9.40)	6.68
<b>Cash and cash equivalents at the beginning of the year</b>	(16,110,990)	(19,647,257)	(33.07)	(37.11)
<b>Cash and cash equivalents at the end of the year</b>	(20,689,543)	(16,110,990)	(42.47)	(30.43)
<b>These comprise:</b>				
Cash in hand	14,194	22,588	0.03	0.04
<b>Cash at bank</b>	3,739,608	2,370,147	7.68	4.48
<i>Bank overdraft</i>	(24,443,345)	(18,503,725)	(50.17)	(34.95)
	(20,689,543)	(16,110,990)	(42.47)	(30.43)

\* The Group initially applied IFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. Refer to note 3.

The notes on pages 9 to 36 are an integral part of these consolidated financial statements

The exchange rate use to convert AED to ₹ 20.525 (Previous year AED to ₹ 18.889)

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March, 20120

Particulars	Share capital		Accumulated losses		Legal reserve		Foreign currency Translation Reserve		Total		Share capital		Accumulated Losses		Legal reserve		Foreign currency Translation Reserve		Total	
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
At 1 April 2018 - Unaudited	22,000,000	(123,973,418)	886,635	(211,107)	(101,297,890)	41.56	(234.17)	1.67	(191.34)											
<b>Total comprehensive loss for the year</b>																				
Loss for the year	-	(824,975)	-	-	(824,975)	-	(1.56)	-	(1.56)											
Other comprehensive loss for the year	-	-	-	(92,343)	(92,343)	-	-	-	(0.17)											
Total comprehensive loss for the year	-	(824,975)	-	(92,343)	(917,318)	-	(1.56)	-	(1.73)											
<b>As at 31 March 2019</b>	<b>22,000,000</b>	<b>(124,798,393)</b>	<b>886,635</b>	<b>(303,450)</b>	<b>(102,215,208)</b>	<b>41.56</b>	<b>(235.73)</b>	<b>1.67</b>	<b>(193.07)</b>											
At 1 April 2019*	22,000,000	(124,798,393)	886,635	(303,450)	(102,215,208)	42	(236)	2	(193)											
Impact of first time adoption of IFRS 16 (refer note 3)	-	(50,174)	-	-	(50,174)	-	(0.1)	-	(0)											
At 1 April 2019 (adjusted)	22,000,000	(124,848,567)	886,635	(303,450)	(102,265,382)	42	(235.8)	2	(193)											
<b>Total comprehensive loss for the year</b>																				
Loss for the year	-	(7,583,510)	-	-	(7,583,510)	-	(15.57)	-	(15.57)											
Other comprehensive loss for the year	-	-	-	(179,980)	(179,980)	-	-	-	(0.37)											
Total comprehensive loss for the year	-	(7,583,510)	-	(179,980)	(7,763,490)	-	(15.57)	-	(15.93)											
<b>As at 31 March 2020</b>	<b>22,000,000</b>	<b>(132,432,077)</b>	<b>886,635</b>	<b>(483,430)</b>	<b>(110,028,872)</b>	<b>45.16</b>	<b>(271.82)</b>	<b>1.82</b>	<b>(225.83)</b>											

\* The Group initially applied IFRS 16 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. Refer to note 3.

The exchange rate use to convert AED to ₹ 20.525 (Previous year AED to ₹ 18.889)

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

#### 1 Reporting entity

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

The 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.

The consolidated financial statements of the Company as at and for the year ended 31 March 2020 comprise the Company and its subsidiaries (collectively referred to as “the Group”). The legal status and principal activities of the subsidiaries is set out in note 23.

The principal activity of the Company and its subsidiaries includes trading of beauty and personal care, hair care, food and health care products, dried vegetables and fruits.

#### 2 Basis of preparation

##### Going concern

These consolidated financial statements have been prepared on a going concern basis not with standing the fact that the Group incurred a net loss of AED 7,583,510 (2019: AED 824,975) during the year ended 31 March 2020, had net current liabilities amounting to AED 114,063,360 (2019: AED 105,903,963), accumulated losses of AED 132,432,077 (2019: AED 124,798,393) and net liabilities amounting to AED 110,028,872 (2019: AED 102,215,208) as at that date. The continuation of the Group’s operations is dependent upon continued financial support of the Parent Company and the lender banks and the ability of the Group 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 Group to meet its obligations as they fall due in the foreseeable future to keep the Group as a going concern. Furthermore, management is confident that the facilities obtained from the lender banks will continue in the foreseeable future.

##### Statement of compliance

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

This is the first set of the Group’s annual financial statements in which IFRS 16 Leases have been applied. Changes to the significant accounting policies are described in note 3.

##### Basis of measurement

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

##### Functional and presentation currency

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

##### Use of estimates and judgements

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

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have most significant effect on the amounts recognised in the consolidated financial statements are described in note 24.

### 3 Changes in significant accounting policies

#### IFRS 16 Leases

The Group has initially applied IFRS 16 - Leases from 1 April 2019. A number of other new standards are also effective from 1 April 2019 but they do not have a material effect on the Group's financial statements.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

#### A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 4.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

#### B. As a lessee

The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

#### Leases classified as operating leases under IAS 17

Previously, the Group classified office and warehouse leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all its leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

#### C. Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below:

	1 April 2019	
	AED	₹ Crore
Right-of-use assets	1,873,634	3.54
Lease liabilities	1,923,808	3.63
Retained earnings	50,174	0.09

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The rates applied range from 3.1% to 4.1%.

	1 April 2019	
	AED	₹ Crore
Operating lease commitments at 31 March 2019 as disclosed under IAS 17 in the Group's financial statements	98,677	0.19
Extension options reasonably certain to be exercised	2,524,366	4.77
	<b>2,623,043</b>	<b>4.96</b>
Discounted using the incremental borrowing rate at 1 April 2019	1,923,808	3.63
Lease liabilities recognized at 1 April 2019	<b>1,923,808</b>	<b>3.63</b>

#### 4 Significant accounting policies

The accounting policies set out below, which comply with IFRSs, have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group except for the changes in accounting policy for Leases, as a result of adoption of IFRS 16 during the current year.

##### Basis of consolidation

##### Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination has been achieved in stages, the fair value of the existing equity interest in the acquiree; and less



## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any goodwill that arises is tested annually for impairment.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Any contingent consideration is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

#### **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. All subsidiaries have their reporting date as 31 March.

#### **Loss of control**

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, the retained interest is accounted for as an associate or as a joint venture or as a financial asset depending on the level of influence retained.

#### **Transactions eliminated on consolidation**

Material intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### **Revenue from contracts with customers**

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

#### **Revenue recognition**

##### **Sale of goods**

The Group recognises revenue when it transfers control over a good or service to a customer. Customers obtain control when the goods are delivered and have been accepted by the customers at their premises. Invoices are generated at that point in time. Invoices are usually payable within 30 to 60 days. For contracts that permit the customer to return an item, the Group uses its accumulated historical experience to estimate the number of returns

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years. Any discounts and rebates given are recognised as a reduction from revenue.

#### Leases

##### Policy applicable from 1 April 2019

##### As a lessee

##### Right-of-use assets: recognition and measurement

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any material initial direct costs incurred and an estimate of material costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

##### Depreciation

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

##### Lease liabilities: recognition and measurement

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's weighted average incremental borrowing rate. Generally, the Group uses the average interest rate on bonds.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### Presentation

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

#### *Short-term leases and leases of low-value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### As a lessor

The Group does not act a lessor or has no sub-lease arrangements.

### Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met: the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

### As a 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 recognized as an integral part of the total lease expense, over the term of the lease.

### Finance expenses and income

The Group's finance expenses include interest on bank borrowings, bank charges and interest on lease liabilities. Finance income includes interest on bank deposits and foreign exchange gain.

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

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

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

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

#### Property, plant and equipment and depreciation

##### Recognition and measurement

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

##### *Subsequent expenditure*

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

##### Depreciation

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. The details of the useful lives are as follows:

	Years
Buildings	20
Plant and machineries	8
Equipment, fixture and fittings	3-8
Motor vehicles	4-10

##### Inventories

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

##### Financial instruments

###### i) Recognition and initial measurement

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

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

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### ii) Classification and subsequent measurement

#### Financial assets

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

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

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

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

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

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

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

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

#### Financial liabilities – classification, subsequent measurement and gains and losses

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

### (iii) Derecognition

#### Financial assets

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

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### (FORMING PART OF THE FINANCIAL STATEMENTS)

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

#### Financial liabilities

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

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

#### iv) Offsetting

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

#### Impairment

##### Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

- Financial assets measured at amortized cost.

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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

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

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

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

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

### Measurement of ECLs

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

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

#### *Credit-impaired financial assets*

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

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

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

Presentation of allowance for ECL in the consolidated statement of financial position

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

### Write-off

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

### Financial assets measured at amortised cost

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

In assessing collective impairment, the 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

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### (FORMING PART OF THE FINANCIAL STATEMENTS)

the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the 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 recognised, then the previously recognised impairment loss is reversed through profit or loss.

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

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

#### **Provisions**

A provision is recognised if, as a result of a past event, the Group 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.

#### **Income tax expenses**

Income tax expense comprises current and deferred tax calculated in accordance with the income tax laws applicable to certain overseas subsidiaries. Current tax and deferred tax is 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.

#### **Current tax**

Current tax is the expected tax payable or receivable on the taxable income 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. Current tax payable also includes any tax liability arising from the declaration of dividends.

#### **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 not recognised for 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 nor loss. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are



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### (FORMING PART OF THE FINANCIAL STATEMENTS)

reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they will be used. 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 at the reporting date. The measurement of deferred tax reflects the consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

#### Staff terminal benefits

The Group'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.

#### Foreign currency transactions and balances

##### Foreign currency transactions

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

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

##### Foreign operations

The assets and liabilities of foreign operations are translated to the Company's functional currency (AED) at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to AED at the average exchange rates for the year. Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the 'foreign currency translation reserve' in equity. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of gain or loss on disposal.

## 5 Financial risk management

### Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

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### (FORMING PART OF THE FINANCIAL STATEMENTS)

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

The Group's approach to risk management is established to identify and analyze the risk faced by the Group, 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 Group's activities.

#### **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to trade and other receivables, related party receivables and cash at bank.

#### **Trade and other receivables**

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

Exposures within each credit risk grade are segmented by nature of customers' operations and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the previous years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on GDP forecast and industry outlook.

#### **Amount due from related parties**

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

#### **Cash at bank**

Cash is held with banks with repute. Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. The Group considers that cash balances with banks has a low credit risk based on the external credit ratings of the counterparties and accordingly, the expected credit loss is negligible.

#### **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or other financial asset. The Group'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 Group's reputation. The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Also refer to note 2.

#### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group'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.

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**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's transactions are principally in local currencies and US Dollars with few transactions carried out in other currencies. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant.

The Group's management closely monitors exchange rate fluctuations and the timing of purchases, sales, payments and receipts.

**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 Group's exposure to interest rate risk is primarily related to its bank borrowings. The interest rate on the Group's financial instruments is based on market rates.

**Capital management**

The Board 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 Group's approach to capital management during the year.

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

### 6 Revenue

#### Revenue Streams

The Group generates revenue primarily from the sale of beauty and personal care, hair care, food and health care products to its customers.

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
Revenue from contracts with customers	178,003,153	183,732,357	365.35	347.05

#### Disaggregation of revenue from contracts with customers

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

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
<b>Primary geographical markets</b>				
Asia	148,294,289	150,467,965	304.37	284.22
Others	29,708,864	33,264,392	60.98	62.83
	<b>178,003,153</b>	<b>183,732,357</b>	<b>365.35</b>	<b>347.05</b>

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
<b>Timing of revenue recognition</b>				
Products transferred at a point in time	178,003,153	183,732,357	365.35	347.05

### 7 Administrative, selling and general expenses

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
Advertising and promotions	25,134,669	21,613,076	51.59	40.82
Staff costs	14,596,407	14,902,987	29.96	28.15
Legal and professional fees	3,473,351	1,586,951	7.13	3.00
Royalty (refer note 14)	1,760,983	2,177,333	3.61	4.11
Freight, clearing and forwarding expenses	1,731,042	2,097,269	3.55	3.96
Repair and maintenance	1,691,055	1,716,813	3.47	3.24
Depreciation on property, plant and equipment (refer note 10)	1,111,028	974,156	2.28	1.84
Travel expenses	983,976	1,170,104	2.02	2.21
Printing and stationery	488,854	408,790	1.00	0.77
Insurance	473,688	444,250	0.97	0.84
Rent	152,921	1,129,631	0.31	2.13
Depreciation on right of use assets (refer note 11)	323,738	-	0.66	-
Others	852,004	1,297,997	1.75	2.45
	<b>52,773,716</b>	<b>49,519,357</b>	<b>108.32</b>	<b>93.54</b>

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**8 Finance expense and income**

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
<b>Finance expense</b>				
Interest on bank borrowings	2,735,118	2,961,188	5.61	5.59
Bank charges	754,735	1,103,699	1.55	2.08
Interest on lease liabilities (refer note 20)	205,176	-	0.42	-
	<b>3,695,029</b>	<b>4,064,887</b>	<b>7.58</b>	<b>7.68</b>
<b>Finance income</b>				
Foreign exchange gain - net	766,453	1,032,731	1.57	1.95
Interest income on fixed deposits	180,968	659,191	0.37	1.25
Miscellaneous income	-	414	-	0.00
	<b>947,421</b>	<b>1,692,336</b>	<b>1.94</b>	<b>3.20</b>

**9 Other income**

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
Commission income (refer note (i) below and note 14)	1,754,920	-	3.60	-
Gain on disposal of property, plant and equipment	197,923	1,496,740	0.41	2.83
Miscellaneous income	651,614	469,463	1.34	0.89
	<b>2,604,457</b>	<b>1,966,203</b>	<b>5.35</b>	<b>3.71</b>

(i) Commission income represents amount received from the Parent Company against sales support services provided by the Group.

**10 Property, plant and equipment**

Particulars	Land and buildings	Plant and machineries	Equipment, fixture and fittings	Motor vehicles	Total
	AED	AED	AED	AED	AED
<b>Cost</b>					
At 1 April 2018 – Unaudited	3,465,328	6,323,415	837,337	437,061	11,063,141
Additions	143,666	2,502,570	297,581	-	2,943,817
Disposals	(734,075)	(2,706,013)	(362,727)	(113,225)	(3,916,040)
<b>At 31 March 2019</b>	<b>2,874,919</b>	<b>6,119,972</b>	<b>772,191</b>	<b>323,836</b>	<b>10,090,918</b>
At 1 April 2019	2,874,919	6,119,972	772,191	323,836	10,090,918
Additions	72,076	1,226,457	431,871	23,340	1,753,744
Disposals	-	(412,715)	(5,015)	(204,464)	(622,194)
<b>At 31 March 2020</b>	<b>2,946,995</b>	<b>6,933,714</b>	<b>1,199,047</b>	<b>142,712</b>	<b>11,222,468</b>
<b>Depreciation</b>					
At 1 April 2018 - Unaudited	1,520,194	5,056,593	745,764	317,590	7,640,141
Charge for the year	168,183	620,502	135,156	50,315	974,156
On disposals	(339,088)	(2,538,449)	(329,891)	(77,396)	(3,284,824)
<b>At 31 March 2019</b>	<b>1,349,289</b>	<b>3,138,646</b>	<b>551,029</b>	<b>290,509</b>	<b>5,329,473</b>

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Particulars	Land and buildings	Plant and machineries	Equipment, fixture and fittings	Motor vehicles	Total
	AED	AED	AED	AED	AED
At 1 April 2019	1,349,289	3,138,646	551,029	290,509	5,329,473
Charge for the year	157,784	707,118	244,667	1,459	1,111,028
On disposals	-	(390,294)	(5,011)	(171,136)	(566,441)
<b>At 31 March 2020</b>	<b>1,507,073</b>	<b>3,455,470</b>	<b>790,685</b>	<b>120,832</b>	<b>5,874,060</b>
<b>Net book value</b>					
<b>At 31 March 2020</b>	1,439,922	3,478,244	408,362	21,880	5,348,408
<b>At 31 March 2019</b>	<b>1,525,630</b>	<b>2,981,326</b>	<b>221,162</b>	<b>33,327</b>	<b>4,761,445</b>

Particulars	Land and buildings	Plant and machineries	Equipment, fixture and fittings	Motor vehicles	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Cost</b>					
At 1 April 2018 – Unaudited	6.55	11.94	1.58	0.83	20.90
Additions	0.27	4.73	0.56	-	5.56
Disposals	(1.39)	(5.11)	(0.69)	(0.21)	(7.40)
<b>At 31 March 2019</b>	<b>5.43</b>	<b>11.56</b>	<b>1.46</b>	<b>0.61</b>	<b>19.06</b>
At 1 April 2019	5.43	11.56	1.46	0.61	19.06
Additions	0.14	2.32	0.82	0.04	3.31
Disposals	-	(0.78)	(0.01)	(0.39)	(1.18)
<b>At 31 March 2020</b>	<b>6.05</b>	<b>14.23</b>	<b>2.46</b>	<b>0.29</b>	<b>23.03</b>
<b>Depreciation</b>					
At 1 April 2018 - Unaudited	2.87	9.55	1.41	0.60	14.43
Charge for the year	0.32	1.17	0.26	0.10	1.84
On disposals	(0.64)	(4.79)	(0.62)	(0.15)	(6.20)
<b>At 31 March 2019</b>	<b>2.55</b>	<b>5.93</b>	<b>1.04</b>	<b>0.55</b>	<b>10.07</b>
At 1 April 2019	2.55	5.93	1.04	0.55	10.07
Charge for the year	0.30	1.34	0.46	0.00	2.10
On disposals	-	(0.74)	(0.01)	(0.32)	(1.07)
<b>At 31 March 2020</b>	<b>3.09</b>	<b>7.09</b>	<b>1.62</b>	<b>0.25</b>	<b>12.06</b>
<b>Net book value</b>					
<b>At 31 March 2020</b>	<b>2.96</b>	<b>7.14</b>	<b>0.84</b>	<b>0.04</b>	<b>10.98</b>
<b>At 31 March 2019</b>	<b>2.88</b>	<b>5.63</b>	<b>0.42</b>	<b>0.06</b>	<b>8.99</b>

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### (FORMING PART OF THE FINANCIAL STATEMENTS)

#### 11 Right-of-use assets

Right-of-use asset related to leased assets are presented as a separate line item on the statement of financial position and are depreciated on a straight-line basis over the estimated lease terms. Lease terms and rental calculations vary significantly between different lease agreements (also refer note 20). Movement in these is as follows:

Particulars	Office and warehouse	
	2020 AED	2020 ₹ Crore
<b>Cost</b>		
Recognition of right-of-use asset on initial application of IFRS 16 at 1 April 2019 (refer note 3)	1,873,634	3.54
At 31 March 2020	1,873,634	3.85
<b>Accumulated depreciation</b>		
Depreciation for the year (refer note 7)	(323,738)	(0.66)
	(323,738)	(0.66)
<b>Carrying amount at 31 March 2020</b>	<b>1,549,896</b>	<b>3.18</b>

#### 12 Inventories

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
Finished goods	2,346,326	2,111,512	4.82	3.99
Consumables	1,195,391	1,176,790	2.45	2.22
Raw materials	873,569	1,459,196	1.79	2.76
Semi-finished goods	1,495	7,531	0.00	0.01
	<b>4,416,781</b>	<b>4,755,029</b>	<b>9.07</b>	<b>8.98</b>

#### 13 Trade and other receivables

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
Trade receivables	23,167,569	33,340,439	47.55	62.98
Prepayments	487,570	339,692	1.00	0.64
Advances to suppliers	1,561,067	1,103,155	3.20	2.08
Other receivables	3,086,209	1,512,765	6.33	2.86
	<b>28,302,415</b>	<b>36,296,051</b>	<b>58.09</b>	<b>68.56</b>

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

#### 14 Related party transactions and balances

The Group, in the normal course of business, carries out transactions with other enterprises. The transactions with related parties are entered at mutually agreed terms. Significant transactions with related parties during the year ended were as follows:

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
Sales of goods	83,549,742	69,678,116	171.49	131.61
Purchase of goods	22,009,707	43,838,828	45.17	82.81
Royalty payable to Parent Company (refer note 7)	1,760,983	2,177,333	3.61	4.11
Commission income (refer note 9)	1,754,920	-	3.60	-
Key management remuneration (including end of service of AED Nil (2019: AED Nil))	1,018,150	646,069	2.09	1.22

Compensation to key management personnel:

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

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
<b>Due to related parties</b>				
Marico Bangladesh Limited	8,583,849	3,549,665	17.62	6.70
International Consumer Products	-	1,388	-	0.00
Marico South Africa PTY	5,741	-	0.01	-
	<b>8,589,590</b>	<b>3,551,053</b>	<b>17.63</b>	<b>6.71</b>
<b>Due to related parties</b>				
Marico Limited	10,611,336	12,369,825	21.78	23.37
International Consumer Products	45,017	-	0.09	-
	<b>10,656,353</b>	<b>12,369,825</b>	<b>21.87</b>	<b>23.37</b>

#### 15 Cash at bank and in hand

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
Cash in hand	14,194	22,588	0.03	0.04
Cash at bank	3,739,608	2,370,147	7.68	4.48
	<b>3,753,802</b>	<b>2,392,735</b>	<b>7.70</b>	<b>4.52</b>

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

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
Cash and bank balances	3,753,802	2,392,735	7.70	4.52
Bank overdrafts (refer note 17)	(24,443,345)	(18,503,725)	(50.17)	(34.95)
	<b>(20,689,543)</b>	<b>(16,110,990)</b>	<b>(42.47)</b>	<b>(30.43)</b>



## NOTES

(FORMING PART OF THE FINANCIAL STATEMENTS)

### 16 Trade and other payables

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
Trade payables	11,529,841	5,468,764	23.66	10.33
Other payables and accruals	32,671,516	37,177,167	67.06	70.22
Provision for income tax	334,923	278,487	0.69	0.53
Deferred tax liabilities	287,755	131,363	0.59	0.25
	<b>44,824,035</b>	<b>43,055,781</b>	<b>92.00</b>	<b>81.33</b>

### 17 Bank borrowings

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
Term loans	78,958,083	78,969,500	162.06	149.17
Bank overdrafts	24,443,345	18,503,725	50.17	34.95
	<b>103,401,428</b>	<b>97,473,225</b>	<b>212.23</b>	<b>184.12</b>

Bank borrowings represent term loans and overdrafts availed from the banks for the purchases made by the Group and these are repayable within 365 days from the date of issue. During the year, the interest rate on these bank borrowings ranged from LIBOR+0.7% to LIBOR+ 0.8 % per annum (2019: LIBOR+0.7% to LIBOR+0.8% per annum). These bank borrowings are secured by corporate guarantee of the Parent Company.

### 18 Provision for staff terminal benefits

The movement in provision staff terminal benefits was as follows:

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
As at 1 April	1,072,690	1,080,294	2.20	2.04
Provision made during the year	493,260	83,485	1.01	0.16
Payments during the year	(49,902)	(91,089)	(0.10)	(0.17)
As at 31 March	<b>1,516,048</b>	<b>1,072,690</b>	<b>3.11</b>	<b>2.03</b>

### 19 (a) Share capital

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
Authorised, issued and fully paid up:				
22 shares of AED 1,000,000	<b>22,000,000</b>	<b>22,000,000</b>	<b>45.16</b>	<b>41.56</b>

### (b) Legal reserve

This represents legal reserve of the subsidiary companies.

In accordance with applicable Company law, a minimum of 5% of the net profit of the respective company is required to be allocated every year to legal reserve. Such allocation may be ceased when the legal reserve equals 50% of the share capital. This reserve can be utilised in covering losses or increasing share capital of the respective companies.

### (c) Foreign currency translation reserve

This translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the foreign currency differences arising on net investments in foreign operations.

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

#### 20 Lease liabilities

See accounting policy in note 4.

Leases as Lessee

The Group leases a building for office and warehouse under operating leases. Lease terms and rental calculations vary between different lease agreements.

Particulars	2020	2020
	AED	₹ Crore
Lease liabilities recognised on initial application of IFRS 16 at 1 April	1,923,808	3.95
Interest expense for the year (refer note 8)	205,176	0.42
Payment against lease liabilities	(537,084)	(1.10)
Balance at 31 March	1,591,900	3.27
Less: short term portion of lease obligations	(244,132)	(0.50)
Long term portion of lease obligations	1,347,768	2.77

Details of lease payments are as follows

Particulars	Future	Interest	Present value	Future	Interest	Present value
	minimum		of minimum	minimum		of minimum
	lease		lease	lease		lease
	payments		payments	payments		payments
	AED	AED	AED	₹ Crore	₹ Crore	₹ Crore
Less than one year	426,726	182,594	244,132	0.88	0.37	0.50
Between one and five years	1,718,840	371,072	1,347,768	3.53	0.76	2.77
	<b>2,145,566</b>	<b>553,666</b>	<b>1,591,900</b>	<b>4.40</b>	<b>1.14</b>	<b>3.27</b>

Amounts recognised in profit or loss in AED

#### 2020 – Leases under IFRS 16

Particulars	2020	2020
	AED	₹ Crore
Interest on lease liabilities (refer note 8)	205,176	0.42
Depreciation charge for the year – right-of-use assets (refer note 7)	323,738	0.66
Rent expense (for leases outside the scope of IFRS 16) (refer note 7)	152,921	0.31
	<b>681,835</b>	<b>1.39</b>

#### 2019 – Operating leases under IAS 17

Lease expense	1,129,631	2.13
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Amounts recognised in statement of cash flows

Total cash outflow for leases		
— Payment towards principal amounts	331,908	0.68
— Payment towards interest	205,176	0.42

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

### 21 Contingent liabilities and capital commitments

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
Financial guarantees	50,000	50,000	0.10	0.09

The Group did not have any significant capital commitments at 31 March 2020 (2019: Nil).

### 22 Financial instruments

Exposure to credit risk, liquidity risk and market risk arises in the normal course of the Group'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	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
Trade receivables	23,167,569	33,340,439	47.55	62.98
Other receivables	3,086,209	1,512,765	6.33	2.86
Due from related parties	8,589,590	3,551,053	17.63	6.71
Cash at bank	3,739,608	2,370,147	7.68	4.48
	<b>38,582,976</b>	<b>40,774,404</b>	<b>79.19</b>	<b>77.02</b>

The ageing of trade receivables at the reporting date was:

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
Not past due	17,553,683	29,143,171	36.03	55.05
Past due (0-60 days)	5,613,886	4,197,268	11.52	7.93
	<b>23,167,569</b>	<b>33,340,439</b>	<b>47.55</b>	<b>62.98</b>

At 31 March 2020, the Group does not have any provision for impairment loss on its trade receivables (2019: Nil). Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables.

## NOTES

(FORMING PART OF THE FINANCIAL STATEMENTS)

### b) Liquidity risk

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

#### Non-derivative financial liabilities

Particulars	31 March, 2020				₹ Crore			
	Carrying amount	AED Contractual cash flow	6 month or less	More than 1 year	Carrying amount	Contractual cash flow	6 month or less	More than 1 year
Trade and other payables	44,201,357	44,201,357	44,201,357	-	90.72	90.72	90.72	-
Due to related parties	10,656,353	10,656,353	10,656,353	-	21.87	21.87	21.87	-
Bank borrowings	103,401,428	107,537,485	107,537,485	-	212.23	220.72	220.72	-
Lease liabilities	1,591,900	2,145,566	426,726	1,718,840	3.27	4.40	0.88	3.53
	<b>159,851,038</b>	<b>164,540,761</b>	<b>162,821,921</b>	<b>1,718,840</b>	<b>328.09</b>	<b>337.72</b>	<b>334.19</b>	<b>3.53</b>

#### Non-derivative financial liabilities

Particulars	31 March, 2019				₹ Crore			
	Carrying amount	AED Contractual cash flow	6 month or less	More than 1 year	Carrying amount	Contractual cash flow	6 month or less	More than 1 year
Trade and other payables	42,645,931	42,645,931	42,645,931	-	80.55	80.55	80.55	-
Due to related parties	12,369,825	12,369,825	12,369,825	-	23.37	23.37	23.37	-
Bank borrowings	97,473,225	101,372,154	101,372,154	-	184.12	191.48	191.48	-
	<b>152,488,981</b>	<b>156,387,910</b>	<b>156,387,910</b>	<b>-</b>	<b>288.04</b>	<b>295.40</b>	<b>295.40</b>	<b>-</b>

### c) Market risk

#### Exposure to currency risk

The Group's transactions are principally in local currencies and US Dollars with few transactions carried out in other currencies. Management monitors the fluctuations in currency exchange rates and believes that the Group's exposure to currency risk is not significant.

#### Interest rate risk

#### Profile

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

#### Variable interest rate instruments

Particulars	2020	2019	2020	2019
	AED	AED	₹ Crore	₹ Crore
Bank borrowings	103,401,428	97,473,225	212.23	184.12

Cash flow sensitivity analysis for variable rate instruments

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

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	Decrease	Increase	Decrease
	AED	AED	₹ Crore	₹ Crore
<b>31-Mar-2020</b>	103,401	(103,401)	0.21	(0.21)
Bank borrowings				
<b>31-Mar-2019</b>				
Bank borrowings	<b>97,473</b>	<b>(97,473)</b>	<b>0.18</b>	<b>(0.18)</b>

#### d) Fair values

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

#### 23 List of subsidiaries

Name of the subsidiaries	Ownership interest	Legal status and principal activities
Egypt American Investment and Industrial Development Company (EAIIDC)*	100%*	The entity is a registered company in Egypt. Principal activities of the entity is to manufacture cosmetics, perfumes and aromatic oils.
Marico Malaysia SDN. BHD **	100%*	The entity is a registered company in Malaysia. Principal activities of the entity is distribution of cosmetics, toiletries and related beauty products.
MBL Industries Limited**	100%*	The entity is registered a company in Bangladesh. Principal activity of the entity is trading of hair oil.
MEL Consumer Care Company *	100%*	The entity is a registered company in the Egypt. Principal activity is to produce products related to consumer care and skin care and selling & distribution of these products.
Marico for Consumer Care Products SAE*	100%*	The entity is a registered company in Egypt. Principal activities of the Company are to manufacture all kinds of cosmetics, extraction of oils, detergents, cosmetics including perfumes and shampoo.
Marico Egypt For Industries SAE *	100%*	The entity is a registered company in Egypt. Principal activities of the Company are to manufacture cosmetics, perfumes, hair and skin care products, soap, toothpaste, hair shampoo.

\*Shares of these entities are held by certain individuals in their personal name for the beneficial interest of the Company.

\*\* These entities were not operational as at 31 March 2020.

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

#### 24 Accounting estimates and judgments

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

##### **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 Group. On the basis of such support, the Group's management is of the opinion that the Group 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.

##### **Estimated useful life and residual value of property, plant and equipment**

The Group reviews the useful life and residual value of the property, plant and equipment at each reporting date to determine whether an adjustment to the useful life and residual value is required. The useful life and residual value is estimated based on the similar assets of the industry, and future economic benefit expectations of the management.

##### **Impairment of property, plant and equipment**

Property, plant and equipment are tested for impairment whenever there is an indication of impairment. Testing for impairment of these assets requires management to estimate the recoverable amount of the cash generating unit.

##### **Provision for slow moving and obsolete inventories**

The Group reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is any future saleability of the product and the net realisable value for such product. Accordingly, provision for impairment is made where the net realisable value is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on the past movement of the inventory.

#### 25 Other information

During the year, in March 2020, World Health Organisation has declared COVID -19 as a pandemic. Escalation of COVID-19 has the potential to impact the global economic growth and business developments. In recent weeks, many countries have enacted protection measures against COVID-19, with a significant impact on the daily life, production and supply chain of goods in these countries and beyond. The evolution of COVID-19 as well as its impact on the global economy, and more specifically, on the Group's business activities, is subject to significant levels of uncertainty, with the full range of possible effects unknown on the date of the approval of the Group's financial statements for the year ended 31 March 2020.

## MEL CONSUMER CARE S.A.E.

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2020)**

Mr. Durgesh Chugh  
Mr. Padmanabh Maydeo (until August 25, 2019)  
Mr. Ashish Sugandh Modak (until June 18, 2019)  
Mr. Mohamed El-Arabi (w.e.f. August 25, 2019)  
Ms. Marwa Hussein (representing MME) (w.e.f. August 25, 2019)  
Mr. Hatem Hamed (representing MME) (w.e.f. August 25, 2019)  
Mr. Ashish Joshi

**REGISTERED OFFICE**

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

**AUDITORS**

KPMG Hazem Hassan

**BANKERS**

HSBC

**LEGAL ADVISORS**

Yasser Maharem Office for Accounting & Auditing,  
Nassef Law Firm

## **INDEPENDENT AUDITOR'S REPORT**

To the shareholders of MEL Consumer Care

### **Report on the financial 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 March 31, 2020, 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.

### **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 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 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 unconsolidated financial position of MEL Consumer Care S.A.E. as at March 31, 2020, 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 as indicated in note No. (9) of the notes to the Separate financial statements, the Company has subsidiaries, and in accordance with the Egyptian Accounting Standard No.(42) (Separate Financial Statements) and article 188 of the executive regulation of law 159 of 1981, the Company has to prepare consolidated financial statements for the group that could be referred to for a better understanding of the financial position, results of operations and cash flows for the Group as a whole.

### **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

As explained in note No. (18) of the notes to the financial statements which indicate that the company incurred loss amounted to LE 4 018 059 for the year ended March 31, 2020, and cumulative losses reached to L.E 127 228 766 as of March 31, 2020 which exceeded the half of the company's equity amounting to LE 227 155. In such cases the Egyptian companies law No. 159 for 1981 and its executive regulations and the company's Article of Incorporation requires the company's management should promptly convoke the Extra-Ordinary Meeting for consideration of the continuance of the company.

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 May 21, 2020

**KPMG Hazem  
Hassan  
Public Accountants & Consultants**



**BALANCE SHEET**

As at 31 March, 2020

Particulars	Note No.	As at March 31,			
		2020 EGP	2019 EGP	2020 ₹ Crore	2019 ₹ Crore
<b>Non current assets</b>					
Fixed assets ( net )	(20-6,9)	9	9	0.00	0.00
Investments in subsidiaries	(20-12,10)	1,506,718	1,506,718	0.72	0.60
<b>Total Non current assets</b>		<b>1,506,727</b>	<b>1,506,727</b>	<b>0.72</b>	<b>0.60</b>
<b>Current assets</b>					
Debit balances	(20-13,11)	556,445	556,445	0.27	0.22
Cash and cash equivalents	(20-14,13)	750	788	0.00	0.00
<b>Total current assets</b>		<b>557,195</b>	<b>557,233</b>	<b>0.27</b>	<b>0.22</b>
<b>Total Assets</b>		<b>2,063,922</b>	<b>2,063,960</b>	<b>0.99</b>	<b>0.82</b>
<b>Equity</b>					
Issued & paid-up capital	(14)	250,000	250,000	0.12	0.10
Legal reserve	(20-11)	204,310	204,310	0.10	0.08
Retained (Losses)		(127,228,766)	(123,210,707)	(60.94)	(49.30)
<b>Total Equity</b>		<b>(126,774,456)</b>	<b>(122,756,397)</b>	<b>(60.72)</b>	<b>(49.12)</b>
<b>Current liabilities</b>					
Credit balances	(20-15,16)	69,528	82,866	0.03	0.03
Due to related parties	(20-15,12B)	128,571,027	124,539,458	61.59	49.83
Provisions	(20-10,15)	197,823	198,033	0.09	0.08
<b>Total current liabilities</b>		<b>128,838,378</b>	<b>124,820,357</b>	<b>61.71</b>	<b>49.94</b>
<b>Total liabilities</b>		<b>128,838,378</b>	<b>124,820,357</b>	<b>61.71</b>	<b>49.94</b>
<b>Total Equity and Liabilities</b>		<b>2,063,922</b>	<b>2,063,960</b>	<b>0.99</b>	<b>0.82</b>

Head of Finance  
Mohamed El-Arabi

Chairman  
Durgesh Chugh

(Auditor's report "attached")

Note: The exchange rate use to convert EGP to ₹ 4.789 (Previous year EGP to ₹ 4.002)

**SEPARATE INCOME STATEMENT**

For the financial year ended 31 March 2020

Particulars	Note No.	For the year ended March 31,			
		2020 EGP	2019 EGP	2020 ₹ Crore	2019 ₹ Crore
General and administrative expenses	(3)	(125 682)	(134 735)	(0.06)	(0.05)
Other expenses	(4)	(5 091 285)	(29 353 370)	(2.44)	(11.75)
<b>Operating losses</b>		<b>(5,216,967)</b>	<b>(29 488 105)</b>	<b>(2.50)</b>	<b>(11.80)</b>
Finance income	(20-4,5)	2,378,968	6,142,391	1.14	2.46
Finance expense	(20-4,6)	(1,180,060)	590,287	(0.57)	0.24
<b>Net finance income</b>		<b>1 198 908</b>	<b>6 732 678</b>	<b>0.57</b>	<b>2.70</b>
<b>Loss for the year</b>		<b>(4 018 059)</b>	<b>(22 755 427)</b>	<b>(1.93)</b>	<b>(9.10)</b>
<b>Losses per share</b>		<b>(16 072)</b>	<b>(91 022)</b>	<b>(0.01)</b>	<b>(0.04)</b>

Note: The exchange rate use to convert EGP to ₹ 4.789 (Previous year EGP to ₹ 4.002)

**STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 March 2020

Particulars	For the year ended March 31,			
	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Net losses for the year	(4 018 059)	(22 755 427)	(1.93)	(9.10)
<b>Add:</b>				
Other comprehensive income	-	-	-	-
<b>Total Comprehensive loss for the year</b>	<b>(4,018,059)</b>	<b>(22,755,427)</b>	<b>(1.93)</b>	<b>(9.10)</b>

## SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the financial year ended 31 March 2020

Description	Share capital	Legal reserve	Retained (losses)	Total
	EGP	EGP	EGP	EGP
<b>Balance as at 1 April 2018</b>	250 000	204 310	(100 455 280)	(100 000 970)
Total comprehensive income				
Net loss for the year	-	-	(22 755 427)	(22 755 427)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(22 755 427)</b>	<b>(22 755 427)</b>
Total transactions with shareholders	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>250 000</b>	<b>204 310</b>	<b>(123 210 707)</b>	<b>(122 756 397)</b>
<b>Balance as at 1 April 2019</b>	<b>250 000</b>	<b>204 310</b>	<b>(123 210 707)</b>	<b>(122 756 397)</b>
<b>Total comprehensive income</b>				
Net loss for the year	-	-	(4 018 059)	(4 018 059)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(4 018 059)</b>	<b>(4 018 059)</b>
Total transactions with shareholders	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>250 000</b>	<b>204 310</b>	<b>(127 228 766)</b>	<b>(126 774 456)</b>

Description	Share capital	Legal reserve	Retained (loss)	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Balance as at 1 April 2018</b>	<b>0.10</b>	<b>0.08</b>	<b>(40.20)</b>	<b>(40.02)</b>
<b>Total comprehensive income</b>				
Net loss for the year	-	-	(9.10)	(9.10)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(9.10)</b>	<b>(9.10)</b>
Total transactions with shareholders	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>0.10</b>	<b>0.08</b>	<b>(49.30)</b>	<b>(49.12)</b>
<b>Balance as at 1 April 2019</b>	<b>0.12</b>	<b>0.10</b>	<b>(59.01)</b>	<b>(49.13)</b>
<b>Total comprehensive income</b>				
Net loss for the year	-	-	(1.93)	(1.61)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(1.93)</b>	<b>(1.93)</b>
Total transactions with shareholders	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>0.12</b>	<b>0.10</b>	<b>(60.94)</b>	<b>(60.72)</b>

Note: The exchange rate use to convert EGP to ₹ 4.789 (Previous year EGP to ₹ 4.002)

**STATEMENT OF CASH FLOWS**

For the financial year ended 31 March 2020

Particulars	Note No.	Year ended March 31,			
		2020 EGP	2019 EGP	2020 ₹ Crore	2019 ₹ Crore
<b>Cash Flows From Operating Activities :</b>					
Net Loss for the year		(4,018,059)	(22,755,427)	(1.48)	(9.11)
<b>Adjustments for:</b>					
Impairment in related parties		5,091,285	29,353,370	1.88	11.75
Present value loan interest		-	(6,142,391)	-	(2.46)
Credit interest		1,180,060	-	0.44	-
<b>Changes In</b>					
Credit balances		(13,338)	4,022	(0.00)	(0.00)
Due from related parties		(5,091,285)	(17,388,751)	(1.88)	(6.96)
Due to related parties		2,851,509	16,918,772	1.05	6.77
Used from provisions		(210)	-	(0.00)	-
<b>Net Cash (used in) operating activities</b>		<b>(38)</b>	<b>(10,405)</b>	<b>(0.00)</b>	<b>(0.01)</b>
<b>Net cash (used in) operating activities</b>		<b>(38)</b>	<b>(10,405)</b>	<b>(0.00)</b>	<b>(0.01)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(38)</b>	<b>(10,405)</b>	<b>(0.00)</b>	<b>(0.01)</b>
Cash and cash equivalents at the beginning of the year (20-14,13)		788	11,193	0.00	0.00
<b>Cash and cash equivalents at the end of the year (20-14,13)</b>		<b>750</b>	<b>788</b>	<b>0.00</b>	<b>0.00</b>

Note: The exchange rate use to convert EGP to ₹ 4.789 (Previous year EGP to ₹ 4.002)

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 1- General

#### 1-1 Reporting entity

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

#### 1-2 Purpose of the Company

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

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

#### 1-3 The Company's duration

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

#### 1-4 Company's location

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

### 2- Basis of accounting

#### 2-1 Compliance with laws and regulations

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

These separate financial statements were authorized by the board of directors for issue on the May 20, 2020

#### 2-2 Basis of Measurement

The Separate Financial Statements have been prepared on historical cost basis .

#### 2-3 Functional and Presentation Currency

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

#### 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, 2020

**Measurement of Fair Value**

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

**3- General and administrative expenses**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Salaries and wages	58,014	49,869	0.03	0.02
Legal expnses	2,687	1,367	0.00	0.00
Consulting services	57,645	81,620	0.03	0.03
Other expenses	7,336	1,879	0.00	0.00
	<b>125,682</b>	<b>134,735</b>	<b>0.06</b>	<b>0.05</b>

**4- Other expenses**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Impairment on related parties	5,091,285	29,353,370	2.44	11.75
	<b>5,091,285</b>	<b>29,353,370</b>	<b>2.44</b>	<b>11.75</b>

**5- Finance income**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Present value loan interest	-	6,142,391	-	2.46
Foreign currency translation gain	2,378,968	-	1.14	-
	<b>2,378,968</b>	<b>6,142,391</b>	<b>1.14</b>	<b>2.46</b>

**6- Finance expense**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Debit interest	1,180,060	-	0.57	-
Foreign currency exchange differences	-	590,287	-	0.24
	<b>1,180,060</b>	<b>590,287</b>	<b>0.57</b>	<b>0.24</b>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 7- Losses per share

The company present the basic earning or losses per share for its ordinary shares. the earning per share calculated by dividing the gain or (loss) of the company after deducting the Employee's share profit and BOD remuneration over the weighted average for the ordinary shares numbers during the year.

Particulars	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	EGP	EGP	₹ Crore	₹ Crore
Net losses for the year (EGP)	(4,018,059)	(22,755,427)	(1.92)	(9.11)
<b>Less:</b>				
Employee's share profit	-	-	-	-
BOD remuneration	-	-	-	-
	<b>(4,018,059)</b>	<b>(22,755,427)</b>	<b>(1.92)</b>	<b>(9.11)</b>
The outstanding number of shares during the year	250	250	0.00	0.00
<b>Losses per share for the year (EGP/share)</b>	<b>(16,072)</b>	<b>(91,022)</b>	<b>(0.01)</b>	<b>(0.04)</b>

### 8- Reconciliation of effective tax rate

Particulars	Tax	31/03/2020	Tax	31/03/2019	Tax	31/03/2020	Tax	31/03/2019
	Rate	EGP	Rate	EGP	Rate	₹ Crore	Rate	₹ Crore
Net loss before income tax		(4,018,059)		22,755,427		(1.92)		9.11
Income tax on accounting loss	22.50%	904,063	22.50%	(5,119,971)	22.50%	0.43	22.50%	(2.05)
Non – deductible expenses		1,145,492		6,604,508		0.55		2.64
Unrecognized carry forward tax sses		293,839		(100,817)		0.14		(0.04)
Others		(535,268)		(1,383,720)		(0.26)		(0.55)
<b>Income tax</b>	<b>%</b>	<b>-</b>	<b>%</b>	<b>-</b>	<b>%</b>	<b>-</b>	<b>%</b>	<b>-</b>

### 9- Fixed Assets

Description	Computers & Software	Total	Computers & Software	Total
	EGP	EGP	₹ Crore	₹ Crore
Cost as at 1/4/2018	342,867	342,867	0.14	0.14
<b>Cost as at 31/3/2019</b>	<b>342,867</b>	<b>342,867</b>	<b>0.14</b>	<b>0.14</b>
Cost as at 1/4/2019	342,867	342,867	0.14	0.14
<b>Cost as at 31/3/2020</b>	<b>342,867</b>	<b>342,867</b>	<b>0.16</b>	<b>0.16</b>
<b>Accumulated depreciation</b>				
Accumulated depreciation as at 1/4/2018	342,858	342,858	0.14	0.14
<b>Accumulated depreciation as at 31/3/2019</b>	<b>342,858</b>	<b>342,858</b>	<b>0.14</b>	<b>0.14</b>
Accumulated depreciation as at 1/4/2019	342,858	342,858	0.14	0.14
<b>Accumulated depreciation as at 31/3/2020</b>	<b>342,858</b>	<b>342,858</b>	<b>0.16</b>	<b>0.16</b>
Net book Value				
<b>Net book Value at 31/3/2019</b>	<b>9</b>	<b>9</b>	<b>0.00</b>	<b>0.00</b>
<b>Net book Value at 31/3/2020</b>	<b>9</b>	<b>9</b>	<b>0.00</b>	<b>0.00</b>



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 10- Investments in subsidiaries

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Marico Egypt for Industries Company	1,506,718	1,506,718	0.72	0.60
*Marico for Consumer Care Products	56,078,015	56,078,015	26.86	22.44
	<b>57,584,733</b>	<b>57,584,733</b>	<b>27.58</b>	<b>23.04</b>
Less :-				
Impairment on investments in subsidiaries	(56,078,015)	(56,078,015)	(26.86)	(22.44)
	<b>1,506,718</b>	<b>1,506,718</b>	<b>0.72</b>	<b>0.60</b>

\* The percentage of ownership in Marico for 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 the 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 L.E. 55 018 560

### 11- Debit balances

Particulars	2019	2018	2019	2018
	EGP	EGP	₹ Crore	₹ Crore
Due From Board of Directors	556,445	556,445	0.27	0.22
	<b>556,445</b>	<b>556,445</b>	<b>0.27</b>	<b>0.22</b>

### 12- 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 2020	Significant transactions during the year ended 2019	Significant transactions during the year ended 2020	Significant transactions during the year ended 2019
			EGP	EGP	₹ Crore	₹ Crore
Marico for Consumer Care Products	Affiliated Company	Finance for the company without interest	4,495,375	16,065,577	2.15	6.43
Egyptian American Company for investment and industrial development	Affiliated Company	Finance for the company without interest	595,909	1,323,174	0.29	0.53
Marico Middle East Company-MME	Affiliated Company	Loan without interest	-	-	-	-
Marico Middle East Company-MME	Affiliated Company	Present value loan interest	1,180,060	6,142,391	0.57	2.46
Marico Middle East Company-MME	Affiliated Company	Others	(2,378,974)	590,150	(1.14)	0.24
Marico Egypt for Industries Company	Affiliated Company	Finance for the company without interest	5,230,483	17,508,922	2.50	7.01

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

## A) Due from related parties:

Particulars	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	EGP	EGP	₹ Crore	₹ Crore
Marico for Consumer Care Products	57,342,956	52,847,581	27.46	21.15
Egyptian American Company for investment and industrial development	3,529,683	2,933,774	1.69	1.17
	<b>60,872,639</b>	<b>55,781,355</b>	<b>29.15</b>	<b>22.32</b>
(Less):-				
<b>Impairment on related parties</b>	<b>(60,872,639)</b>	<b>(55,781,355)</b>	<b>(29.15)</b>	<b>(22.32)</b>
	-	-	-	-

## B) Due to related parties:

Particulars	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	EGP	EGP	₹ Crore	₹ Crore
*Marico Middle East Company-MME	24,722,895	25,921,809	11.84	10.37
Marico Egypt for Industries Company	103,848,132	98,617,649	49.73	39.47
	<b>128,571,027</b>	<b>124,539,458</b>	<b>61.57</b>	<b>49.84</b>

## 13- Cash and cash equivalents

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Banks - current accounts	750	788	0.00	0.00
	<b>750</b>	<b>788</b>	<b>0.00</b>	<b>0.00</b>

## 14- Share capital

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

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

## 15- Provisions and impairment in assets

Particulars	Balance as at 1/4/2019	Used during the year	Formed during the year	Balance at 31/03/2020
	EGP	EGP	EGP	EGP
Claims provision	198,033	(210)	-	197,823
	<b>198,033</b>	<b>(210)</b>	<b>-</b>	<b>197,823</b>
Impairment on investment in subsidiaries	56,078,015	-	-	56,078,015
Impairment on related parties	<b>55,781,355</b>	<b>-</b>	<b>5,091,285</b>	<b>55,781,355</b>

Particulars	Balance as at 1/4/2019	Used during the year	Formed during the year	Balance at 31/03/2020
	EGP	EGP	EGP	EGP
Claims provision	0.09	0.00	-	0.09
	<b>0.09</b>	<b>0.00</b>	<b>-</b>	<b>0.09</b>
Impairment on investment in subsidiaries	26.86	-	-	26.86
Impairment on related parties	<b>26.71</b>	<b>-</b>	<b>2.44</b>	<b>26.71</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**16- Credit balances**

Particulars	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	EGP	EGP	₹ Crore	₹ Crore
Accrued expenses	61,380	77,000	0.03	0.03
Social insurance authority	8,012	5,761	0.00	0.00
Other credit balances	136	105	0.00	0.00
	<b>69,528</b>	<b>82,866</b>	<b>0.03</b>	<b>0.03</b>

**17- Tax position****a) Corporate Tax:****Years from commencement of operation till 31/3/2020**

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

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

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

**Period from 1 September 2013 to 7 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 31/03/2019:**

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

**d) Payroll tax:****Years from commencement of operation till 31/03/2008:**

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

**Years from 1/04/2008 till 31/03/2019**

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

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

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

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

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

**18- 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. (20) of the notes to the Separate Financial

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

Statements includes the major accounting policies used in recording and measurement of the significant financial instruments and the related revenues and expenses.

### A) Credit risk

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

### b) Foreign exchange risk

This risk is represented in the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the translation of its monetary foreign currency assets and liabilities. As of the balance sheet date the company has monetary, foreign currency, assets and liabilities equivalent to L.E. 63 and L.E 24 722 895 respectively.

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

<b>Foreign Currency</b>	<b>(deficit) / surplus</b>
<b>US Dollars</b>	<b>(1,546,143)</b>

And as stated in note (20-1) "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			
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	EGP	EGP	₹ Crore	₹ Crore
Credit balances	69,528	82,866	0.03	0.03
Due to related parties	128,571,027	124,539,458	61.58	49.84
	<b>128,640,555</b>	<b>124,622,324</b>	<b>61.61</b>	<b>49.87</b>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 19- Going concern

The company incurred cumulative losses amounting to L.E 127 228 766 till the year ended 31 March 2020 which exceeded the half of the company's equity. Most of the company's long and short-term liabilities are represented in the amounts due to the Holding company, which amounted to L.E. 24 722 895 at the balance sheet date, And Marico Egypt company "Affiliated company" an amount of L.E 103 848 132. 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.

### 20- Significant accounting policies

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

#### 20-1 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.

#### 20-2 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, 2020

### 20-3 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.

### 20-4 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.

### 20-5 Income taxes

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

#### i. Current income tax

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

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 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.

### 20-6 Fixed assets and depreciation

#### 1- Recognition and measurement

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

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

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

#### 2- Subsequent expenditure

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

#### 3- Depreciation

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

##### Asset Period

2 Computer & software

#### 4- Construction contracts in progress

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 20-7 Financial Instruments

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

- The company classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

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

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

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



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 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.

### 20-8 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".

### 20-9 Impairment

#### 1) active 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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.
- For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

### Financial assets measured at amortized cost

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

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

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

### Available-for-sale financial assets

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

### Equity-accounted investees

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

## 2) Non-financial assets

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

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.

### 20-10 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.

### 20-11 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.

### 20-12 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.

### 20-13 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.

### 20-14 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.

### 20-15 Due to related parties ,creditors and credit balances

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 20-16 Cash flow statement

Cash flow statement is prepared according to the indirect method.

### 20-17 Employees' retirements 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.

### 20-18 Cash dividends

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

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

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

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
	<p>3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL)Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>4- based on the requirements of this standard the following standards were amended :</p> <p>1- Egyptian Accounting Standard No. (1)“Presentation of Financial Statements” as amended in 2019 ]</p> <p>2- Egyptian Accounting Standard No. (4) -“Statement of Cash Flows”.</p> <p>3- Egyptian Accounting Standard No. (25) - “Financial Instruments: Presentation.</p> <p>4- Egyptian Accounting Standard No. (26) - “Financial Instruments: Recognition and Measurement”.</p> <p>5- Egyptian Accounting Standard - EAS No. (40) - “Financial Instruments: Disclosures “</p>		<p>-These ammendments are effective as of the date of implementing Standard No. (47)</p>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
<p>The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"</p>	<ol style="list-style-type: none"> <li>1. The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void:</li> <li>2. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015.</li> <li>3. Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015.</li> <li>4. For revenue recognition, Control Model is used instead of Risk and Rewards Model.</li> <li>5. incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met</li> <li>6. the standard requires that contract must have a commercial substance in order for revenue to be recognized</li> <li>7. Expanding in the presentation and disclosure requirements</li> </ol>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>Standard No(48) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted</p>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (49) "Lease Contracts	<p>1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015</p> <p>2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts .</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	<p>This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied.</p> <p>Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.</p>



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
<p>Egyptian Accounting Standard No. (38) as amended "Employees Benefits"</p>	<p>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p> <p>4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract.</p> <p>5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.</p>		
<p>Egyptian Accounting Standard No. (38) as amended "Employees Benefits"</p>	<p>Number of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p>
<p>Egyptian Accounting Standard No. (42) as amended "Consolidated Financial Statements"</p>	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added. This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows:</p> <ul style="list-style-type: none"> <li>- (ESA 15) Related Party Disclosures</li> <li>- (ESA 17) Consolidated and Separate Financial Statements</li> </ul>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p> <p>-The new or amended paragraphs</p> <p>pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019</p>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
<p>Issuance of Egyptian Accounting Interpretation No.(1)"Public Service Privileges Arrangements" ...</p>	<ul style="list-style-type: none"> <li>- (ESA 18) Investments in Associates</li> <li>- (ESA 24) Income Taxes</li> <li>- (ESA 29) Business Combinations</li> <li>- ESA( 30) Periodical Financial Statements</li> <li>- EAS (44) Disclosure of Interests in Other Entities.</li> </ul> <p>This interpretation provides guidance on the accounting by operators of public service privileges arrangements from a public entity to a private entity for the construction, operation and maintenance of the infrastructure for public utilities such as roads, bridges, tunnels, hospitals, airports, water supply facilities, power supplies and communications networks. ..., etc</p> <p>This interpretation gives the option of continuing to apply the prior treatment of public service privileges arrangements that prevailed prior to January 1st,2019 on entities that used to recognize and measure the assets of these arrangements as fixed assets in accordance with Egyptian Accounting Standard No. 10 "Fixed Assets and Depreciation"until their useful lives are expired .</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>Interpretation No.(1) applies to financial periods beginning on or after January 1st, 2019,</p>
<p>Egyptian Accounting Standard No. (22) )as ammended " Earnings per Share</p>	<p>The scope of implementaion of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.</p>
<p>Egyptian Accounting Standard No. (34) )as ammended " Real Estate Investment</p>	<p>The Fair Value Model option for all enterprises is no longer used when the subsequent measurement of their real estate investments is made and compliance shall apply only to the Cost Model.</p> <p>while only real estate investment funds are obliged to use the Fair Value Model, upon the subsequent measurement of all their real estate assets.</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.</p>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (4) as amended "Statement of Cash Flows"	<p>Based on this amendment, the following standards were amended :</p> <p>-Egyptian Accounting Standard No. (32) Non-current Assets Held for Sale and Discontinued Operation</p> <p>-Egyptian Accounting Standard No. (31) Impairment of Assets</p> <p>This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.

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

**BOARD OF DIRECTORS  
(AS ON MARCH 31, 2020)**

Mr. Durgesh Chugh  
Mr. Padmanabh Maydeo (until August 25, 2019)  
Mr. Mohamed El-Arabi (w.e.f. June 18, 2019)  
Ms. Marwa Hussein (representing MME) (w.e.f. June 18, 2019)  
Mr. Hatem Hamed (representing MME) (w.e.f. June 18, 2019)  
Mr. Ashish Sugandh Modak (until June 18, 2019)  
Mr. Ashish Joshi

**REGISTERED OFFICE**

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

**AUDITORS**

KPMG Hazem Hassan

**BANKERS**

QNB Al-Ahly

**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 March 31, 2020, the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the financial year then ended, the financial statements have been prepared by the management in accordance with the accounting policies explained in note no (16) of the notes to the financial statements.

### 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 accounting policies explained in note no (16) of the notes to the financial statements, 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 March 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies explained in note no (16) of the notes to the financial statements.

### Emphasis of a matter

Without qualifying our opinion as disclosed in note No. (15) of the notes to the financial statements, the company's activity has been suspended temporarily till reconsider the nature of its activity and its restructuring or adding new activity to it. These issues indicate a fundamental doubt about the company's ability to continue its activity. The company's management is currently examining alternatives available for the company's activities. The financial statements are prepared on the assumption that the company will not continue as a going concern in the foreseeable future. The financial statements have been prepared in accordance with the basis of preparation stated at note No. (2) and the accounting policies explained in note no (16) of the notes to the financial statements.

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

## **Report on Other Legal and Regulatory Requirements**

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

As explained in note No. (15) of the notes to the financial statements which indicate that the company incurred losses amounted to LE 103 194 for the year ended March 31, 2019, and cumulative losses reached to L.E 10 948 834 as of March 31, 2019 which exceeded the half of the company's equity amounting to LE 3,698,580. In such cases the Egyptian companies law No. 159 for 1981 and it's executive regulations and the company's Article of Incorporation requires the company's management should promptly convoke the Extra-Ordinary Meeting for consideration of the dissolution of the company or its continuance.

**KPMG Hazem Hassan**

**Cairo May 21,2020**

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

## STATEMENT OF FINANCIAL POSITION

As at 31 March, 2020

Particulars	Note No.	As at March 31,			
		2020	2019	2020	2019
		EGP	EGP	₹ Crore	₹ Crore
<b>Current assets</b>					
Debit balances	(16-12)	69 493	55 075	0.03	0.02
Cash and cash equivalents	(16-13,9)	-	1 369	0.00	0.00
<b>Total current assets</b>		<b>69,493</b>	<b>56,444</b>	<b>0.03</b>	<b>0.02</b>
<b>Total Assets</b>		<b>69,493</b>	<b>56,444</b>	<b>0.03</b>	<b>0.02</b>
<b>Equity</b>					
Issued & paid-up capital	(10)	<b>6,892,000</b>	6,892,000	<b>3.30</b>	2.76
Legal reserve	(16-11)	<b>504,666</b>	504,666	<b>0.24</b>	0.20
Reserves		<b>493</b>	493	<b>0.00</b>	0.00
Retained (losses)		<b>(10,948,834)</b>	(10,845,640)	<b>(5.24)</b>	(4.34)
<b>Total shareholders' Equity</b>		<b>(3,551,675)</b>	<b>(3,448,481)</b>	<b>(1.70)</b>	<b>(1.38)</b>
<b>Current liabilities</b>					
Trade and other payables	(16 -14,12)	<b>55 001</b>	142 576	<b>0.03</b>	0.06
Due to related parties	(16 -14,8)	<b>3 529 683</b>	2 933 774	<b>1.68</b>	1.17
Provisions	(16 -10,11)	<b>36 484</b>	428 575	<b>0.02</b>	0.17
<b>Total current liabilities</b>		<b>3,621,168</b>	<b>3,504,925</b>	<b>1.73</b>	<b>1.40</b>
<b>Total equity and liabilities</b>		<b>69,493</b>	<b>56,444</b>	<b>0.03</b>	<b>0.02</b>

Auditor's report attached

**Head of Finance**  
Mohamed El-Arabi

**Chairman**  
Durgesh Chugh

Note: The exchange rate use to convert EGP to ₹ 4.789 (Previous year EGP to ₹ 4.002)

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## INCOME STATEMENT

For the financial year ended 31 March, 2020

Particulars	Note	Year ended March 31,			
		From 1/4/2019	From 1/1/2019	From 1/4/2019	From 1/1/2019
		To 31/3/2020	To 31/3/2019	To 31/3/2020	To 31/3/2019
No	EGP	EGP	₹ Crore	₹ Crore	
General and administrative expenses	(3)	(96 639)	(76 080)	(0.05)	(0.03)
Other expenses	(4)	(6 539)	(70 000)	(0.00)	(0.03)
Operating profit		(103 178)	(146 080)	(0.05)	(0.06)
Finance cost	(5,16-4)	(16)	-	(0.00)	(0.00)
Net finance cost		(16)	-	(0.00)	(0.00)
Loss for the year		(103 194)	(146 080)	(0.05)	(0.06)
<b>Loss per share</b>	(6,16-6)	<b>(1.50)</b>	<b>(2.00)</b>	-	-

Note: The exchange rate use to convert EGP to ₹ 4.789 (Previous year EGP to ₹ 4.002)



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## STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March, 2020

Particulars	Year ended March 31,			
	From 1/4/2019 To 31/3/2020	From 1/1/2019 To 31/3/2019	From 1/4/2019 To 31/3/2020	From 1/1/2019 To 31/3/2019
	EGP	EGP	₹ Crore	₹ Crore
<b>Net loss for the year</b>	(103 194)	(146 080)	(0.05)	(0.06)
<b>Comprehensive income items:</b>				
Other comprehensive income	-	-	-	-
<b>Total Comprehensive loss for the year / Period</b>	<b>(103,194)</b>	<b>(146,080)</b>	<b>(0.05)</b>	<b>(0.06)</b>

Note: The exchange rate use to convert EGP to ₹ 4.789 (Previous year EGP to ₹ 4.002)

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## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the financial year ended 31 March, 2020

Description	Share capital	Legal reserve	Other reserves	Retained losses	Total
	EGP	EGP	EGP	EGP	EGP
<b>Balance as of 1 January 2019</b>	<b>6 892 000</b>	<b>504 666</b>	<b>493</b>	<b>(10 699 560)</b>	<b>(3 302 401)</b>
<b>Comprehensive Income</b>					
Net loss for the period	-	-	-	(146 080)	(146 080)
Other comprehensive income items	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(146 080)</b>	<b>(146 080)</b>
<b>Transactions with shareholders</b>					
Transferred to legal reserve	-	-	-	-	-
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as of 31 March 2019</b>	<b>6 892 000</b>	<b>504 666</b>	<b>493</b>	<b>(10 845 640)</b>	<b>(3 448 481)</b>
<b>Balance as of 1 April 2019</b>					
<b>Balance as of 1 April 2019</b>	<b>6 892 000</b>	<b>504 666</b>	<b>493</b>	<b>(10 845 640)</b>	<b>(3 448 481)</b>
<b>Comprehensive Income</b>					
Net loss for the year	-	-	-	(103 194)	(103 194)
Other comprehensive income items	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(103 194)</b>	<b>(103 194)</b>
<b>Transactions with shareholders</b>					
Transferred to legal reserve	-	-	-	-	-
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as of 31 March 2020</b>	<b>6 892 000</b>	<b>504 666</b>	<b>493</b>	<b>(10 948 834)</b>	<b>(3 551 675)</b>

Description	Share capital	Legal reserve	Other reserves	Retained (loss)	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Balance as of 1 January 2019</b>	<b>2.76</b>	<b>0.20</b>	<b>0.00</b>	<b>(4.28)</b>	<b>(1.32)</b>
<b>Comprehensive Income</b>					
Net loss for the period	-	-	-	(0.06)	(0.06)
Other comprehensive income items	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.06)</b>	<b>(0.06)</b>
<b>Transactions with shareholders</b>					
Transferred to legal reserve	-	-	-	-	-
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as of 31 March 2019</b>	<b>2.76</b>	<b>0.20</b>	<b>0.00</b>	<b>(4.34)</b>	<b>(1.38)</b>
<b>Balance as of 1 April 2019</b>					
<b>Balance as of 1 April 2019</b>	<b>3.30</b>	<b>0.24</b>	<b>0.00</b>	<b>(5.19)</b>	<b>(1.65)</b>
<b>Comprehensive Income</b>					
Net loss for the year	-	-	-	(0.05)	(0.05)
Other comprehensive income items	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.05)</b>	<b>(0.05)</b>
<b>Transactions with shareholders</b>					
Transferred to legal reserve	-	-	-	-	-
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as of 31 March 2020</b>	<b>3.30</b>	<b>0.24</b>	<b>0.00</b>	<b>(5.24)</b>	<b>(1.70)</b>

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## STATEMENT OF CASH FLOWS

For the financial year ended 31 March, 2020

Particulars	Note	Year ended March 31,			
		From	From	From	From
		1/4/2019 To 31/3/2020	1/1/2019 To 31/3/2019	1/4/2019 To 31/3/2020	1/1/2019 To 31/3/2019
No.	EGP	EGP	₹ Crore	₹ Crore	
<b>Cash Flows From Operating Activities :</b>					
Net profit for the year		(103 194)	(146 080)	(0.05)	(0.06)
<b>Adjustments for:</b>					
Provisions formed during the year		-	70 000	-	0.03
<b>Changes In</b>					
Other debit balances		(14 418)	(4 254)	(0.01)	0.00
Trade and other payables		(87,575)	73 910	(0.04)	0.03
Related parties		595 909	6 416	0.29	0.00
Provision used		(392 091)	-	(0.19)	-
<b>Net Cash (used in) operating activities</b>		<b>(1 369)</b>	<b>(8)</b>	<b>(0.00)</b>	<b>(0.00)</b>
Net change in cash and cash equivalents		(1 369)	(8)	0.00	0.00
Cash and cash equivalents at the beginning of the year		1 369	1 377	0.00	0.00
<b>Cash and cash equivalents at the end of the year</b> (16-13,9)		<b>-</b>	<b>1 369</b>	<b>-</b>	<b>0.00</b>

Note: The exchange rate use to convert EGP to ₹ 4.789 (Previous year EGP to ₹ 4.002)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 1- General

#### 1-1 Company's background

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

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

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

#### 1-2 Purpose of the Company

Manufacturing cosmetics, perfumes and aromatic oils.

Importing equipment, machines, tools and raw materials required to execute the objectives of the company.

Import, export and commercial agencies.

#### 1-3 The Company's duration

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

#### 1-4 Company's location

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

### 2- Basis of preparation

#### 2-1 Statement of compliance

These financial statements have been prepared in accordance with the accounting policies explained in note no (16) of the notes to the financial statements.

These financial statements were authorized by the board of directors for issue on May 20, 2020.

#### 2-2 Basis of measurement

These financial statements have been prepared on historical cost basis

#### 2-3 Functional and presentation currency

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

#### 2-4 Use of estimates and judgments

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

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

### Measurement of Fair Value

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

### 3- General and administrative expenses

Particulars	Year ended March 31,			
	From 1/4/2019 To 31/3/2020	From 1/1/2019 To 31/3/2019	From 1/4/2019 To 31/3/2020	From 1/1/2019 To 31/3/2019
	EGP	EGP	₹ Crore	₹ Crore
Professional fees	56,400	75,962	0.03	0.03
Bank commission	6,139	118	0.00	0.00
Legal expnses	34,100	-	0.02	-
	<b>96,639</b>	<b>76,080</b>	<b>0.05</b>	<b>0.03</b>

### 4- Other expenses

Particulars	Year ended March 31,			
	From 1/4/2019 To 31/3/2020	From 1/1/2019 To 31/3/2019	From 1/4/2019 To 31/3/2020	From 1/1/2019 To 31/3/2019
	EGP	EGP	₹ Crore	₹ Crore
Provisions formed during the year	6,539	70,000	0.00	0.03
	<b>6539</b>	<b>70000</b>	<b>0.00</b>	<b>0.03</b>

### 5- Finance cost

Particulars	Year ended March 31,			
	From 1/4/2019 To 31/3/2020	From 1/1/2019 To 31/3/2019	From 1/4/2019 To 31/3/2020	From 1/1/2019 To 31/3/2019
	EGP	EGP	₹ Crore	₹ Crore
Foreign currency translation loss	16	-	0.00	-
	<b>16</b>	<b>-</b>	<b>0.00</b>	<b>-</b>

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 6- Earnings per share

Particulars	Year ended March 31,			
	From 1/4/2019 To 31/3/2020	From 1/1/2019 To 31/3/2019	From 1/4/2019 To 31/3/2020	From 1/1/2019 To 31/3/2019
	EGP	EGP	₹ Crore	₹ Crore
Net profit of the year / period (L.E)	(103,194)	(146,080)	(0.05)	(0.06)
Employees' profit share	-	-	-	-
Board of directors remuneration	-	-	-	-
	(103,194)	(146,080)	(0.05)	(0.06)
Number of ordinary shares	68,920	68,920	0.03	0.03
Loss per share (EGP / Share)	(1.5)	(2)	-	-

### 7- Debit balances

Particulars	Year ended March 31,			
	From 1/4/2019 To 31/3/2020	From 1/1/2019 To 31/3/2019	From 1/4/2019 To 31/3/2020	From 1/1/2019 To 31/3/2019
	EGP	EGP	₹ Crore	₹ Crore
Other debit balance	69,493	55,075	0.03	0.02
	69,493	55,075	0.03	0.02

### 8- Related parties transactions

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

Related party	Nature of Relationship	Country	Significant transactions during the year ended 2020	Significant transactions during the year ended 2019	Significant transactions during the year ended 2020	Significant transactions during the year ended 2019
			EGP	EGP	₹ Crore	₹ Crore
MEL Consumer Care Company	Finance for the company without interest	Egypt	595,909	-	0.29	-
MEL Consumer Care Company	Others	Egypt	-	6,416	-	0.00

Those transactions resulted in the following balances as at 31 March 2020:

**Due to related parties:**

Particulars	Year ended March 31,			
	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
MEL Consumer Care Company	3,529,683	2,933,774	1.68	1.17
	3,529,683	2,933,774	1.68	1.17

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 9- Cash and cash equivalents

Particulars	Year ended December 31,			
	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Banks - current accounts	-	1,369	-	0.00
	<b>-</b>	<b>1,369</b>	<b>-</b>	<b>0.00</b>

### 10- 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.

### 11- Provisions and impairment in assets

Particulars	Balance as	Used during	Balance as
	at 31/3/2019	the year	at 31/3/2020
	EGP	EGP	EGP
Claims provision	407 330	(392 091)	15 239
Provision for legal claims	21 245	-	21 245
	<b>428 575</b>	<b>(392 091)</b>	<b>36 484</b>

Particulars	Balance as	Used during	Balance as
	at 31/3/2019	the year	at 31/12/2020
	₹ Crore	₹ Crore	₹ Crore
Claims provision	0.20	(0.19)	0.01
<b>Provision for legal claims</b>	0.01	-	0.01
	<b>0.21</b>	<b>(0.19)</b>	<b>0.02</b>

### 12- Trade and other payables

Particulars	Year ended March 31,			
	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Accrued expenses	55,001	142,515	0.03	0.06
Tax authority-Sales tax	-	61	-	0.00
	<b>55,001</b>	<b>142,576</b>	<b>0.03</b>	<b>0.06</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 13- Tax position

#### a) Corporate Tax:

##### Years from commencement till 2017

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

#### b) Value added tax

##### Years from commencement of operation till 2014:

The inspection was completed and the company paid all the resulting differences till December 2014.

The company submits tax returns on legal dates.

##### Period from 1 January 2015 till 31 March 2019:

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

#### c) Payroll tax:

##### Years from commencement of operation till 2012

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

##### Period from 1 January 2013 till 31 March 2016:

The tax inspection was done for these years and the company has an objection on the results, and it is referred to the internal committee.

##### Year 2017 & 2018

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

#### d) Stamp duty tax:

##### Years from commencement till 31 March 2019:

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

The company pays stamp duty tax regularly according to the prepared form.

#### e) Withholding tax:

##### Years from commencement till 31 December 2014:

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

The company pays the tax regularly according to the form No. (41).

##### Years from 2015 till 2019

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

### 14- 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. (18) 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

**a) Credit risk**

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

**b) Foreign exchange risk**

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

And as stated in note (16-1) "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			
	2020 EGP	2019 EGP	2020 ₹ Crore	2019 ₹ Crore
Trade and other creditors	55,001	142,576	0.03	0.06
Due to related parties	3,529,683	2,933,774	1.69	1.17
	<b>3,584,684</b>	<b>3,076,350</b>	<b>1.72</b>	<b>1.23</b>

**15- Going concern**

The company's activity has been suspended temporarily till reconsider the nature of its activity and its restructuring or adding new activity to it. These issues indicate a fundamental doubt about the company's ability to continue its activity. The company's management is currently examining alternatives available for the company's activities.

The company incurred net loss for the year amounting to 103 194 EGP. This leads to a cumulative loss amounting to 10 948 834 EGP which exceeded half of the paid up capital according to the latest annual financial statement for the company which amounts 3 698 580 EGP. These issues indicate a fundamental doubt about the company's ability to continue its activity. In accordance with Companies Law No 159. of 1981 and its Executive Regulation and the Company's Article of incorporation. An Extraordinary General Meeting will be convened to decide to continue the company's operations.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 16- Significant accounting policies

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

#### 16-1 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 difference are 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.

#### 16-2 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.

#### 16-3 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.

#### 16-4 Finance income and finance costs

The company's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- dividends on preference shares issued classified as financial liabilities;
- the net gain or loss on the disposal of available-for-sale financial assets;
- the net gain or loss on financial assets at fair value through profit or loss;

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

- 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.

### 16-5 Income taxes

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

#### i. Current income tax

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

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

#### ii. Deferred tax

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

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

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 16-6 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.

### 16-7 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 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.

### 16-8 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".

### 16-9 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

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.

### 16-10 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.

### 16-11 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.

### 16-12 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.

### 16-13 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.

### 16-14 Payables, due to related parties ,creditors and credit balances

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

### 16-15 Cash flow statement

Cash flow statement is prepared according to the indirect method.

### 16-16 Cash dividends

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

### 17- Comparative figures

The comparative figures are for 3 months due to the amendment of the company's fiscal year to become March 31, instead of December 31 at the prior year, therefore the comparative figures included in the financial statements are incomparable.



# MARICO EGYPT FOR INDUSTRIES S.A.E.

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2020)**

Mr. Durgesh Chugh  
Mr. Padmanabh Maydeo (until August 25, 2019)  
Mr. Ashish Sugandh Modak (until June 18, 2019)  
Mr. Mohamed El-Arabi (representing MELCC) (w.e.f. June 18, 2019)  
Ms. Marwa Hussein (representing MELCC) (w.e.f. June 18, 2019)  
Mr. Hatem Hamed (representing MELCC) (w.e.f. June 18, 2019)  
Mr. Ashish Joshi

**REGISTERED OFFICE**

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

**AUDITORS**

KPMG Hazem Hassan

**BANKERS**

HSBC  
QNB Al-Ahly  
SAIB Bank

**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 March 31, 2020, the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility for the financial statements

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

### Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk 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 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

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 March 31, 2020, 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.

# MARICO EGYPT FOR INDUSTRIES 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 Company maintains proper costing accounts and the inventory was counted by management in accordance with methods in practice.

As explained in note No. (23) of the notes to the financial statements which indicate that the company incurred net loss amounted to LE 4 653 800 for the year ended March 31, 2020, and cumulative losses reached to L.E 21 132 612 as of March 31, 2020 which exceeded the half of the company's equity amounting to LE 8 614 669. In such cases the Egyptian companies law No. 159 for 1981 and its executive regulations and the company's Article of Incorporation requires the company's management should promptly convoke the Extra-Ordinary Meeting for consideration of the dissolution of the company or its continuance.

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, 21 May 2020

**STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2020

Particulars	Notes No.	As at March 31,			
		2020 EGP	2019 EGP	2020 ₹ Crore	2019 ₹ Crore
<b>Assets</b>					
<b>Non current Assets</b>					
Fixed assets	(24-7,11)	-	160 231	-	0.06
Deferred tax assets	(24-5,10)	-	72,920	-	0.03
<b>Total Non current assets</b>		-	<b>233,151</b>	-	<b>0.09</b>
<b>Current assets</b>					
Trade & other receivables	(24-14,12)	<b>770 073</b>	471 960	<b>0.37</b>	0.19
Prepayments	(24-14,13)	<b>1 750</b>	3 644	<b>0.00</b>	0.00
Investment held to maturity	(24-9,15)	-	9 241 704	-	3.70
Cash and cash equivalent	(24-15,16)	<b>81 205</b>	72 642	<b>0.04</b>	0.03
<b>Total current assets</b>		<b>853,028</b>	<b>9,789,950</b>	<b>0.41</b>	<b>3.92</b>
<b>Total Assets</b>		<b>853,028</b>	<b>10,023,101</b>	<b>0.41</b>	<b>4.01</b>
<b>Equity</b>					
Issued & paid-up capital	(17)	12 287 690	12 287 690	5.88	4.92
Legal reserve	(24-13)	4 941 647	4 941 647	2.37	1.98
Retained losses		(21 132 612)	(16 478 812)	(10.12)	(6.60)
<b>Total equity</b>		<b>(3,903,275)</b>	<b>750,525</b>	<b>(1.87)</b>	<b>0.30</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Banks overdraft	( 19)	<b>60 095</b>	4 089 009	<b>0.03</b>	1.64
Trade & Other Payable	(24-16,20)	<b>777 494</b>	1 157 137	<b>0.37</b>	0.46
Due to related parties	(24-16,14B)	-	71 350	-	0.03
Provisions	(24-12,18)	3 918 714	3 955 080	1.88	1.58
<b>Total current liabilities</b>		<b>4,756,303</b>	<b>9,272,576</b>	<b>2.28</b>	<b>3.71</b>
<b>Total liabilities</b>		<b>4,756,303</b>	<b>9,272,576</b>	<b>2.28</b>	<b>3.71</b>
<b>Total equity and liabilities</b>		<b>853,028</b>	<b>10,023,101</b>	<b>0.41</b>	<b>4.01</b>

Head of Finance  
Mohamed El-Arabi

Chairman  
Durgesh Chugh

Note: The exchange rate use to convert EGP to ₹ 4.789 (Previous year EGP to ₹ 4.002)

MARICO EGYPT FOR INDUSTRIES S.A.E.

**INCOME STATEMENT**

For the financial year ended 31 March, 2020

Particulars	Notes No.	For the year ended March 31,			
		2020 EGP	2019 EGP	2020 ₹ Crore	2019 ₹ Crore
Other income	(3)	981 720	7 111 114	0.47	2.85
General & Administrative expenses	(4)	(682 903)	(481 146)	(0.33)	(0.19)
Other expenses	(5)	(5 543 188)	(8 387 757)	(2.65)	(3.36)
<b>Operating loss</b>		<b>(5 244 371)</b>	<b>(1 757 789)</b>	<b>(2.51)</b>	<b>(0.70)</b>
Finance income	(24-4,6)	765 804	408 174	0.37	0.16
Finance cost	(24-4,7)	(194 355)	(117 833)	(0.09)	(0.05)
<b>Net finance income</b>		<b>571 449</b>	<b>290 341</b>	<b>0.28</b>	<b>0.12</b>
<b>Net Loss before tax</b>		<b>(4 672 922)</b>	<b>(1 467 448)</b>	<b>(2.23)</b>	<b>(0.58)</b>
Income tax expense	(24-5,8)	19 122	343 267	0.01	0.14
<b>Net Loss after tax</b>		<b>(4 653 800)</b>	<b>(1 124 181)</b>	<b>(2.22)</b>	<b>(0.44)</b>
Losses per share	(24-17,9)	(3.79)	(0.91)		

Note: The exchange rate use to convert EGP to ₹ 4.789 (Previous year EGP to ₹ 4.002)

**STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 March, 2020

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Net loss after tax	(4,653,800)	(1,124,181)	(2.22)	(0.44)
<b>Add:</b>				
Other comprehensive income	-	-	-	-
<b>Total Comprehensive losses for the year /period</b>	<b>(4,653,800)</b>	<b>(1,124,181)</b>	<b>(2.22)</b>	<b>(0.44)</b>

## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March, 2020

Description	Issued & paid-in- capital EGP	Legal reserve EGP	Retained Losses EGP	Total EGP
<b>Balance as of 1 January 2019</b>	12,287,690	4,941,647	(15,354,631)	1,874,706
<b>Comprehensive Income</b>				
Net loss for the Year	-	-	(1,124,181)	(1,124,181)
Other comprehensive income items	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(1,124,181)</b>	<b>(1,124,181)</b>
<b>Total transactions with shareholders</b>				
<b>Balance as of 31 March 2019</b>	<b>12,287,690</b>	<b>4,941,647</b>	<b>(16,478,812)</b>	<b>750,525</b>
<b>Balance as of 1 April 2019</b>	<b>12,287,690</b>	<b>4,941,647</b>	<b>(16,478,812)</b>	<b>750 525</b>
<b>Comprehensive Income</b>				
Net loss for the year	-	-	(4,653,800)	(4,653,800)
Other comprehensive income items	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(4,653,800)</b>	<b>(4,653,800)</b>
<b>Total transactions with shareholders</b>				
<b>Balance as of 31 March 2020</b>	<b>12,287,690</b>	<b>4,941,647</b>	<b>(21,132,612)</b>	<b>(3,903,275)</b>

Description	Issued & paid-in- capital ₹ Crore	Legal reserve ₹ Crore	Retained Losses ₹ Crore	Total ₹ Crore
<b>Balance as of 1 January 2019</b>	<b>4.92</b>	<b>1.98</b>	<b>(6.16)</b>	<b>0.74</b>
<b>Comprehensive Income</b>				
Net loss for the year	-	-	(0.44)	(0.44)
Other comprehensive income items	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(0.44)</b>	<b>(0.44)</b>
<b>Total transactions with shareholders</b>				
<b>Balance as of 31 March 2019</b>	<b>4.92</b>	<b>1.98</b>	<b>(6.60)</b>	<b>0.30</b>
<b>Balance as of 1 April 2019</b>	<b>5.88</b>	<b>2.37</b>	<b>(7.89)</b>	<b>0.36</b>
<b>Comprehensive Income</b>				
Net loss for the year	-	-	(2.22)	(2.22)
Other comprehensive income items	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(2.22)</b>	<b>(2.22)</b>
<b>Total transactions with shareholders</b>				
<b>Balance as of 31 March 2020</b>	<b>5.88</b>	<b>2.37</b>	<b>(10.12)</b>	<b>(1.87)</b>

Note: The exchange rate use to convert EGP to ₹ 4.789 (Previous year EGP to ₹ 4.002)

## STATEMENT OF CASH FLOW

For the financial year ended 31 March, 2020

Particulars	Notes	Year ended March 31,			
		2020	2019	2020	2019
		EGP	EGP	₹ Crore	₹ Crore
<b>Cash Flows From Operating Activities :</b>					
Net loss before tax		(4,672,922)	(1,467,448)	(2.23)	(0.59)
Adjustments for:					
Depreciation	(11)	81,708	91,308	0.05	0.04
Adjustments on accumulated depreciation		-	(1,900)	-	0.00
Gain on sale of fixed assets		(665,240)	(6,296,599)	(0.31)	(2.52)
Provisions formed	(18)	312,705	1,479,103	0.16	0.59
Provisions no longer required	(18)	(258,896)	(62,543)	(0.11)	(0.03)
Impairment in related parties	(18)	5,230,483	6,908,654	2.51	2.76
Return on investment treasury bills		(592)	(406,391)	0.00	(0.16)
		<b>27,246</b>	<b>244,184</b>	<b>0.01</b>	<b>0.10</b>
<b>Changes In:</b>					
Trade and other receivables		(297,521)	543,539	(0.13)	0.22
Prepayments		1,894	4,952	0.01	0.00
Trade and other payables		(287,601)	(1,879,126)	(0.13)	(0.75)
Related parties		(5,301,833)	(6,908,848)	(2.53)	(2.76)
Provisions used	(18)	(90,175)	-	(0.03)	-
Net cash used in operating activities		<b>(5,947,990)</b>	<b>(7,995,299)</b>	<b>(2.84)</b>	<b>(3.20)</b>
<b>Cash Flows From Investing Activities :</b>					
Proceeds from sale of fixed assets & Intangible assets		743,763	-	0.37	-
Proceeds from investments held to maturity		9,241,704	-	4.45	-
Acquisition of fixed assets		-	8,369,951	-	3.35
Net cash from investing activities		<b>9,985,467</b>	<b>8,369,951</b>	<b>4.79</b>	<b>3.35</b>
<b>Cash Flows From Financing Activities:</b>					
Payments to bank overdraft		(4,028,914)	(390,913)	(1.92)	(0.16)
Net cash used in financing activities		<b>(4,028,914)</b>	<b>(390,913)</b>	<b>(1.92)</b>	<b>(0.16)</b>
<b>Net change in cash and cash equivalents</b>		<b>8,563</b>	<b>(16,261)</b>	<b>0.01</b>	<b>(0.01)</b>
Cash and cash equivalents at the beginning of the year (24 15,16)		22,642	38,903	0.02	0.02
Cash and cash equivalents at the end of the year (24 15,16)		<b>31,205</b>	22,642	<b>0.03</b>	0.01
<b>Net change in cash and cash equivalents</b>		<b>(4,006,272)</b>	<b>(352,010)</b>	<b>(1.91)</b>	<b>(0.14)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>3,506,082</b>	<b>8,955,818</b>	<b>1.69</b>	<b>3.58</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>(500,190)</b>	<b>8,603,808</b>	<b>(0.23)</b>	<b>3.44</b>

Note: The exchange rate use to convert EGP to ₹ 4.789 (Previous year EGP to ₹ 4.002)



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 1- General

#### 1-1 Company's background

"Pyramids for modern Industries Company" was established according to the law No 8 year 1997 of investment guarantees and its executive regulations and was registered in the commercial register under No 79585 dated 26/2/1998.

On 17/12/2006, the contract of the company was approved to amend the articles No (2), (5), (7) which was ratified in public notary office under ratification No 25/A for year 2007, and the chairman of the General Authority of Investment decree No 61/E of year 2007 to change the name of the company to MEL for Consumer Care products & its partners "Pyramids modern Industries" (PIM) and changing the legal entity of the company to general partnership.

According to the decision of the partners meeting which was held on 29/11/2007 for approving the changing of the legal status of the company from general partnership Co to joint stock according to the law No 8 year 1997.

On 1/6/2008, the partners meeting approved the resolution of the Chairman of the General Authority For Investment No. 1646/4 for year 2006 that resulted of company's net equity amounted to L.E. 12 287 690 as of 31/12/2007, approving the changing of the legal status of the company from general partnership Co to joint stock according to the law No 8 year 1997, and changing the company's name to Marico Egypt for Industries Company (S.A.E).

On 3/11/2008, the Chairman of the General Authority For Investment decree No 532/2 of year 2008 approved the amendments related to the contract.

#### 1-2 Purpose of the Company

- General trade in all that isn't legally permitted, manufacturing for others and export and import. The company adheres to the regulations of Law No. 121 of 1982 in the matter of the importers' register. The establishment of the company does not create any right to practice its purpose except after obtaining the necessary licenses to practice its activity from the competent authorities and without prejudice to the provisions of the laws regulating this purpose, without prejudice to the rules of laws, regulations and decisions, and with the condition that the necessary licenses are issued to practice these activities, and the company may participate in any way with the companies and others that carry out activities similar to its business or that may help it achieve its purpose in Egypt or abroad, and it may also merge with it or buy it or join it; and that's is according to law and its executive regulations.

#### 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 plot no. 6004, 6005 6th industrial zone – Sadat district – Menoufia. The extraordinary general assembly decided to transfer the location of the company to plot No. 3 – 23 Abdelrahman ST – Sheraton – Nozha –Cairo. This was indicated in the commercial register.

### 2- Basis of accounting

#### 2-1 Statement of compliance

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

These financial statements were authorized by the board of directors for issue on May 20, 2020.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 2-2 Basis of measurement

These financial statements have been prepared in historical cost basis .

### 2-3 Functional and Presentation Currency

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

### 2.4 Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the year in which the estimate is revised ,if the revision affects the year under revision and future periods ,These differences are recognized only in the year under revision and future periods.

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- 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**3- Other income**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Gain on sale of fixed assets	665,240	6,296,599	0.32	2.52
Provisions no longer required	258,895	62,543	0.12	0.03
Others	57,585	751,972	0.03	0.30
	<b>981,720</b>	<b>7,111,114</b>	<b>0.47</b>	<b>2.85</b>

**4- General and administrative expenses**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Salaries and wages	312,503	102,086	0.16	0.04
Depreciation	81,708	102,683	0.04	0.04
Consulting services	228,079	249,216	0.11	0.10
Insurance expenses	2,584	-	0.00	-
Vehicles expenses	30,427	2,402	0.01	0.00
Other expenses	27,602	24,759	0.01	0.01
	<b>682,903</b>	<b>481,146</b>	<b>0.33</b>	<b>0.19</b>

**5- Other expenses**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Provision formed during the year	312,705	1,479,103	0.15	0.59
Impairment in related parties balances	5,230,483	6,908,654	2.50	2.77
	<b>5,543,188</b>	<b>8,387,757</b>	<b>2.65</b>	<b>3.36</b>

**6- Finance income**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Credit interest	765,216	406,391	0.37	0.16
Foreign currency exchange gain	588	1,783	0.00	0.00
	<b>765,804</b>	<b>408,174</b>	<b>0.37</b>	<b>0.16</b>

**7- Finance cost.**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Debit interest	194,355	117,833	0.09	0.05
	<b>194,355</b>	<b>117,833</b>	<b>0.09</b>	<b>0.05</b>

**8- Income Tax****8-1 Income tax for the year**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Deferred tax	72,920	343,267	0.03	0.14
Treasury bills tax	(92,042)	-	(0.04)	-
	<b>(19,122)</b>	<b>343,267</b>	<b>(0.01)</b>	<b>0.14</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**8-2 Reconciliation of effective tax rate**

Particulars	Tax	From	Tax	From	Tax	From	Tax	From
	Rate	1/4/2019 to 31/3/2020 EGP	Rate	1/1/2019 to 31/3/2019 EGP	Rate	1/4/2019 to 31/3/2020 ₹ Crore	Rate	1/1/2019 to 31/3/2019 ₹ Crore
Net loss before income tax		(4,672,922)		(1,467,448)		(2.24)		(0.59)
Income tax on accounting profit	22.50%	(1,051,408)	22.50%	-	22.50%	(0.50)	22.50%	-
Non – deductible expenses		4,902		-		-		-
Treasury bills revenue		92,042		-		0.04		-
Unrecognized tax losses		(63,797)		(2,806,603)		(0.03)		(1.12)
Provisions & impairments		1,168,677		3,149,870		0.56		1.26
Other		(131,294)		-		(0.06)		-
<b>Income tax / effective tax rate</b>	<b>100%</b>	<b>19,122</b>	<b>100%</b>	<b>343,267</b>	<b>100%</b>	<b>0.01</b>	<b>100%</b>	<b>0.14</b>

**9- Losses per share**

The company present the basic earning or losses per share for its ordinary shares. the earning per share calculated by dividing the gain or (loss) of the company after deducting the Employee's share profit and BOD remuneration over the weighted average for the ordinary shares numbers during the year

Particulars	From 1/4/2019	From 1/1/2019	From 1/4/2019	From 1/1/2019
	to 31/3/2020 EGP	to 31/3/2019 EGP	to 31/3/2020 ₹ Crore	to 31/3/2019 ₹ Crore
Net losses of the year (L.E.)	(4,653,800)	(1,124,181)	(2.23)	(0.45)
<b>Less:</b>				
Employees' profit share	-	-	-	-
Board of directors remuneration	-	-	-	-
	(4,653,800)	(1,124,181)	(2.23)	(0.45)
<b>Weighted average for the ordinary shares numbers</b>	<b>1,228,769</b>	<b>1,228,769</b>	<b>1,228,769</b>	<b>1,228,769</b>
<b>Losses earnings per share (EGP / Share)</b>	<b>(3.79)</b>	<b>(0.91)</b>	<b>(18.15)</b>	<b>(3.66)</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

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

Particulars	31.03.2020			
	Assets	(Liabilities)	Assets	(Liabilities)
	EGP	EGP	₹ Crore	₹ Crore
Fixed assets	-	-	-	-
<b>Net deferred tax assets</b>	-	-	-	-
<b>Less :</b>				
Deferred tax previously charaged	(72,920)	-	(0.03)	-
Deferred tax charged to the statement of income	72,920	-	0.03	-

Particular	31.03.2019			
	Assets	(Liabilities)	Assets	(Liabilities)
	EGP	EGP	₹ Crore	₹ Crore
Fixed assets	72,920	-	0.03	-
<b>Net deferred tax assets</b>	72,920	-	0.03	-
<b>Less :</b>				
Deferred tax previously charaged	(270,347)	-	(0.16)	-
Deferred tax charged to the statement of income	343,267	-	0.16	-

**B- Unrecognized deferred tax assets**

Particulars	2020	2019	2020	2019
	EPG	EPG	₹Crore	₹Crore
Claims provision	894,086	889,893	0.43	0.36
Impairment in related parties	23,365,829	22,188,971	11.19	8.88
	<b>24,259,915</b>	<b>23,078,864</b>	<b>11.62</b>	<b>9.24</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

## 14- Fixed assets( net)

Description	Land	Buildings & Constructions	Machinery, Tools & Equipment	Lab Equipment	Computers & Software	Office Furniture, Equipment	Vehicles	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost as of 1 January 2019	199,530	3 329 678	4 642 679	995 715	41 944	572 161	983 000	10 764 707
Disposals during the year	(199 530)	(3 329 678)	(4 642 679)	(995 715)	(41 944)	(572 161)	-	(9 781 707)
<b>Cost as of 31 March 2019</b>	-	-	-	-	-	-	<b>983 000</b>	<b>983 000</b>
<b>Cost as of 1 April 2019</b>	-	-	-	-	-	-	<b>983 000</b>	<b>983 000</b>
Disposals during the year	-	-	-	-	-	-	(983 000)	(983 000)
Cost as of 31 March 2020	-	-	-	-	-	-	-	-
Accumulated depreciation as of 1 January 2019	-	602 482	4 528 801	993 024	41 916	506 286	769 207	8 441 716
Adjustments on beginning balance	-	-	-	-	-	(1 900)	-	(1 900)
Depreciation for the year	-	27 746	-	2 224	-	7 776	53 562	91 308
Accumulated depreciation for disposals	-	(1 630 228)	(4 528 801)	(995 248)	(41 916)	(512 162)	-	(7 708 355)
Accumulated depreciation as of 31 March 2019	-	-	-	-	-	-	<b>822 769</b>	<b>824 669</b>
<b>Accumulated depreciation as of 1 April 2019</b>	-	-	-	-	-	-	<b>822 769</b>	<b>822 769</b>
Depreciation for the year	-	-	-	-	-	-	81 708	81 708
Accumulated depreciation for disposals	-	-	-	-	-	-	(904 477)	(904 477)
<b>Accumulated depreciation as of 31 March 2020</b>	-	-	-	-	-	-	-	-
<b>Carrying amount as of 31 March 2019</b>	-	-	-	-	-	-	<b>160 231</b>	<b>160 231</b>
<b>Carrying amount as of 31 March 2020</b>	-	-	-	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

14- Fixed assets( net)	Description	Land	Buildings & Constructions	Machinery, Tools & Equipment	Lab Equipment	Computers & Software	Office Furniture, Equipment	Vehicles	Total
		₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
	Cost as of 1 January 2019	0.08	1.33	1.86	0.40	0.02	0.23	0.39	4.31
	Disposals during the year	(0.08)	(1.33)	(1.86)	(0.40)	(0.02)	(0.23)	-	(3.92)
	Cost as of 31 March 2019	-	-	-	-	-	-	<b>0.39</b>	0.39
	Cost as of 1 April 2019	-	-	-	-	-	-	0.47	0.47
	Disposals during the year	-	-	-	-	-	-	(0.47)	(0.47)
	Cost as of 31 March 2020	-	-	-	-	-	-	-	-
	Accumulated depreciation as of 1 January 2019	-	0.64	1.81	0.40	0.02	0.20	0.31	3.38
	Adjustments on beginning balance	-	-	-	-	-	-	-	-
	Depreciation for the year	-	0.01	-	-	-	-	0.02	0.03
	Accumulated depreciation for disposals	-	(0.65)	(1.81)	(0.40)	(0.02)	(0.20)	-	(3.08)
	Accumulated depreciation as of 31 March 2019	-	-	-	-	-	-	0.33	0.33
	Accumulated depreciation as of 1 April 2019	-	-	-	-	-	-	0.39	0.39
	Depreciation for the year	-	-	-	-	-	-	0.04	0.04
	Accumulated depreciation for disposals	-	-	-	-	-	-	(0.43)	(0.43)
	Accumulated depreciation as of 31 March 2020	-	-	-	-	-	-	-	-
	<b>Carrying amount as of 31 March 2019</b>	-	-	-	-	-	-	-	-
	<b>Carrying amount as of 31 March 2020</b>	-	-	-	-	-	-	0.06	0.06

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**12- Trade and other receivables**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Tax authority – withholding tax	762,766	463,715	0.37	0.19
Employees' imprest funds	3,758	6,762	0.00	0.00
Social insurance authority	2,781	-	0.00	-
Accrued credit interest	768	1,483	0.00	0.00
	<b>770,073</b>	<b>471,960</b>	<b>0.37</b>	<b>0.19</b>

**13- Prepayments**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Prepayments	1,750	3,644	0.00	0.00
	<b>1,750</b>	<b>3,644</b>	<b>0.00</b>	<b>0.00</b>

**14- 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 during 2020 is as follows:-

Related party	Country	Type of transactions	Significant transactions during the year 2020	Significant transactions during the year 2019	Significant transactions during the year 2020	Significant transactions during the year 2019
			EGP	EGP	₹ Crore	₹ Crore
- MEL Company Egypt	Egypt	-Finance for the company without interest	5,230,483	6,908,654	2.50	2.76
- Marico Limited Company	India	-Transfers during the year	(65,521)	-	(0.03)	-
Marico - SEA	Vietnam	-Transfers during the year	(5,829)	-	-	-

Those transactions resulted in the following balances as at March 31, 2020:

**A) Due from related parties:**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
MEL Consumer Care Company- Egypt	103,848,132	98,617,649	49.73	39.47
Less:				
Impairment on related parties	(103,848,132)	(98,617,649)	(49.73)	(39.47)
	-	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### B) Due to related parties:

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Marico Limited Company – India	-	65,521	-	0.03
Marico-SEA	-	5,829	-	0.00
	-	<b>71,350</b>	-	<b>0.03</b>

### 15- Investments held for trading - Treasury bills

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Treasury bills	-	9,241,704	-	3.70
	-	<b>9,241,704</b>	-	<b>3.70</b>

### 16- Cash and cash equivalents

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Banks - current accounts	31,205	22,642	0.01	0.01
Time deposits	50,000	50,000	0.03	0.02
	<b>81,205</b>	<b>72,642</b>	<b>0.04</b>	<b>0.03</b>
Time deposits	(50,000)	(50,000)	0.03	0.02
Cash and cash equivalents in the statements of cash flows	<b>31,205</b>	22,642	<b>0.01</b>	0.01

### 17- Share capital

A. Authorized capital of the company is L.E. 20 million.

B. The issued and fully paid capital of the company is L.E. 12 287 690 Egyptian pounds represented in 1 228 769 shares, at par value L.E. 10 .

- The share capital is presented as the following :

Name	No of Shares	Share value EGP	₹ Crore FY 19
Marico For Consumer Care Products S.A.E	1 216 481	12,164,810	5.83
Mr. Padmanabh Suresh Maydeo	6 144	61,440	0.03
Mr. Durgesh Chugh	6 144	61,440	0.03
<b>Total</b>	<b>1,228,769</b>	<b>12,287,690</b>	<b>5.88</b>

The percentage of Egyptian shareholder share is 99 %

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

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

	Balance at 01/04/2019	Formed during the year	Used during the year	Provisions no longer required	Balance at 31/03/2020
	EGP	EGP	EGP	EGP	EGP
Claims provision	3,955,080	312,705	(90,175)	(258,896)	3,918,714
Others provision	-	-	-	-	-
	<b>3,955,080</b>	<b>312,705</b>	<b>(90,175)</b>	<b>(258,896)</b>	<b>3,918,714</b>
Impairment in related parties	<b>98,617,649</b>	<b>5,230,483</b>	-	-	<b>103,848,132</b>

	Balance at 01/04/2019	Formed during the year	Used during the year	Provisions no longer required	Balance at 31/03/2020
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Claims provision	1.58	0.15	(0.04)	(0.12)	1.88
Others provision	-	-	-	-	-
	<b>1.58</b>	<b>0.15</b>	<b>(0.04)</b>	<b>(0.12)</b>	<b>1.88</b>
Impairment in related parties	<b>47.23</b>	-	-	-	<b>49.73</b>

**19- Bank facilities**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
* QNB Bank	60,095	4,089,009	0.03	1.64
	<b>60,095</b>	<b>4,089,009</b>	<b>0.03</b>	<b>1.64</b>

\*Guaranteed by treasury bills.

**20- Trade and other payables**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Suppliers	128,689	179,037	0.06	0.07
Accrued expenses	477,656	701,856	0.23	0.28
Tax authority	4,324	95,555	0.00	0.04
Salaries & bonus of expats	166,825	174,366	0.08	0.07
Social insurance authority	-	6,323	-	0.00
	<b>777,494</b>	<b>1,157,137</b>	<b>0.37</b>	<b>0.46</b>

**21- Tax position****a) Corporate Tax:****Years from commencement of operation till 2017**

The company has tax exemption from 1 January 2007 till 31 December 2016 according to the company's tax card.

The company wasn't inspected from the commencement of operation till now.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

**b) Value added Tax:**

**Years from commencement of operation till 2015:**

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

**Period from 31/12/2016 till 31/12/2019:**

The tax inspection has not yet been done for this period and no tax claims were received. The company is submitting the VAT returns regularly on the legal dates.

**c) 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 and 2019**

The company is submitting the payroll tax regularly on the legal dates.

**d) Stamp duty tax:**

**Years from commencement till 31/12/2019:**

The tax inspection was done and the company paid all the resulting differences. The company is submitting the tax according to the established form.

**e) Withholding tax:**

The company is submitting forms No. (41) regularly on the legal dates.

**Years from commencement till 31/12/2017:**

The inspection was completed from inception till 31/12/2017.

**Years 2019**

The tax inspection has not yet been done for these years 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 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. (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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**B) Foreign exchange risk**

This risk is represented in the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the translation of its monetary foreign currency assets and liabilities. As of the balance sheet date the company has monetary, foreign currency, assets and liabilities equivalent to L.E. 2 480 and nil respectively.

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

Foreign Currency	Surplus
GBP	127

And as stated in note (24-1) "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
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	EGP	EGP	₹ Crore	₹ Crore
Trade and other creditors	777,494	1,157,137	0.37	0.55
Due to related parties	-	71,350	-	0.03
Bank facilities	60,095	4,089,009	0.03	1.96
	<b>837,589</b>	<b>5,317,496</b>	<b>0.40</b>	<b>2.54</b>

**23- Going concern**

The company incurred net loss for the year 31/3/2019 amounting to L.E 4 653 008. And the company cumulative losses amounting to L.E 21 132 612 till the year ended 31 March 2020 which exceeded the half of the company's equity according to the latest annual financial statements of the company that amounting to L.E 8 614 669. The company's management depends on the financial support from the Holding Company in continuing its operations, the company has restructured its operations during the year by suspending the manufacturing operations and it is currently evaluating alternate business options. In accordance with the Companies Law No. 159 of 1981 and its Executive Regulation and the Company's Articles of incorporation, an Extraordinary General Meeting will be convened to decide to continue the company's operations.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 24- Significant accounting policies

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

#### 24-1 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.

#### 24-2 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.

#### 24-3 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.

#### 24-4 Finance income and finance costs

The company's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- dividends on preference shares issued classified as financial liabilities;
- the net gain or loss on the disposal of available-for-sale financial assets;
- the net gain or loss on financial assets at fair value through profit or loss;

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

- 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.

### 24-5 Income tax

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 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 24-6 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.

### 24-7 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:-

<b>Asset</b>	<b>Periods</b>
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.

#### 4- Projects under construction

Projects under construction are recognized at cots. The cost includes all expenses directly related to the preparation of the asset to the condition in which its is operated and for the purpose for which is acquired. Projects under construction are transferred to fixed assets when completed and available for use.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 24-8 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.

### 24-9 Financial Instruments

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

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

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

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

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

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

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

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

#### Held-to-maturity financial assets

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



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### Loans and receivables

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

### Available-for-sale financial assets

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

### 3) Non-derivative financial liabilities – Measurement

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

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

### 4) Derivative financial instruments and hedge accounting

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

### Cash flow hedges

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

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

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

## 24-10 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 March, 2020

### 24-11 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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

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.

### 24-12 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.

### 24-13 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.

### 24-14 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 March, 2020

### 24-15 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.

### 24-16 Payables, due to related parties ,creditors and credit balances

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

### 24-17 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.

### 24-18 Cash flow statement

Cash flow statement is prepared according to the indirect method.

### 24-19 Cash dividends

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

### 25- Material non-adjusting events after the reporting period

The recent outbreak of the novel coronavirus (COVID-19) continues to impact the global economy and markets. Going forward the COVID-19 outbreak may negatively impact amongst others our supply chain, workforce, operations, demand of our end markets, and liquidity. Accordingly, The Management has set up a COVID-19 taskforce to develop and implement contingency plans, and we are closely and continuously evaluating the developments. We will take all necessary actions to keep our operations running and, most importantly, protect our employees, suppliers, customers and all other stakeholders.

Based on our current knowledge and available information, we do not expect COVID-19 to have an impact on our ability to continue as a going concern in the foreseeable future.

### 26- Significant events after the end of the financial period and do not require amendments to the financial statements

The impact of the recent outbreak of the virus (Covid-19) on the global economy and markets continues. And its negative impact on several aspects, including supplies, workforce, operations and the demand for our products and the liquidity available to the company. Accordingly, the company's management has formed a working group to develop and implement contingency plans to meet these exceptional circumstances. And we are currently closely monitoring and evaluating all developments related to the spread of the emerging virus. As all necessary procedures will be taken to keep our operations up and running. and, most importantly to protect our employees, suppliers, customers of the company and all stakeholders associated with the company.

According to our current knowledge and available information, we do not expect the emerging (Covid-19) virus to have an impact on the company's ability to continue for the foreseeable future.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
	<p>3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL)Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>4- based on the requirements of this standard the following standards were amended :</p> <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (1)“Presentation of Financial Statements” as amended in 2019 ]</li> <li>2- Egyptian Accounting Standard No. (4) -“Statement of Cash Flows”.</li> <li>3- Egyptian Accounting Standard No. (25) - “Financial Instruments: Presentation.</li> <li>4- Egyptian Accounting Standard No. (26) - “Financial Instruments: Recognition and Measurement”.</li> <li>5- Egyptian Accounting Standard - EAS No. (40) - “Financial Instruments: Disclosures “</li> </ul>		<ul style="list-style-type: none"> <li>- These ammendments are effective as of the date of implementing Standard No. (47)[</li> </ul>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
<p>The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"</p>	<ol style="list-style-type: none"> <li>1- The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void:</li> <li>2- Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015.</li> <li>3- 3. Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015.</li> <li>4- For revenue recognition, Control Model is used instead of Risk and Rewards Model.</li> <li>5- incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met</li> <li>6- the standard requires that contract must have a commercial substance in order for revenue to be recognized</li> <li>7- Expanding in the presentation and disclosure requirements</li> </ol>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>Standard No(48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted</p>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	<p>This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied.</p> <p>Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.</p>



**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
<p>Egyptian Accounting Standard No. (38) as ammended “ Employees Benefits “</p>	<p>2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company’s assets and recognizes a liability that represents the present value of the unpaid lease payments under the company’s liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating l or finance lease contracts .</p> <p>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p> <p>4- As for the finance lease , the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract .</p> <p>5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.</p> <p>Anumber of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (42) as amended " Consolidated Financial Statements"	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows:</p> <ul style="list-style-type: none"> <li>- (ESA 15) Related Party Disclosures</li> <li>- ( ESA 17)Consolidated and Separate Financial Statements</li> <li>- ( ESA 18) Investments in Associates</li> <li>- (ESA 24) Income Taxes</li> <li>- (ESA 29)Business Combinations</li> <li>- ESA( 30) Periodical Financial Statements</li> <li>- EAS (44) Disclosure of Interests in Other Entities.</li> </ul>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p> <p>-The new or amended paragraphs</p> <p>pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019</p>
Issuance of Egyptian Accounting Interpretation No.(1)"Public Service Privileges Arrangements" ...	This interpretation provides guidance on the accounting by operators of public service privileges arrangements from a public entity to a private entity for the construction, operation and maintenance of the infrastructure for public utilities such as roads, bridges, tunnels, hospitals, airports, water supply facilities, power supplies and communications networks. ..., etc	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Interpretation No.(1) applies to financial periods beginning on or after January 1st, 2019,

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (22) as amended " Earnings per Share	<p>This interpretation gives the option of continuing to apply the prior treatment of public service privileges arrangements that prevailed prior to January 1st, 2019 on entities that used to recognize and measure the assets of these arrangements as fixed assets in accordance with Egyptian Accounting Standard No. 10 "Fixed Assets and Depreciation" until their useful lives are expired .</p> <p>The scope of implementation of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.</p>	The Management implemented the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (34) as amended " Real Estate Investment	<p>The Fair Value Model option for all enterprises is no longer used when the subsequent measurement of their real estate investments is made and compliance shall apply only to the Cost Model.</p> <p>while only real estate investment funds are obliged to use the Fair Value Model, upon the subsequent measurement of all their real estate assets.</p> <p>Based on this amendment, the following standards were amended :</p> <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (32) Non-current Assets Held for Sale and Discontinued Operation</li> <li>- Egyptian Accounting Standard No. (31) Impairment of Assets</li> </ul>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (4) as amended " Statemnet of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .	The Management implemented the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.

### 28- Comparative figures

The comparative figures are for 3 months due to the amendment of the company's fiscal year to become March 31, instead of December, 31 at the prior year, therefore the comparative figures included in the financial statements are incomparable.

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED

**BOARD OF DIRECTORS  
(AS ON MARCH 31, 2020)**

Mr. Saugata Gupta  
Mr. Vivek Karve  
Mr. Jacques Nieuwenhuys  
Mr. John Richard Mason  
Mr. Ashish Joshi

**REGISTERED OFFICE**

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**REGISTRATION NO.**

2007/025470/07

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**BANKERS**

Standard Bank of South Africa Limited

**LEGAL ADVISORS**

Adams & Adams – Patent and Trademark Attorneys  
Norton Rose, Commercial Attorneys  
Shepstone & Wylie – Litigation Attorneys  
PCSS Pty Limited – Secretarial Services  
Deloitte & Touche - Tax

## DIRECTOR'S RESPONSIBILITIES AND APPROVAL

### To the shareholder of Marico South Africa Consumer Care Proprietary Limited

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the financial statements.

The consolidated and separate annual financial statements are prepared in accordance with the International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The directors have reviewed the group's cash flow forecast for the year to 31 March 2021 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditor and their report is presented on pages 6 to 8.

The consolidated and separate annual financial statements set out on pages 9 to 45, which have been prepared on the going concern basis, were approved by the board of directors on 20 July 2020 and were signed on their behalf by: Approval of financial statements

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**J Mason**  
Director

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**Mandla Mashilo**  
Director

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**SG Gupta**  
Director

## DIRECTOR'S REPORT

To the shareholder of Marico South Africa Consumer Care Proprietary Limited

### Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Marico South Africa Consumer Care Proprietary Limited and the group for the year ended 31 March 2020.

#### 1. Nature of business

The group distributes a wide range of personal care and affordable complementary health care products.

There have been no material changes to the nature of the group's business from the prior year.

#### 2. Registered office

Unit 1-5 Site 2 East, 74 Prince Umhlangane Road, Avoca, 4051

#### 3. Postal address

P O Box 401093, Redhill, 4071

#### 4. Review of financial results and activities

The consolidated and separate annual financial statements have been prepared in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 2.

Full details of the financial position, results of operations and cash flows of the group and company are set out in these consolidated and separate annual financial statements.

#### 5. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

#### 6. Dividends

No dividends were declared or recommended during the year (2019: R Nil).

#### 7. Directorate

The directors in office at the date of this report are as follows:

Directors	Nationality
J R Mason	South African
J Nieuwenhuys	South African
S Gupta	Indian
V A Karve	Indian
A Joshi	Indian

There have been no changes to the directorate for the year under review.

#### 8. Ultimate holding company

The group's ultimate holding company is Marico Limited which is incorporated in Mumbai, India.

**DIRECTOR'S REPORT**

To the shareholder of Marico South Africa Consumer Care Proprietary Limited

**9. Interest in subsidiary**

Marico South Africa Consumer Care Proprietary Limited is a 100% shareholder of Marico South Africa Proprietary Limited. The interest of the group in the profits and losses of its subsidiary for the year ended 31 March 2020 is as follows:

	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
<b>Subsidiary</b>				
Total profits after income tax	-	1 082 726	-	0.46
Total losses after income tax	(21,451,720)	-	(9.08)	-
	<b>(21,451,720)</b>	<b>1 082 726</b>	<b>(9.08)</b>	<b>0.46</b>

**10. Auditors**

KPMG Inc. continued in office as auditors for the company and its subsidiary for 2020.

At the AGM, the shareholder will be requested to reappoint KPMG Inc. as the independent external auditor of the company and to confirm Mrs M de Wet as the designated lead audit partner for the 2021 financial year.

**11. Secretary**

Premies Corporate Secretarial Services Proprietary Limited performed certain secretarial functions.

**12. Going concern**

We draw attention to the fact that at 31 March 2020, the group had accumulated losses of R11 594 705 (2019: accumulated profit of R9 857 886) and the company had accumulated losses of R53 769 146 (2019: accumulated losses of R3 507 178).

The group has also utilised its overdraft at year end to the value of R7 403 457 (2019: R5 238 789) whilst its overall overdraft facility is R15 000 000 (2019: R15 000 000).

At 31 December 2020, the group and company remains liquid and solvent. Furthermore, the group and company has the support of its holding company, Marico Limited, which would provide funding should the group or company be unable to pay its debts as they become due.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**13. Events after the reporting period**

On 11 March 2020 the World Health Organization formally declared the Covid-19 outbreak a pandemic and on the 15 March 2020 the South African Government responded by declaring a National State of Disaster and enforcing a 21-day National Lockdown from 26 March 2020 to 16 April 2020. The National Lockdown was extended for a further 2 weeks to 30 April 2020 on the 9 April 2020.

On 23 April 2020 the government announced that the lockdown will be gradually phased out based on a risk-adjusted strategy for the resumption of economic activity categorised into five levels. The temporary lockdown would be gradually eased from 1 May 2020, using the five-level system. Effective 1 May 2020 South Africa was moved from level five to level four, which allowed for certain sectors and industries to reopen provided strict health and safety requirements were met, with employees returning to work in phases over a period. Under level four, borders remained closed, with limited movement of people and goods allowed. Effective 1 June 2020 South Africa was moved from level four to level three and currently remains on level three. Marico South Africa Consumer Care Proprietary Limited has been registered as an Essential Services Company and continued to trade during the national lockdown period with only certain stores closing ie: those which were deemed non-essential.

## DIRECTOR'S REPORT

### To the shareholder of Marico South Africa Consumer Care Proprietary Limited

The group and company income for 2020 to date has been impacted by COVID 19 with lockdown rules resulting in the closure of non-essential services stores as classified by Government in level five resulting in reduced sales in the month of March and April. The group and company achieved sales equivalent to fifty percent of the initial forecasted budgeted sales. This resulted in a profit before tax loss of R800 000 for the month of March 2020.

The group and company has estimated that the full financial year will be impacted by a loss of sales of approximately R24m which equates to a loss before tax of R3.5m. Most of the impact is estimated to occur in the period April 2020 to June 2020 due to the lockdown resulting in the following:

1. Closure of manufacturers on non-essential goods during lockdown has resulted in supply challenges and a slow start in some of the production lines post lockdown when easing to level four due to the limitation on work force.
2. Impact of social distancing and regulatory requirements at 3P manufacturers impacting production capacity and resulting in a shortfall against the budgeted plan as well as below required service levels.
3. Loss of income and retrenchments in certain businesses impacting on consumer disposal income.
4. Closure of certain wholesalers and shops who may not be able re-open or exist anymore resulting in bad debts.
5. Cash flow challenges at key customers impacting buying power and also potential payment issues / requests for extended payment terms.
6. Shortage of raw and packaging materials post lockdown due to increased demand.
7. Exchange rate fluctuation/weakening the Rand currency and impacting the cost of raw and packaging materials imported.

As a consequence of Covid-19's impact on current and future operations, management has adjusted the expected/budgeted profit before tax downwards. Management has implemented, and will continue to implement, actions to maximise liquidity and reduce costs to ensure the sustainability of the group and company, with the non-critical expenses being reduced drastically to allow for savings.

Management plans to manage costs further through the following:

1. No salary increases in current year.
2. Reduction in leave provision.
3. Freeze in placements.
4. Reduction in travel (only critical) ,
5. Reduction advertising spends.

After consideration of the impact of COVID 19 on the business, including impacts on the forecasted profitability for the year, the directors do not, at this time, foresee the going concern assessment and status of the business being impacted, based on the facts and circumstances at the date of signature of the consolidated and separate annual financial statements.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.



## 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 ConsumerCare Proprietary Limited (the group and company) set out on pages 9 to 45, which comprise the consolidated and separate statements of financial position as at 31 March 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Marico South Africa Consumer Care Proprietary Limited as at 31 March 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Marico South Africa Consumer Care Proprietary Limited Consolidated and Separate Annual Financial Statements for the year ended 31 March 2020", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or 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/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG Inc

Per M De Wet

Chartered Accountant (SA)

Registered Auditor

Associate Director

21 July 2020

MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

As at 31 March, 2020

Particulars	Notes	As at March 31,									
		Group			Company		Group			Company	
		2020	2019	1 April 2018	2020	2019	2020	2019	1 April 2018	2020	2019
	R	Restated* R	Restated* R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	
<b>ASSETS</b>											
<b>Non-current assets</b>											
Property, plant and equipment	4	1,032,492	1,765,973	2,305,340	-	-	0.44	0.85	1.28	-	-
Right-of-use assets	5	5,904,613	8,752,626	14,474,138	-	-	2.50	4.19	8.02	-	-
Goodwill	6	55,613,680	75,613,680	75,613,680	-	-	23.55	36.18	41.90	-	-
Intangible assets	7	81,564,722	81,564,722	81,564,722	-	-	34.54	39.03	45.20	-	-
Investment in subsidiary	8	-	-	-	80,064,957	130,326,054	-	-	-	33.91	62.36
		<b>1,447,115,507</b>	<b>167,697,001</b>	<b>173,957,880</b>	<b>80,064,957</b>	<b>130,326,054</b>	<b>61.03</b>	<b>80.24</b>	<b>96.40</b>	<b>33.91</b>	<b>62.36</b>
<b>Current assets</b>											
Inventories	9	32,525,741	34,930,373	33,380,313	-	-	13.77	16.71	18.50	-	-
Trade and other receivables	10	27,017,063	40,659,296	33,912,634	-	-	11.44	19.46	18.79	-	-
Current tax receivable		39,018	669,314	786,260	-	-	0.02	0.32	0.44	-	-
Cash and cash equivalents	11	1,239,655	26,977	27,584	26,106	26,977	0.52	0.01	0.02	0.01	0.01
		<b>60,821,478</b>	<b>76,285,960</b>	<b>68,106,791</b>	<b>26,106</b>	<b>26,977</b>	<b>25.76</b>	<b>36.50</b>	<b>37.74</b>	<b>0.01</b>	<b>0.01</b>
<b>Total assets</b>		<b>204,936,984</b>	<b>243,982,961</b>	<b>242,064,671</b>	<b>80,091,063</b>	<b>130,353,031</b>	<b>86.79</b>	<b>116.75</b>	<b>134.14</b>	<b>33.92</b>	<b>62.37</b>
<b>Equity and Liabilities</b>											
Share capital and share premium	12	133,860,209	133,860,209	133,860,209	133,860,209	133,860,209	56.69	64.05	74.18	56.69	64.05
Retained (loss) income		(11,594,705)	9,857,886	8,750,065	(53,769,146)	(3,507,178)	(4.91)	4.72	4.85	(22.77)	(1.68)
<b>Total equity</b>		<b>122,265,504</b>	<b>143,718,095</b>	<b>142,610,274</b>	<b>80,091,063</b>	<b>130,353,031</b>	<b>51.78</b>	<b>68.77</b>	<b>79.03</b>	<b>33.92</b>	<b>62.37</b>
<b>LIABILITIES</b>											
<b>Non-current liabilities</b>											
Borrowings	13	23,090,345	29,682,404	35,785,676	-	-	9.78	14.20	19.83	-	-
Lease Liability	5	3,110,992	7,240,499	11,409,821	-	-	1.32	3.46	6.32	-	-
Deferred Tax	14	6,263,579	6,033,321	6,387,437	-	-	2.65	2.89	3.54	-	-
Share-based payment liability	15	18,030	197,871	290,595	-	-	0.01	0.09	0.16	-	-
		<b>32,482,946</b>	<b>43,154,095</b>	<b>53,873,529</b>	<b>-</b>	<b>-</b>	<b>13.75</b>	<b>20.55</b>	<b>29.69</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>											
Trade and other payables	16	31,552,377	41,030,953	33,116,420	-	-	13.36	19.63	18.35	-	-
Borrowings	13	6,146,930	6,165,047	6,163,474	-	-	2.60	2.95	3.42	-	-
Lease Liability	5	5,008,639	4,169,321	5,548,868	-	-	2.12	2.00	3.07	-	-
Share-based payment liability	15	77,131	506,661	554,198	-	-	0.03	0.24	0.31	-	-
Bank overdraft	11	7,403,457	5,238,789	197,908	-	-	3.14	2.51	0.11	-	-
		<b>50,188,534</b>	<b>57,110,771</b>	<b>45,580,868</b>	<b>-</b>	<b>-</b>	<b>21.25</b>	<b>27.33</b>	<b>25.26</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>82,671,480</b>	<b>100,264,866</b>	<b>99,454,397</b>	<b>-</b>	<b>-</b>	<b>35.00</b>	<b>47.88</b>	<b>54.95</b>	<b>-</b>	<b>-</b>
<b>Total equity and liabilities</b>		<b>204,936,984</b>	<b>243,982,961</b>	<b>242,064,671</b>	<b>80,091,063</b>	<b>130,353,031</b>	<b>86.79</b>	<b>116.75</b>	<b>134.14</b>	<b>33.92</b>	<b>62.37</b>

\*The group transitions to IFRS 16 as at 1 April 2019 using the fully retrospective approach. As such, comparative information has been restated. Refer to note 2 for detailed information regarding the restatement of comparative information.

Note: The exchange rate use to convert ZAR to ₹ 4.235 (Previous year ZAR to ₹ 4.785)

## CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March, 2020

Particulars	Notes	Year ended March 31,							
		Group		Company		Group		Company	
		2020	2019* Restated	2020	2019	2020	2019* Restated	2020	2019
		R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Revenue</b>	17	<b>241,194,972</b>	252,411,282	-	-	<b>102.15</b>	120.78	-	-
Cost of sales		<b>(153,532,367)</b>	(154,927,674)	-	-	<b>(65.02)</b>	(74.13)	-	-
<b>Gross profit</b>		<b>87,662,605</b>	97,483,608	-	-	<b>37.13</b>	46.65	-	-
Operating income		-	26,284	-	26,284	-	0.01	-	0.01
Other Operating (losses) gains	18	<b>(309,528)</b>	453,883	-	-	<b>(0.13)</b>	0.22	-	-
Impairment loss on trade receivable	19	<b>(16,812)</b>	(204,376)	-	-	<b>(0.01)</b>	(0.10)	-	-
Impairment of investment in subsidiary	8	-	-	<b>(50,261,097)</b>	-	-	-	<b>(21.29)</b>	-
Impairment of goodwill	6	<b>(20,000,000)</b>	-	-	-	<b>(8.47)</b>	-	-	-
Other expenses		<b>(84,203,571)</b>	(90,848,785)	<b>(2,403)</b>	(2,186)	<b>(35.66)</b>	(43.47)	<b>(0.00)</b>	(0.00)
<b>Operating profit/(loss)</b>	19	<b>(16,867,306)</b>	6,910,614	<b>(50,263,500)</b>	24,098	<b>(7.14)</b>	3.31	<b>(21.29)</b>	0.01
Investment income	20	<b>108,022</b>	127,241	<b>1,532</b>	1,579	<b>0.05</b>	0.06	<b>0.00</b>	0.00
Finance costs	21	<b>(4,463,569)</b>	(5,590,445)	-	-	<b>(1.89)</b>	(2.68)	-	-
(Loss)/profit before taxation		<b>(21,222,853)</b>	1,447,410	<b>(50,261,968)</b>	25,677	<b>(8.99)</b>	0.69	<b>(21.29)</b>	0.01
<b>Taxation</b>	22	<b>(229,738)</b>	(339,589)	-	(582)	<b>(0.10)</b>	(0.16)	-	(0.00)
(Loss) profit for the year		<b>(21,452,591)</b>	1,107,821	<b>(50,261,968)</b>	25,095	<b>(9.09)</b>	0.53	<b>(21.29)</b>	0.016
Other Comprehensive Income		-	-	-	-	-	-	-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(21,452,591)</b>	1,107,821	<b>(50,261,968)</b>	25,095	<b>(9.09)</b>	0.53	<b>(21.29)</b>	0.01

\*The group transitions to IFRS 16 as at 1 April 2019 using the fully retrospective approach. As such, comparative information has been restated. Refer to note 2 for detailed information regarding the restatement of comparative information.

Note: The exchange rate use to convert ZAR to ₹ 4.235 (Previous year ZAR to ₹ 4.785)

MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED

**CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March, 2020

Particulars	Share capital	Share	Total Share	Retained	Total equity
	2020 premium	2020	Capital	(loss) income	2020
	R	R	R	R	R
<b>Group</b>					
Opening balance as previously reported	90,060,309	43,799,900	133,860,209	9,832,562	143,692,771
Adjustments	-	-	-	-	-
Change in accounting policy*	-	-	-	(1,082,497)	(1,082,497)
<b>Restated balance at 1 April 2018</b>	<b>90,060,309</b>	<b>43,799,900</b>	<b>133,860,209</b>	<b>8,750,065</b>	<b>142,610,274</b>
Profit for the year (restated)	-	-	-	1,107,821	1,107,821
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,107,821</b>	<b>1,107,821</b>
<b>Restated balance at 1 April 2019</b>	<b>90,060,309</b>	<b>43,799,900</b>	<b>133,860,209</b>	<b>9,857,886</b>	<b>143,718,095</b>
<b>Loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,452,591)</b>	<b>(21,452,591)</b>
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(21,452,591)	(21,452,591)
<b>Balance at 31 March 2020</b>	<b>90,060,309</b>	<b>43,799,900</b>	<b>133,860,209</b>	<b>(11,594,705)</b>	<b>122,265,504</b>
Note	12	12	12		

Particulars	Share capital	Share	Total Share	Retained	Total equity
	2020 premium	2020	Capital	(loss) income	2020
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Group</b>					
Opening balance as previously reported	49.91	24.27	74.18	5.45	79.63
Adjustments	-	-	-	-	-
Change in accounting policy*	-	-	-	(0.60)	(0.60)
<b>Restated balance at 1 April 2018</b>	<b>49.91</b>	<b>24.27</b>	<b>74.18</b>	<b>4.85</b>	<b>79.03</b>
Profit for the year (restated)	-	-	-	0.53	0.53
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.53</b>	<b>0.53</b>
<b>Restated balance at 1 April 2019</b>	<b>43.09</b>	<b>20.96</b>	<b>64.05</b>	<b>4.72</b>	<b>68.77</b>
<b>Loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9.09)</b>	<b>(9.09)</b>
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(9.09)	(9.09)
<b>Balance at 31 March 2020</b>	<b>38.14</b>	<b>18.55</b>	<b>56.69</b>	<b>(4.91)</b>	<b>51.78</b>
Note	12	12	12		

## CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY (CONT'D)

For the year ended 31 March, 2020

Particulars	Share capital	Share premium	Total Share	Retained (loss)	Total equity
	2020	2020	Capital	income	2020
	R	R	2020	2020	R
<b>Company</b>					
Year ended 31 March 2020					
<b>Balance at 1 April 2018</b>	<b>90,060,309</b>	<b>43,799,900</b>	<b>133,860,209</b>	<b>(3,532,273)</b>	<b>130,327,936</b>
Profit for the year	-	-	-	25,095	25,095
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,095</b>	<b>25,095</b>
<b>Balance at 1 April 2019</b>	<b>90,060,309</b>	<b>43,799,900</b>	<b>133,860,209</b>	<b>(3,507,178)</b>	<b>130,353,031</b>
<b>Loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50,261,968)</b>	<b>(50,261,968)</b>
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(50,261,968)	(50,261,968)
<b>Balance at 31 March 2020</b>	<b>90,060,309</b>	<b>43,799,900</b>	<b>133,860,209</b>	<b>(53,769,146)</b>	<b>80,091,063</b>
Note	12	12	12		

Particulars	Share capital	Share premium	Total Share	Retained (loss)	Total equity
	2020	2020	Capital	income	2020
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Company</b>					
Year ended 31 March 2020					
<b>Balance at 1 April 2018</b>	<b>49.91</b>	<b>24.27</b>	<b>74.18</b>	<b>(1.96)</b>	<b>72.22</b>
Profit for the year	-	-	-	0.01	0.01
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>0.01</b>
<b>Balance at 1 April 2019</b>	<b>43.09</b>	<b>20.96</b>	<b>64.05</b>	<b>(1.68)</b>	<b>62.37</b>
<b>Loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21.29)</b>	<b>(21.29)</b>
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(21.29)	(21.29)
<b>Balance at 31 March 2020</b>	<b>38.14</b>	<b>18.55</b>	<b>56.69</b>	<b>(22.77)</b>	<b>33.92</b>
Note	12	12	12		

\*The group transitions to IFRS 16 as at 1 April 2019 using the fully retrospective approach. As such, comparative information has been restated. Refer to note 2 for detailed information regarding the restatement of comparative information.

Note: The exchange rate use to convert ZAR to ₹ 4.235 (Previous year ZAR to ₹ 4.785)

MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED

**CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS**

For the year ended 31 March, 2020

Particulars	Notes	Year ended March 31,							
		Group		Company		Group		Company	
		2020	2019*	2020	2019	2020	2019*	2020	2019
		Restated		Restated		Restated		Restated	
		R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Cash flow from operating activities</b>									
Cash generated from (used in) operations	23	<b>13,596,881</b>	11,297,498	<b>(2,403)</b>	(2,186)	<b>5.76</b>	5.41	<b>(0.0)</b>	(0.0)
Interest income		<b>108,022</b>	127,241	<b>1,532</b>	1,579	<b>0.05</b>	0.06	<b>0.0</b>	0.0
Finance costs		<b>(3,429,496)</b>	(5,590,445)	-	-	<b>(1.45)</b>	(2.68)	-	-
Tax received (paid)	24	<b>630,296</b>	(547,460)	-	-	<b>0.27</b>	(0.26)	-	-
<b>Net cash from operating activities</b>		<b>10,905,703</b>	<b>5,286,834</b>	<b>(871)</b>	<b>(607)</b>	<b>4.62</b>	<b>2.53</b>	<b>(0.00)</b>	<b>(0.00)</b>
<b>Cash flows from investing activities</b>									
Purchase of property, plant and equipment	4	<b>(114,113)</b>	(409,329)	-	-	<b>(0.05)</b>	(0.20)	-	-
Proceeds on sale of property, plant and equipment	4	<b>131,915</b>	1,731,576	-	-	<b>0.06</b>	0.83	-	-
<b>Net cash from investing activities</b>		<b>17,802</b>	<b>1,322,247</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>0.63</b>	<b>-</b>	<b>-</b>
<b>Cash flow from financing activities</b>									
<b>Repayment of borrowings</b>		<b>(6,610,174)</b>	(6,101,699)	-	-	<b>(2.80)</b>	(2.92)	-	-
<b>Net cash from financing activities</b>		<b>(11,875,495)</b>	(11,650,569)	<b>-</b>	<b>-</b>	<b>(5.03)</b>	(5.57)	<b>-</b>	<b>-</b>
<b>Total cash movement for the year</b>		<b>(951,990)</b>	<b>(5,041,488)</b>	<b>(871)</b>	<b>(607)</b>	<b>(0.40)</b>	<b>(2.41)</b>	<b>(0.00)</b>	<b>(0.00)</b>
Cash at the beginning of the year		<b>(5,211,812)</b>	(170,324)	<b>26,977</b>	27,584	<b>(2.21)</b>	(0.08)	<b>0.01</b>	0.01
<b>Total cash at end of the year</b>	11	<b>(6,163,802)</b>	<b>(5,211,812)</b>	<b>26,106</b>	<b>26,977</b>	<b>(2.61)</b>	<b>(2.49)</b>	<b>0.01</b>	<b>0.01</b>

\*The group transitions to IFRS 16 as at 1 April 2019 using the fully retrospective approach. As such, comparative information has been restated. Refer to note 2 for detailed information regarding the restatement of comparative information.

Note: The exchange rate use to convert ZAR to ₹ 4.235 (Previous year ZAR to ₹ 4.785)

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2020

### Accounting policies

Marico South Africa Consumer Care Proprietary Limited is domiciled in South Africa. The group and company's registered office is Unit 1-5 Site 2 East, 74 Prince Umhlangane Road, Avoca, 4051. The group is involved in the distribution of a widerange of personal care and affordable complementary health care products.

#### 1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below.

##### 1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, the International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa, as amended.

The consolidated and separate financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the group and company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

##### 1.2 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The 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.

##### Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

##### Critical judgments in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option: or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. Key sources of estimation uncertainty Impairment of financial assets.

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.



## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

### **Allowance for slow moving, damaged and obsolete inventory**

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

### **Impairment testing**

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

### **Useful lives of property, plant and equipment**

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

## **1.3 Consolidation**

### **Basis of consolidation**

The financial statements incorporate the consolidated and separate financial statements of the company and all subsidiaries.

Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated and separate financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated and separate financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### **Investments in subsidiaries in the separate financial statements**

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses.

### **Business combinations**

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

**NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS**

For the year ended 31 March, 2020

**1.4 Goodwill**

Goodwill arises on the acquisition of the subsidiary and the acquisition of assets and liabilities in terms of a business combination. Goodwill represents the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is initially recognised as an asset at cost and is subsequently measured as cost less accumulated impairment losses. An impairment loss is recognised for goodwill is not reversed in a subsequent period.

On disposal of a business the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**1.5 Property, plant and equipment**

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life</b>
Buildings	Straight line	5 - 12 years
Leasehold improvements	Straight line	5 years
Plant and machinery	Straight line	5 - 15 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	3.33 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

### 1.6 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is identified, which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

#### Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets.

For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist). Details of leasing arrangements where the group is a lessee are presented in note 5 Leases (group as lessee).

#### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined,

**NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS****For the year ended 31 March, 2020**

the group uses its incremental borrowing rate. The company determines its incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item on the Consolidated and Separate Statements of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

### Right-of-use assets

Right-of-use assets are presented as a separate line item on the Consolidated and Separate Statements of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

### 1.7 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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.

**NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS****For the year ended 31 March, 2020**

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Currently, the Brands have an indefinite useful life. Should managements assessment change, the Brands would be amortised using the straight line method over the determined useful life.

**1.8 Inventories**

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**1.9 Financial instruments**

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the group ,as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost.

Financial liabilities:

- Amortised cost.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

**Trade and other receivables****Classification**

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 10).

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

### Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables.

They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

### Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

### Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The group assumes that credit risk on a financial asset has increased significantly if it is more than 30 days due. The group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held) or;
- the financial asset is more than 90 days past due.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account.

### Borrowings

#### Classification

Borrowings (note 13) are classified as financial liabilities subsequently measured at amortised cost.

#### Recognition and measurement

Borrowings are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

### Trade and other payables

#### Classification

Trade and other payables (note 16), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

#### Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2020

They are subsequently measured at amortised cost using the effective interest method.

### **Trade and other payables denominated in foreign currencies**

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period.

Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating (losses) gains.

### **Cash and cash equivalents**

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

### **Bank overdrafts**

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### **Derecognition**

#### **Financial assets**

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### **Financial liabilities**

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### **Offsetting**

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

### **1.10 Impairment of assets**

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.



## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

### 1.11 Tax

#### **Current tax assets and liabilities**

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

#### **Deferred tax assets and liabilities**

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 at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS****For the year ended 31 March, 2020****Tax expenses**

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period.

**1.12 Share capital and equity**

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

**1.13 Share based payments**

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.

**1.14 Revenue from contracts with customers**

Revenue is recognised upon transfer of control when performance obligations to customers are met in an amount that reflects the consideration the company expects to receive in exchange for the goods or services rendered. To recognise revenue, we apply the following five step approach:

- (1) identify the contract with a customer,
- (2) identify the performance obligations in the contract,
- (3) determine the transaction price,
- (4) allocate the transaction price to the performance obligations in the contract, and
- (5) recognize revenues when a performance obligation is satisfied.

At contract inception, the group and company assesses its promise to transfer goods and services to a customer to identify separate performance obligations. The group and company applies judgement to determine whether each good and service promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised goods and services are combined and accounted as a single performance obligation. The group and company allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately.

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

Revenue performance obligations are met at a point in time when the good is available for use or delivered to the customer location. Control is transferred when the customer takes ownership of the good for both locally and foreign revenue. Export revenues are recorded when the relevant incoterms of each contract is met.

Rebates and discounts are recorded against revenue and receivables when the specific terms of each contract have been met.

Depending on the customer profile, sale contracts are entered into on a variety of payment terms from cash on delivery, 30 days, 60 days etc.

The nature of the goods invoiced are primarily of hair care and health products.

Due to the nature of the bulk supply of goods and quality controls in place, there is minimal obligation for returns of inventory.

All rebates earned are recorded against the relevant revenue at the date at which the terms related to the rebate have been met.

There are no significant judgements required in the application of IFRS 15 due to the nature of the goods being sold.

### 1.15 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.16 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits are recognised in the period in which the service is rendered and are not discounted.

### 1.17 Translation of foreign currencies

#### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

#### At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- 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; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2020

consolidated and separate annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

### 1.18 Finance income and finance costs

Finance income and finance expense is recognised on a time proportion basis which takes into account the effective yield on the respective asset or liability.

### 1.19 Related parties

A party is related to the Company if any of the following are met:

- Directly, or indirectly through one or more intermediaries, the party controls, is controlled by or is under common control with the Company.
- the party is a member of key management personnel of the entity or its parent.
- the party is a close family member of the family or individual referred to the above.

Close family member of the family of an individual includes:

- the individual's domestic partner and children.
- Children of the individual's domestic partner and
- Dependents of the individual or the individual's domestic partner.

The sales to and purchases from related parties are made on terms negotiated between the parties involved.

## 2. Changes in accounting policy

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

### Application of IFRS 16 Leases

In the current year, the group has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 1 April 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right of use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. Details of these new requirements are described in the accounting policy for leases. Refer to note 1.6. The impact of the adoption of IFRS 16 on the group's consolidated and separate financial statements is described below.

The group has not applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease.

IFRS 16 has been adopted by applying the fully retrospective approach, whereby the comparative figures are restated. In the 2019 financial statements, the directors stated that they would adopt the modified retrospective approach, however the approach was changed to the full retrospective approach after consideration of various factors, including that of shareholder requirements.

### Leases where group is lessee

As a lessee, the group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the group.

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

Under IFRS 16 the group recognises right-of-use assets and lease liabilities for all leases excluding short term leases and leases of low value assets with the resultant impact that leases previously recognised as operating leases are now recognised on the statement of financial position as right-of-use assets with corresponding lease liabilities.

Right-of-use assets were tested for impairment in accordance with IAS 36.

### Impact on financial statements

The following tables summarise the impact of adopting IFRS 16 on the group financial statements.

Impact on Consolidated and Separate Statements of Financial Position

Particulars	Group		Company		Group		Company	
	31-Mar-19	1-Apr-18	31-Mar-19	1-Apr-18	31-Mar-19	1-Apr-18	31-Mar-19	1-Apr-18
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Right-of use assets</b>								
As previously stated	-	-	-	-	-	-	-	-
Adjustment	8,752,626	14,474,138	-	-	4.19	8.02	-	-
<b>Restated</b>	<b>8,752,626</b>	<b>14,474,138</b>	-	-	<b>4.19</b>	<b>8.02</b>	-	-
<b>Lease liabilities</b>								
As previously stated	-	-	-	-	-	-	-	-
Adjustment	(11,409,820)	(16,958,689)	-	-	(5.46)	(9.40)	-	-
<b>Restated</b>	<b>(11,409,820)</b>	<b>(16,958,689)</b>	-	-	<b>(5.46)</b>	<b>(9.40)</b>	-	-
<b>Trade and other payables (operating lease liability)</b>								
As previously stated	(42,083,850)	(34,097,503)	-	-	(20.14)	(18.90)	-	-
Adjustment	1,052,897	981,083	-	-	0.50	0.54	-	-
<b>Restated</b>	<b>(41,030,953)</b>	<b>(33,116,420)</b>	-	-	<b>(19.63)</b>	<b>(18.35)</b>	-	-
<b>Deferred tax</b>								
As previously stated	(6,482,524)	(6,808,408)	-	-	(3.10)	(3.77)	-	-
Adjustment	449,203	420,971	-	-	0.21	0.23	-	-
<b>Restated</b>	<b>(6,033,321)</b>	<b>(6,387,437)</b>	-	-	<b>(2.89)</b>	<b>(3.54)</b>	-	-
<b>Retained earnings</b>								
As previously stated	(11,012,980)	(9,832,562)	-	-	(5.27)	(5.45)	-	-
Adjustment	1,155,094	1,082,497	-	-	0.55	0.60	-	-
<b>Restated</b>	<b>(9,857,886)</b>	<b>(8,750,065)</b>	-	-	<b>(4.72)</b>	<b>(4.85)</b>	-	-

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2020

### Impact on Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2019

Group	As previously reported	IFRS 16 Adjustments	As restated	As previously reported	IFRS 16 Adjustments	As restated
	R	R	R	₹ Crore	₹ Crore	₹ Crore
Net cash from operating activities	(92,245,466)	1,396,681	(90,848,785)	(44.14)	0.67	(43.47)
Finance costs	(4,092,935)	(1,497,510)	(5,590,445)	(1.96)	(0.72)	(2.68)
Taxation - deferred tax	(367,821)	28,232	(339,589)	(0.18)	0.01	(0.16)
	<b>(96,706,222)</b>	<b>(72,597)</b>	<b>(96,778,819)</b>	<b>(46.27)</b>	<b>(0.03)</b>	<b>(46.31)</b>

### Impact on Consolidated and Separate Statements of Cash Flows for the year ended 31 March 2019

	As previously reported	IFRS 16 Adjustments	As restated	As previously reported	IFRS 16 Adjustments	As restated
	R	R	R	₹ Crore	₹ Crore	₹ Crore
Net cash from operating activities	(262,035)	5,548,869	5,286,834	(0.13)	2.66	2.53

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Net cash from financing activities	-	(6,101,700)	<b>(5,548,869)</b>	(11,650,569)	-	(2.92)	<b>(2.35)</b>	(5.57)

The specific accounts which have impacted the consolidated cash flow statements are detailed above under "Impact on Statement of Financial Position" and "Impact on Statement of Profit and Loss and Other Comprehensive Income."

### 3. New Standards and Interpretations

The group and company has chosen not to early adopt the following standards and interpretations, which have been published

and are mandatory for the group's accounting periods beginning on or after 1 April 2020 or later periods:

Standard / Interpretation:	Effective date: Years beginning on or after	Expected impact:
Definition of a business - Amendments to IFRS 3	1 January 2020	Unlikely there will be a material impact
Presentation of Financial Statements: Disclosure initiative	1 January 2020	Unlikely there will be a material impact
Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	1 January 2020	Unlikely there will be a material impact

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

### 4 Property, plant and equipment

Particulars	Cost Accumulated		Carrying Value	Cost Accumulated		Carrying Value
	Depreciation			Depreciation		
	R	R	R	R	R	R
<b>Group</b>						
Leasehold improvements	1,407,919	(1,035,327)	372,592	1,407,919	(777,449)	630,470
Plant and machinery	1,300,457	(988,197)	312,260	1,293,508	(795,557)	497,951
Office furniture and computer equipment	2,745,702	(2,412,314)	333,388	2,708,672	(2,136,713)	571,959
Motor vehicles	588,346	(574,094)	14,252	588,347	(522,754)	65,593
	<b>6,042,424</b>	<b>(5,009,932)</b>	<b>1,032,492</b>	<b>5,998,446</b>	<b>(4,232,473)</b>	<b>1,765,973</b>

Particulars	Cost Accumulated		Carrying Value	Cost Accumulated		Carrying Value
	Depreciation			Depreciation		
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Group</b>						
Leasehold improvements	0.60	(0.44)	0.16	0.67	(0.37)	0.30
Plant and machinery	0.55	(0.42)	0.13	0.62	(0.38)	0.24
Office furniture and computer equipment	1.16	(1.02)	0.14	1.30	(1.02)	0.27
Motor vehicles	0.25	(0.24)	0.01	0.28	(0.25)	0.03
	<b>2.56</b>	<b>(2.12)</b>	<b>0.44</b>	<b>2.87</b>	<b>(2.03)</b>	<b>0.85</b>

### Reconciliation of property, plant and equipment - Group - 2020

Particulars	Opening	Additions	Disposals	Depreciation	Closing
	balance				
	R	R	R	R	R
Leasehold improvements	630,470	-	-	(257,878)	372,592
Plant and machinery	497,951	9,329	-	(195,020)	312,260
Office furniture and computer equipment	571,959	104,784	(19,755)	(323,600)	333,388
Motor vehicles	65,593	-	-	(51,341)	14,252
	<b>1,765,973</b>	<b>114,113</b>	<b>(19,755)</b>	<b>(827,839)</b>	<b>1,032,492</b>

Particulars	Opening	Additions	Disposals	Depreciation	Closing
	balance				
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Leasehold improvements	0.27	-	-	(0.11)	0.16
Plant and machinery	0.21	0.00	-	(0.08)	0.13
Office furniture and computer equipment	0.24	0.04	(0.01)	(0.14)	0.14
Motor vehicles	0.03	-	-	(0.02)	0.01
	<b>0.75</b>	<b>0.05</b>	<b>(0.01)</b>	<b>(0.35)</b>	<b>0.44</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2020

## Reconciliation of property, plant and equipment - Group - 2019

Particulars	Opening	Additions	Disposals	Depreciation	Closing
	balance				
	R	R	R	R	R
Leasehold improvements	776,082	122,458	-	(268,070)	630,470
Plant and machinery	664,960	100,630	(75,068)	(192,571)	497,951
Office furniture and computer equipment	747,364	186,241	(29,276)	(332,370)	571,959
Motor vehicles	116,934	-	-	(51,341)	65,593
	<b>2,305,340</b>	<b>409,329</b>	<b>(104,344)</b>	<b>(844,352)</b>	<b>1,765,973</b>

Particulars	Opening	Additions	Disposals	Depreciation	Closing
	balance				
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Leasehold improvements	0.37	0.06	-	(0.13)	0.30
Plant and machinery	0.32	0.05	(0.04)	(0.09)	0.24
Office furniture and computer equipment	0.36	0.09	(0.01)	(0.16)	0.27
Motor vehicles	0.06	-	-	(0.02)	0.03
	<b>1.10</b>	<b>0.20</b>	<b>(0.05)</b>	<b>(0.40)</b>	<b>0.85</b>

## 5. Leases (group only as lessee)

The company has entered into commercial leases on certain factory buildings and plant and machinery. These leases have an average life of between three and five years. There are no restrictions placed upon the company by entering into these leases.

The directors do not plan to enter into any new leases in the short term and do not plan to extend leases therefore renewal options have not been taken into account.

Details pertaining to leasing arrangements, where the group is lessee are presented below:

## Net carrying amounts of right-of-use assets

## Group 2020

Particulars	Cost Accumulated depreciation		Net book value	Cost Accumulated depreciation		Net book value
	R	R	R	₹ Crore	₹ Crore	₹ Crore
	Buildings	21,703,279	(16,583,317)	5,119,962	9.19	(7.02)
Plant and machinery	1,842,130	(1,057,479)	784,651	0.78	(0.45)	0.33
	<b>23,545,409</b>	<b>(17,640,796)</b>	<b>5,904,613</b>	<b>9.97</b>	<b>(7.47)</b>	<b>2.50</b>

## Group 2019

Particulars	Cost Accumulated depreciation		Net book value	Cost Accumulated depreciation		Net book value
	R	R	R	₹ Crore	₹ Crore	₹ Crore
	Buildings	21,703,279	(13,100,745)	8,602,534	10.39	(6.27)
Plant and machinery	900,550	(750,458)	150,092	0.43	(0.36)	0.07
	<b>22,603,829</b>	<b>(13,851,203)</b>	<b>8,752,626</b>	<b>10.82</b>	<b>(6.63)</b>	<b>4.19</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

## Group 2018

Particulars	Cost Accumulated depreciation		Net book value	Cost Accumulated depreciation		Net book value
	R	R	R	₹ Crore	₹ Crore	₹ Crore
Buildings	21,703,279	(7,679,416)	14,023,863	12.03	(4.26)	7.77
Plant and machinery	900,550	(450,275)	450,275	0.50	(0.25)	0.25
	<b>22,603,829</b>	<b>(8,129,691)</b>	<b>14,474,138</b>	<b>12.53</b>	<b>(4.51)</b>	<b>8.02</b>

## Additions to right-of-use assets

Particulars	Cost Accumulated depreciation		Net book value	Cost Accumulated depreciation		Net book value
	R	R	R	₹ Crore	₹ Crore	₹ Crore
Buildings	-	-	-	-	-	-
Plant and machinery	-	941,581	-	-	0.45	-
	-	<b>941,581</b>	-	-	<b>0.45</b>	-

## Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 19), as well as depreciation which has been capitalised to the cost of other assets.

Particulars	R	R	₹ Crore	₹ Crore
Buildings	3,482,572	5,721,511	1.47	2.74
Plant and machinery	307,022	-	0.13	-
	<b>3,789,594</b>	<b>5,721,511</b>	<b>1.60</b>	<b>2.74</b>

## Other disclosures

Particulars	R	R	₹ Crore	₹ Crore
Interest expense on lease liabilities (note 21)	1,034,073	1,497,510	0.44	0.72

## Lease liabilities

Particulars	R	R	R	₹ Crore	₹ Crore	₹ Crore
The maturity analysis of lease liabilities is as follows:						
Within one year	5,595,002	5,056,998	7,046,379	2.37	2.42	3.91
Two to five years	3,273,583	7,935,215	12,992,213	1.39	3.80	7.20
	<b>8,868,585</b>	<b>12,992,213</b>	<b>20,038,592</b>	<b>3.76</b>	<b>6.22</b>	<b>11.11</b>

This above are contractual undiscounted cashflows and hence will not tie to the carrying amount per the Statement of Financial Position.

Particulars	R	R	R	₹ Crore	₹ Crore	₹ Crore
Non-current liabilities	3,110,992	7,240,499	11,409,821	1.32	3.46	6.32
Current liabilities	5,008,639	4,169,321	5,548,868	2.12	2.00	3.08
	<b>8,119,631</b>	<b>11,409,820</b>	<b>16,958,689</b>	<b>3.44</b>	<b>5.46</b>	<b>9.40</b>

Refer to note 19 for disclosure of low value lease assets.

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2020

## 6. Goodwill

Group	2020			2019		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
	R	R	R	R	R	R
Goodwill	75,613,680	(20,000,000)	55,613,680	75,613,680	-	75,613,680

Group	2020			2019		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Goodwill	32.02	(8.47)	23.55	36.18	-	36.18

## Reconciliation of goodwill - Group - 2020

Particulars	Opening balance	Impairment loss	Closing balance	Opening balance	Impairment loss	Closing balance
	R	R	R	₹ Crore	₹ Crore	₹ Crore
Goodwill	75,613,680	(20,000,000)	55,613,680	32.02	(8.47)	23.55

## Reconciliation of goodwill - Group - 2019

Particulars	Opening balance	Impairment loss	Closing balance	Opening balance	Impairment loss	Closing balance
	R	R	R	₹ Crore	₹ Crore	₹ Crore
Goodwill	75,613,680	-	75,613,680	36.18	-	36.18

During 2018 financial year Marico South Africa Proprietary Limited Purchased the assets and liability for JM product Proprietary Limited. Goodwill arose as a result of the purchase price exceeding the fair value of the identifiable assets and liabilities acquired.

Goodwill is tested for impairment annually or when there is an indication of impairment. The recoverable amounts of the cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order: first, to reduce the carrying amount of any goodwill allocated to the cash generating unit and then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in that unit. The key assumptions used in the value-in-use calculations were as follows:

Growth rate in activities: a terminal growth rate of 4,5%

Post tax discount rate: 20,94%

The value in use calculation at 31 March 2020 indicated an impairment of R20 million which has been recorded directly in profit and loss.

## 7. Intangible assets

Group	2020			2019		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
	R	R	R	R	R	R
Brands	83,646,924	(2,082,202)	81,564,722	83,646,924	(2,082,202)	81,564,722

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

Group	2020			2019		
	Cost ₹ Crore	Accumulated impairment ₹ Crore	Carrying value ₹ Crore	Cost ₹ Crore	Accumulated impairment ₹ Crore	Carrying value ₹ Crore
Brands	35.42	(0.88)	34.54	40.03	(1.00)	39.03

## Reconciliation of intangible assets - Group - 2020

Particular	Opening balance	Additions	Impairment	Closing balance
	R	R	R	R
Brands	81,564,722	-	-	81,564,722

Particular	Opening balance	Additions	Impairment	Closing balance
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Brands	34.54	-	-	34.54

## Reconciliation of intangible assets - Group - 2019

Particular	Opening balance	Additions	Impairment	Closing balance
	R	R	R	R
Brands	81,564,722	-	-	81,564,722

Particular	Opening balance	Additions	Impairment	Closing balance
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Brands	39.03	-	-	39.03

The group has classified its intangible assets as having indefinite useful lives. This conclusion is supported by the fact that the group is expected to be able to use the brands for the foreseeable future and that the typical product life cycles for the brands, acquired from public information on estimates of useful lives, indicate that the intangible asset has an indefinite period of foreseeable usage. This is further supported by the stability and the strong demand in markets within which these products are marketed and sold.

Detailed impairment testing is performed for the indefinite-life intangible assets annually or whenever an indicator of impairment exists. The impairment review process is as follows:

Each period and whenever impairment indicators are present, management calculate the fair value of the asset and record an impairment loss for the excess of the carrying value over the fair value, if any. The fair value is generally measured as the net present value of projected cash flows. In addition, a re-evaluation of the remaining useful life of the asset is performed to determine whether continuing to characterise the asset as having an indefinite life is appropriate.

The recoverable amounts have been determined based on a value-in-use calculation. The calculation uses a free cash flow model that discounts the free cash flow available from profit after tax generated by the intangible asset. If the resulting net present value exceeds the carrying value of the intangible asset, the intangible asset is not impaired. However, if the resulting net present value is less than the carrying value, an impairment charge is raised. The key assumptions used for the value-in-use calculations are as follows:

Growth rate (%) *	4.5	4.5
Discount rate (%) **	20.19-21.06	19.52

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2020

\*Weighted average growth rate used to extrapolate cash flows beyond the budget period.

\*\* Post-tax discount rate applied to the cash flow projections.

A sensitivity analysis was performed with regards to the key assumptions above and the projected impact is as follows:

**Sensitivity - Discount rate plus 1% and projected cash flow and growth rate constant**

Particulars	Impact on impairment	Impact on impairment
	R	₹ Crore
Caivil	(67)	(0.00)
Hercules	(870)	(0.00)
Ingwe	(31)	(0.00)
Isoplus	(3,069)	(0.00)
	<b>(4,037)</b>	<b>(0.00)</b>

**Sensitivity - Discount rate constant, projected cash flow less 5% and growth rate constant**

Particulars	Impact on impairment	Impact on impairment
	R	₹ Crore
Caivil	-	-
Hercules	(602)	(0.00)
Ingwe	-	-
Isoplus	(2,664)	(0.00)
	<b>(3,266)</b>	<b>(0.00)</b>

**Sensitivity - Discount rate constant, projected cash flow constant and growth rate less 1 %**

Particulars	Impact on impairment	Impact on impairment
	R	₹ Crore
Hercules	(306)	(0.00)
Isoplus	(1,434)	(0.00)
	<b>(1,740)</b>	<b>(0.00)</b>

**8. Interest in subsidiary**

Particulars	Number of shares held	% holding	% holding	Carrying amount	Carrying amount	Carrying amount	Carrying amount
		2020	2019	2020	2019	2020	2019
	R	R	R	R	R	₹ Crore	₹ Crore
Marico South Africa Proprietary Limited	1,038,211	100,00 %	100,00 %	130,326,054	130,326,054	55.19	62.36
				130,326,054	130,326,054	55.19	62.36
Impairment of investment in subsidiary - Marico South Africa Proprietary Limited				(50,261,097)	-	(21.29)	-
				<b>80,064,957</b>	<b>130,326,054</b>	<b>33.91</b>	<b>62.36</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

The Investment in subsidiary is tested for impairment annually or when there is an indication of impairment. The recoverable amounts of the cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order: first, to reduce the carrying amount of any investment in a subsidiary allocated to the cash generating unit and then, to the other assets of the unit, pro-rata on the basis of the carrying amount of each asset in that unit. The key assumptions used in the value-in-use calculations were as follows:

Growth rate in activities: a terminal growth rate of 4.5%

Post tax discount rate: 20.18%

### 9. Inventories

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Raw materials	20,508,657	24,355,597	-	-	8.69	11.65	-	-
Work in progress	53,614	186,756	-	-	0.02	0.09	-	-
Finished goods	14,589,425	11,781,733	-	-	6.18	5.64	-	-
	<b>35,151,696</b>	<b>36,324,086</b>	<b>-</b>	<b>-</b>	<b>14.89</b>	<b>17.38</b>	<b>-</b>	<b>-</b>
Inventories (write-downs)	<b>(2,625,955)</b>	<b>(1,393,713)</b>	<b>-</b>	<b>-</b>	<b>(1.11)</b>	<b>(0.67)</b>	<b>-</b>	<b>-</b>
	<b>32,525,741</b>	<b>34,930,373</b>	<b>-</b>	<b>-</b>	<b>13.77</b>	<b>16.71</b>	<b>-</b>	<b>-</b>

### 10. Trade and other receivables

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Financial instruments:								
Trade receivables	25,519,493	37,654,895	-	-	10.81	18.02	-	-
Loss allowance	(204,594)	(187,782)	-	-	(0.09)	(0.09)	-	-
	<b>25,314,899</b>	<b>37,467,113</b>	<b>-</b>	<b>-</b>	<b>10.72</b>	<b>17.93</b>	<b>-</b>	<b>-</b>
Trade receivables at amortised cost								
Other receivables	1,595,287	3,192,183	-	-	0.68	1.53	-	-
Non-financial instruments:								
VAT	106,877	-	-	-	0.05	-	-	-
Total trade and other receivables	<b>27,017,063</b>	<b>40,659,296</b>	<b>-</b>	<b>-</b>	<b>11.44</b>	<b>19.46</b>	<b>-</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2020

## Group

## Loss allowance aging profile - 2020

Particulars	Not past due	Past due by	Past due by	Total
	R	30 days R	60 days R	R
Net trade receivables	14,671,739	7,537,556	3,310,198	25,519,493
Add back: Rebates	1,583,239	2,735,933	4,809,206	9,128,378
Gross carrying amount	16,254,978	10,273,489	8,119,404	34,647,871
Expected loss% based on gross carrying amount	0.47	0.27	1.27	0.59
Loss allowance calculated	76,772	24,743	103,079	204,594
Specific allowance	-	-	-	-
	<b>76,772</b>	<b>24,743</b>	<b>103,079</b>	<b>204,594</b>

Particulars	Not past due	Past due by	Past due by	Total
	₹ Crore	30 days ₹ Crore	60 days ₹ Crore	₹ Crore
Net trade receivables	6.21	3.19	1.40	10.81
Add back: Rebates	0.67	1.16	2.04	3.87
Gross carrying amount	6.88	4.35	3.44	14.67
Expected loss% based on gross carrying amount	0.47	0.27	1.27	0.59
Loss allowance calculated	0.03	0.01	0.04	0.09
Specific allowance	-	-	-	-
	<b>0.03</b>	<b>0.01</b>	<b>0.04</b>	<b>0.09</b>

## Loss allowance aging profile - 2019

Particulars	Not past due	Past due by	Past due by	Total
	R	30 days R	60 days R	R
Net trade receivables	23,170,671	13,603,435	880,789	37,654,895
Add back: Rebates	2,756,625	1,780,513	7,929,834	12,466,972
Gross carrying amount	25,927,296	15,383,948	8,810,623	50,121,867
Expected loss% based on gross carrying amount	0.30	0.29	0.74	0.37
Loss allowance calculated	77,172	45,380	65,230	187,782
Specific allowance	-	-	-	-
	<b>77,172</b>	<b>45,380</b>	<b>65,230</b>	<b>187,782</b>
Movement in loss allowance				
Opening balance	187,782	-	-	-
Reversal of prior period loss allowance	(187,782)	-	-	-
Provision for the year	204,594	204,232	-	-
Write-off	-	(16,450)	-	-
	<b>204,594</b>	<b>187,782</b>	<b>-</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	26,910,186	40,659,296	-	-
Non-financial instruments	106,877	-	-	-
	<b>27,017,063</b>	<b>40,659,296</b>	-	-

Particulars	Not past due	Past due by 30 days	Past due by 60 days	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Net trade receivables	11.09	6.51	0.42	18.02
Add back: Rebates	1.32	0.85	3.79	5.97
Gross carrying amount	12.41	7.36	4.22	23.98
Expected loss% based on gross carrying amount	0.47	0.27	1.27	0.59
Loss allowance calculated	0.04	0.02	0.03	0.09
Specific allowance	-	-	-	-
	<b>0.04</b>	<b>0.02</b>	<b>0.03</b>	<b>0.09</b>
Movement in loss allowance				
Opening balance	0.08	-	-	-
Reversal of prior period loss allowance	(0.08)	-	-	-
Provision for the year	0.09	0.10	-	-
Write-off	-	(0.01)	-	-
	<b>0.09</b>	<b>0.09</b>	-	-

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	11.40	19.46	-	-
Non-financial instruments	0.05	-	-	-
	<b>11.44</b>	<b>19.46</b>	-	-

### 11. Cash and cash equivalents

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Cash and cash equivalents consist of:								
Bank balances	1,332	1,735	1,332	1,735	0.00	0.00	0.00	0.00
Deposits	1,238,323	25,242	24,774	25,242	0.52	0.01	0.01	0.01
Bank overdraft	(7,403,457)	(5,238,789)	-	-	(3.14)	(2.51)	-	-
	<b>(6,163,802)</b>	<b>(5,211,812)</b>	<b>26,106</b>	<b>26,977</b>	<b>(2.61)</b>	<b>(2.49)</b>	<b>0.01</b>	<b>0.01</b>
Current assets	1,239,655	26,977	26,106	26,977	0.52	0.01	0.01	0.01
Current liabilities	(7,403,457)	(5,238,789)	-	-	(3.14)	(2.51)	-	-
	<b>(6,163,802)</b>	<b>(5,211,812)</b>	<b>26,106</b>	<b>26,977</b>	<b>(2.61)</b>	<b>(2.49)</b>	<b>0.01</b>	<b>0.01</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2020

Group facilities available	Expiry date	R	₹ Crore
Overdraft	21 August 2020	15,000,000	6.35
Card	21 August 2020	200,000	0.08
Fleet card	21 August 2020	100,000	0.04
Guarantee by the Bank	21 August 2020	882,000	0.37
Foreign exchange - Contract PFE	21 August 2020	209,800	0.09
Medium term loan	21 August 2020	29,237,275	12.38
		<b>45,629,075</b>	<b>19.32</b>

Group securities issued	Restriction amount	Surety name
Pledge call deposit	Unrestricted	
Cession book debts	Unrestricted	
Guarantee	60,000,000	Marico South Africa Consumer Care Proprietary Limited
Credit agreement FAC agreement commercial	Unrestricted	

### 12. Share capital and share premium

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Authorised								
30 000 000 no par value shares	<b>30,000,000</b>	30,000,000	<b>30,000,000</b>	30,000,000	<b>12.71</b>	14.36	<b>12.71</b>	14.36

The unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Issued</b>								
800 Ordinary shares of R1	<b>800</b>	800	<b>800</b>	800	<b>0.00</b>	0.00	<b>0.00</b>	0.00
447 Ordinary shares of R134 361.32	<b>60,059,509</b>	60,059,509	<b>60,059,509</b>	60,059,509	<b>25.44</b>	28.74	<b>25.44</b>	28.74
322 Ordinary shares of R93 167.70	<b>30,000,000</b>	30,000,000	<b>30,000,000</b>	30,000,000	<b>12.71</b>	14.36	<b>12.71</b>	14.36
Share premium	<b>43,799,900</b>	43,799,900	<b>43,799,900</b>	43,799,900	<b>18.55</b>	20.96	<b>18.55</b>	20.96
	<b>133,860,209</b>	<b>133,860,209</b>	<b>133,860,209</b>	<b>133,860,209</b>	<b>56.69</b>	<b>64.05</b>	<b>56.69</b>	<b>64.05</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

## 13. Borrowings

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Held at amortised cost								
Standard Bank of South Africa Limited	29,237,275	35,847,450	-	-	12.38	17.15	-	-
Split between non-current and current portions								
Non-current liabilities	23,090,345	29,682,404	-	-	9.78	14.20	-	-
Current liabilities	6,146,930	6,165,047	-	-	2.60	2.95	-	-
	<b>29,237,275</b>	<b>35,847,451</b>	<b>-</b>	<b>-</b>	<b>12.38</b>	<b>17.15</b>	<b>-</b>	<b>-</b>

This loan is for a period of 5 years and repayable in monthly installments of R508 475 per month with a final bullet payment of R15 million. It bears interest at 0.5% 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.

The loan agreement with Standard Bank required the following covenants to be met:

- Debt service cover ratio
- EBITDA to gross interest payable
- gross Debt to equity ratio
- gross Debt to EBITDA

## 14. Deferred tax

Particulars	2020	2019	2018	2020	2019
	R	R	R	R	R
Deferred tax liability					
Purchase price allocation	(9,403,000)	(9,403,000)	(9,403,000)	-	-
Deferred tax asset					
Property, plant and equipment	63,599	43,522	132,891	-	-
Provisions	2,455,617	2,876,954	2,461,701	-	-
Net lease liability	620,205	449,203	420,971	-	-
Total deferred tax asset	<b>3,139,421</b>	<b>3,369,679</b>	<b>3,015,563</b>	<b>-</b>	<b>-</b>

Particulars	2020	2019	2018	2020	2019
	R	R	R	R	R
Deferred tax liability					
Purchase price allocation	(3.98)	(4.50)	(5.21)	-	-
Deferred tax asset					
Property, plant and equipment	0.03	0.02	0.07	-	-
Provisions	1.04	1.38	1.36	-	-
Net lease liability	0.26	0.21	0.23	-	-
Total deferred tax asset	<b>1.33</b>	<b>1.61</b>	<b>1.67</b>	<b>-</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2020

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Particulars	2020 R	2019 R	2018 R	2020 R	2019 R
Deferred tax liability	(9,403,000)	(9,403,000)	(9,403,000)	-	-
Deferred tax asset	3,139,421	3,369,679	3,015,563	-	-
Total net deferred tax liability	(6,263,579)	(6,033,321)	(6,387,437)	-	-

Particulars	2020 ₹ Crore	2019 ₹ Crore	2018 ₹ Crore	2020 ₹ Crore	2019 ₹ Crore
Deferred tax liability	(3.98)	(4.50)	(5.21)	-	-
Deferred tax asset	1.33	1.61	1.67	-	-
Total net deferred tax liability	(2.65)	(2.89)	(3.54)	-	-

### Reconciliation of deferred tax liability

Particulars	2020 R	2019 R	2018 R	2020 R	2019 R
At beginning of year	(6,033,321)	(6,387,437)	1,299,341	-	-
IFRS 16 adjustment - refer to note 2	-	-	695,674	-	-
Prior year overprovision	-	-	101,169	-	-
Adjustment from purchase price allocation	-	-	(9,403,000)	-	-
Temporary difference movement on property, plant and equipment	20,077	(89,369)	-	-	-
Temporary difference movement on provisions	(146,633)	415,253	919,379	-	-
Temporary difference movement on net lease liability	(103,702)	28,232	-	-	-
	(6,263,579)	(6,033,321)	(6,387,437)	-	-

Particulars	2020 ₹ Crore	2019 ₹ Crore	2018 ₹ Crore	2020 ₹ Crore	2019 ₹ Crore
At beginning of year	(2.56)	(3.06)	0.72	-	-
IFRS 16 adjustment - refer to note 2	-	-	0.39	-	-
Prior year overprovision	-	-	0.06	-	-
Adjustment from purchase price allocation	-	-	(5.21)	-	-
Temporary difference movement on property, plant and equipment	0.01	(0.04)	-	-	-
Temporary difference movement on provisions	(0.06)	0.20	0.51	-	-
Temporary difference movement on net lease liability	(0.04)	0.01	-	-	-
	(2.65)	(2.89)	(3.54)	-	-

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

### 15. Share-based payment 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
356.48	1 December 2015	31.620	30 November 2021/ 2022

The share price at 31 March 2020 used to compute the share option liability was Indian Rupee (INR) 346.04 (2019: 356.48).

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Non-current portion	18,030	197,871	-	-	0.01	0.09	-	-
Current portion	77,131	506,661	-	-	0.03	0.24	-	-
	95,161	704,532	-	-	0.04	0.34	-	-

### 16. Trade and other payables

Particulars	Group	Group	Group	Company	Company
	2020	2019 Restated	2018 Restated	2020	2019
	R	R	R	R	R
<b>Financial instruments:</b>					
Trade payable	22,976,039.00	31,997,182.00	22,350,846.00	-	-
Trade payable -related parties	433,377.00	531,240.00	464,815.00	-	-
Others payables	714,726.00	180,796.00	659,779.00	-	-
Accruals*	2,844,477.00	2,770,344.00	3,502,415.00	-	-
Audit fees accruals	871,578.00	1,187,871.00	876,285.00	-	-
Bonus accrual	2,125,841.00	2,639,712.00	3,744,182.00	-	-
Leave pay accrual	1,586,339.00	1,495,572.00	1,518,098.00	-	-
<b>Non-financial instruments:</b>					
VAT	-	228,236.00	-	-	-
	31,552,377	41,030,953	33,116,420	-	-

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2020

Particulars	Group			Company	
	2020 ₹ Crore	2019 Restated ₹ Crore	2018 Restated ₹ Crore	2020 ₹ Crore	2019 ₹ Crore
<b>Financial instruments:</b>					
Trade payable	9.73	15.31	12.39	-	-
Trade payable -related parties	0.18	0.25	0.26	-	-
Others payables	0.30	0.09	0.37	-	-
Accruals*	1.20	1.33	1.94	-	-
Audit fees accruals	0.37	0.57	0.49	-	-
Bonus accrual	0.90	1.26	2.08	-	-
Leave pay accrual	0.67	0.72	0.84	-	-
<b>Non-financial instruments:</b>					
VAT	-	0.11	-	-	-
	<b>13.36</b>	<b>19.63</b>	<b>18.35</b>	-	-

\* Refer to note 2 for further details

### Financial instrument and non-financial instrument components of trade and other payables

Particulars	Group				
	R	R	R	R	R
At amortised cost	31,552,377	40,802,717	33,116,420	-	-
Non financial instruments	-	228,236	-	-	-
	<b>31,552,377</b>	<b>41,030,953</b>	<b>33,116,420</b>	-	-

Particulars	Group				
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
At amortised cost	13.36	19.52	18.35	-	-
Non financial instruments	-	0.11	-	-	-
	<b>13.36</b>	<b>19.63</b>	<b>18.35</b>	-	-

### Fair value of trade and other payables

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

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

### 17. Revenue

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Revenue from contracts with customers								
Sale of goods	241,194,972	252,411,282	-	-	102.15	120.78	-	-
<b>Disaggregation of revenue from contracts with customers</b>								
The group disaggregates revenue from customers as follows:								
<b>Timing of revenue recognition</b>								
<b>At a point in time</b>								
Sale of goods	241,194,972	252,411,282	-	-	102.15	120.78	-	-

### 18. Other operating (losses) gains

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Gains on disposals</b>								
Property, plant and equipment	108,045	1,656,531	-	-	0.05	0.79	-	-
Foreign exchange losses								
Net foreign exchange loss	(417,573)	(1,202,648)	-	-	(0.18)	(0.58)	-	-
	(309,528)	453,883	-	-	(0.13)	0.22	-	-

### 19. Operating (loss) profit

Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:

Particulars	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Auditor's remuneration - external</b>								
Audit fees	582,150	460,107	-	-	0.25	0.22	-	-

#### Employee costs

As at Tuesday, 31 March 2020 the group had 71 permanent employees (2019: 74). The total cost of employment of all employees, including executive directors, was as follows:

Particulars	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Salaries, wages, bonuses and other benefits	21,368,593	21,919,600	-	-	9.05	10.49	-	-

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2020

Refer to note 26 for directors emoluments.

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Leases of low value</b>								
Computers	170,969	545,821	-	-	0.07	0.26	-	-
<b>Depreciation and amortisation</b>								
Depreciation of property, plant and equipment	827,839	844,352	-	-	0.35	0.40	-	-
Depreciation of right-of-use assets	3,789,594	5,721,511	-	-	1.60	2.74	-	-
Total depreciation and amortisation	4,617,433	6,565,863	-	-	1.96	3.14	-	-
<b>Impairment losses</b>								
Goodwill	20,000,000	-	-	-	8.47	-	-	-
<b>Movement in credit loss allowances</b>								
Trade and other receivables	16,812	204,232	-	-	0.01	0.10	-	-
<b>Other</b>								
Commission	7,433,893	6,787,464	-	-	3.15	3.25	-	-
Advertising	19,866,828	22,846,859	-	-	8.41	10.93	-	-
Delivery expenses	12,249,431	14,216,211	-	-	5.19	6.80	-	-
Impairment of investment in subsidiary	-	-	50,261,097	-	-	-	21.29	-

### 20. Investment income

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Interest income</b>								
<b>Investments in financial assets:</b>								
Bank	108,022	127,241	1,532	1,579	0.05	0.06	0.00	0.00

### 21. Finance costs

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Borrowings	3,429,496	4,092,935	-	-	1.45	1.96	-	-
Lease liabilities (note 5)	1,034,073	1,497,510	-	-	0.44	0.72	-	-
Total finance costs	4,463,569	5,590,445	-	-	1.89	2.68	-	-

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

### 22. Taxation

#### Major components of the tax expense

Particulars	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Current</b>								
Local income tax - current year	-	663,824	-	-	-	0.32	-	-
<b>Deferred</b>								
Originating and reversing temporary differences	229,738	(324,235)	-	582	0.10	(0.16)	-	0.00
	<b>229,738</b>	<b>339,589</b>	<b>-</b>	<b>582</b>	<b>0.10</b>	<b>0.16</b>	<b>-</b>	<b>0.00</b>

#### Reconciliation of the tax expense

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Reconciliation between accounting (loss) / profit and tax expense.								
Accounting (loss) profit	(21,222,853)	1,447,410	(50,261,968)	25,677	(8.99)	0.69	(21.29)	0.01
Tax at the applicable tax rate of 28% (2019: 28%)	(5,942,399)	405,275	(14,073,351)	7,190	(2.52)	0.19	(5.96)	0.00
Tax effect of adjustments on taxable income								
Permanent differences	6,172,137	(65,686)	14,073,351	(6,608)	2.61	(0.03)	5.96	(0.00)
	<b>229,738</b>	<b>339,589</b>	<b>-</b>	<b>582</b>	<b>0.10</b>	<b>0.16</b>	<b>-</b>	<b>0.00</b>

### 23. Cash generated from/ (used in) operations

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
(Loss) profit before taxation	(21,222,853)	1,447,410	(50,261,968)	25,677	(8.99)	0.69	(21.29)	0.01
<b>Adjustments for:</b>								
Depreciation and amortisation	4,617,433	6,565,863	-	-	1.96	3.14	-	-
Profit on disposal of property, plant and equipment	(112,160)	(1,656,531)	-	-	(0.05)	(0.79)	-	-
Interest income	(108,022)	(127,241)	(1,532)	(1,579)	(0.05)	(0.06)	(0.00)	(0.00)
Finance costs	3,429,496	5,590,445	-	-	1.45	2.68	-	-
Lease interest	1,034,073	-	-	-	0.44	-	-	-
Movements in share-based payment liability	(609,371)	(140,261)	-	-	(0.26)	(0.07)	-	-
Impairment of goodwill	20,000,000	-	-	-	8.47	-	-	-
Impairment of investment in subsidiary	-	-	50,261,097	-	-	-	21.29	-
<b>Changes in working capital:</b>								
Inventories	2,404,632	(1,550,060)	-	-	1.02	(0.74)	-	-
Trade and other receivables	13,642,233	(6,746,662)	-	-	5.78	(3.23)	-	-
Trade and other payables	(9,478,580)	7,914,535	-	(26,284)	(4.01)	3.79	-	(0.01)
	<b>13,596,881</b>	<b>11,297,498</b>	<b>(2,403)</b>	<b>(2,186)</b>	<b>5.76</b>	<b>5.41</b>	<b>(0.00)</b>	<b>(0.00)</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2020

### 24. Tax refunded (paid)

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Balance at beginning of the year	669,314	785,678	-	-	0.28	0.38	-	-
Current tax for the year recognised in profit or loss	-	(663,824)	-	-	-	(0.32)	-	-
Balance at end of the year	(39,018)	(669,314)	-	-	(0.02)	(0.32)	-	-
	<b>630,296</b>	<b>(547,460)</b>	-	-	<b>0.27</b>	<b>(0.26)</b>	-	-

### 25. Related parties

Relationships	
Ultimate holding company	Marico Limited
Subsidiary	Refer to note 8
Other group companies	Marico South East Asia Marico Middle East
Executive directors	J R Mason J Nieuwenhuys S Gupta V A Karve A Joshi

### Related party balances

Particulars	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Amounts included in trade payables regarding related parties</b>								
Marico Limited	405,490	531,240	-	-	0.17	0.25	-	-
Marico Middle East	27,887	-	-	-	0.01	-	-	-
<b>Related party transactions</b>								
<b>Transactions with related parties</b>								
Marico South East Asia	-	28,630	-	-	-	0.01	-	-
Marico for Consumer Care Products Co (Egypt)	-	30,894	-	-	-	0.01	-	-
Marico Limited	943,214	1,314,957	-	-	0.40	0.63	-	-
Marico Middle East	27,887	-	-	-	0.01	-	-	-



## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

### 26. Directors' emoluments

	Salary	Bonuses and performance related payments	Allowances	Total	Salary	Bonuses and performance related payments	Allowances	Total
	R	R	R	R	₹ Crore	₹Crore	₹ Crore	₹ Crore
<b>2020</b>								
J R Mason	2,151,926	541,596	638,410	3,331,932	0.91	0.23	0.27	1.41
J Nieuwenhuys	1,390,055	384,435	282,755	2,057,245	0.59	0.16	0.12	0.87
S Gupta	-	-	-	-	-	-	-	-
V A Karve*	-	-	-	-	-	-	-	-
A Joshi*	-	-	-	-	-	-	-	-
	<b>3,541,981</b>	<b>926,031</b>	<b>921,165</b>	<b>5,389,177</b>	<b>1.50</b>	<b>0.39</b>	<b>0.39</b>	<b>2.28</b>

	Salary	Bonuses and performance related payments	Allowances	Total	Salary	Bonuses and performance related payments	Allowances	Total
	R	R	R	R	₹ Crore	₹Crore	₹ Crore	₹ Crore
<b>2019</b>								
J R Mason	2,014,281	1,023,641	483,528	3,521,450	0.96	0.49	0.23	1.69
J Nieuwenhuys	1,349,877	582,638	212,360	2,144,875	0.65	0.28	0.10	1.03
S Gupta	-	-	-	-	-	-	-	-
V A Karve*	-	-	-	-	-	-	-	-
A Joshi*	-	-	-	-	-	-	-	-
	<b>3,364,158</b>	<b>1,606,279</b>	<b>695,888</b>	<b>5,666,325</b>	<b>1.61</b>	<b>0.77</b>	<b>0.33</b>	<b>2.71</b>

\*These directors are paid by the ultimate holding company, Marico Limited.

### 27. Financial instruments and risk management

#### Categories of financial instruments

#### Categories of financial assets

Group - 2020	Notes	Amortised cost	Total	Amortised cost	Total
		R	R	₹ Crore	₹Crore
Trade and other receivables	10	26,910,186	26,910,186	11.40	11.40
Cash and cash equivalents	11	1,239,655	1,239,655	0.52	0.52
		<b>28,149,841</b>	<b>28,149,841</b>	<b>11.92</b>	<b>11.92</b>

Group - 2019	Notes	Amortised cost	Total	Amortised cost	Total
		R	R	₹ Crore	₹Crore
Trade and other receivables	10	40,659,296	40,659,296	19.46	19.46
Cash and cash equivalents	11	26,977	26,977	0.01	0.01
		<b>40,686,273</b>	<b>40,686,273</b>	<b>19.47</b>	<b>19.47</b>

Company - 2020	Notes	Amortised cost	Total	Amortised cost	Total
		R	R	₹ Crore	₹Crore
Cash and cash equivalents	11	26,106	26,106	0.01	0.01

Company - 2019	Notes	Amortised cost	Total	Amortised cost	Total
		R	R	₹ Crore	₹Crore
Cash and cash equivalents	11	26,977	26,977	0.01	0.01

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended 31 March, 2020

### Categories of financial liabilities

Group - 2020	Notes	Amortised cost	Leases	Total	Amortised cost	Leases	Total
		R	R	R	₹ Crore	₹ Crore	₹Crore
Trade and other payables	16	31,552,371	-	31,552,371	13.36	-	13.36
Borrowings	13	29,237,275	-	29,237,275	12.38	-	12.38
Finance lease obligations	5	-	8,119,631	8,119,631	-	3.44	3.44
Bank overdraft	11	7,403,457	-	7,403,457	3.14	-	3.14
		<b>68,193,103</b>	<b>8,119,631</b>	<b>76,312,734</b>	<b>28.88</b>	<b>3.44</b>	<b>32.32</b>

Group - 2019	Notes	Amortised cost	Leases	Total	Amortised cost	Leases	Total
		R	R	R	₹ Crore	₹ Crore	₹Crore
Trade and other payables	16	40,802,717	-	40,802,717	19.52	-	19.52
Borrowings	13	35,847,451	-	35,847,451	17.15	-	17.15
Finance lease obligations	5	-	11,409,820	11,409,820	-	5.46	5.46
Bank overdraft	11	5,238,789	-	5,238,789	2.51	-	2.51
		<b>81,888,957</b>	<b>11,409,820</b>	<b>93,298,777</b>	<b>39.18</b>	<b>5.46</b>	<b>44.64</b>

### Capital risk management

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The capital structure and gearing ratio of the group at the reporting date was as follows:

Particulars	Note	Group		Company		Group		Company	
		2020	2019	2020	2019	2020	2019	2020	2019
		R	R	R	R	₹ Crore	₹Crore	₹ Crore	₹ Crore
<b>Borrowings</b>	13	<b>29,237,275</b>	35,847,451	-	-	<b>12.38</b>	17.15	-	-
Lease Liability	5	<b>8,119,631</b>	11,409,820	-	-	<b>3.44</b>	5.46	-	-
Trade and other payables	16	<b>31,552,371</b>	41,030,953	-	-	<b>13.36</b>	19.63	-	-
<b>Total borrowings</b>		<b>68,909,277</b>	88,288,224	-	-	<b>29.18</b>	42.25	-	-
Net bank overdraft	11	<b>6,163,802</b>	5,211,812	<b>(26,106)</b>	(26,977)	<b>2.61</b>	2.49	<b>(0.01)</b>	(0.01)
<b>Net borrowings</b>		<b>75,073,079</b>	93,500,036	<b>(26,106)</b>	(26,977)	<b>60.98</b>	86.99	<b>(0.01)</b>	(0.01)

Particulars	Group		Company	
	2020	2019	2020	2019
	R	R	R	R
Equity	<b>122,265,504</b>	143,718,095	<b>80,091,063</b>	130,353,031
Gearing ratio	<b>61%</b>	65%	<b>0%</b>	0%

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

For the year ended March 31, 2020

## Financial risk management

## Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk and interest rate risk).

## Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk is presented in the table below:

Group	Note	2020			2019		
		carrying amount	Credit loss allowance	Amortised cost / fair value	carrying amount	Credit loss allowance	Amortised cost / fair value
		R	R	R	R	R	R
Trade and other receivables	10	27,114,780	(204,594)	26,910,186	40,847,078	(187,782)	40,659,296

Group	Note	2020			2019		
		carrying amount	Credit loss allowance	Amortised cost / fair value	carrying amount	Credit loss allowance	Amortised cost / fair value
		₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Trade and other receivables	10	11.48	(0.09)	11.40	19.55	(0.09)	19.46

Refer to note 10 for further details on credit risk.

## Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2020		Less than 1 year	2 to 5 years	Total	Carrying amount
		R	R	R	R
<b>Non-current liabilities</b>					
Borrowings	13	-	23,090,345	23,090,345	23,090,345
Lease liabilities		-	3,273,583	3,273,583	3,110,992
<b>Current liabilities</b>					
Trade and other payables	16	31,552,377	-	31,552,377	31,552,377
Borrowings	13	6,146,930	-	6,146,930	6,146,930
Lease liabilities		5,595,002	-	5,595,002	5,008,639
Bank overdraft	11	7,403,457	-	7,403,457	7,403,457
		<b>50,697,766</b>	<b>26,363,928</b>	<b>77,061,694</b>	<b>76,312,740</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

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Group - 2020		Less than 1 year	2 to 5 years	Total	Carrying amount
		₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Non-current liabilities</b>					
Borrowings	13	-	9.78	9.78	9.78
Lease liabilities		-	1.39	1.39	1.32
<b>Current liabilities</b>					
Trade and other payables	16	13.36	-	13.36	13.36
Borrowings	13	2.60	-	2.60	2.60
Lease liabilities		2.37	-	2.37	2.12
Bank overdraft	11	3.14	-	3.14	3.14
		<b>21.47</b>	<b>11.17</b>	<b>32.64</b>	<b>32.32</b>

Group - 2019		Less than 1 year	2 to 5 years	Total	Carrying amount
		R	R	R	R
<b>Non-current liabilities</b>					
Borrowings	13	-	29,682,404	29,682,404	29,682,404
Lease liabilities		-	7,935,215	7,935,215	7,240,499
<b>Current liabilities</b>					
Trade and other payables		40,802,717	-	40,802,717	40,802,717
Borrowings	13	6,165,047	-	6,165,047	6,165,047
Lease liabilities		5,056,998	-	5,056,998	4,169,321
Bank overdraft	11	5,238,789	-	5,238,789	5,238,789
		<b>57,263,551</b>	<b>37,617,619</b>	<b>94,881,170</b>	<b>93,298,777</b>

Group - 19		Less than 1 year	2 to 5 years	Total	Carrying amount
		₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Non-current liabilities</b>					
Borrowings	13	-	14.20	14.20	14.20
Lease liabilities		-	3.80	3.80	3.46
<b>Current liabilities</b>					
Trade and other payables		19.52	-	19.52	19.52
Borrowings	13	2.95	-	2.95	2.95
Lease liabilities		2.42	-	2.42	2.00
Bank overdraft	11	2.51	-	2.51	2.51
		<b>27.40</b>	<b>18.00</b>	<b>45.40</b>	<b>44.64</b>

### Foreign currency risk

The group is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the group deals primarily are US Dollars.

### Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

### US Dollar exposure:

		R	R	R	R	₹ Crore	₹Crore	₹ Crore	₹ Crore
<b>Current liabilities:</b>									
Trade and other payables	16	<b>433,377</b>	531,000	-	-	<b>0.18</b>	0.25	-	-

## NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS

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Exchange rates

**Rand per unit of foreign currency:**

US Dollar 15,750 14,351

### Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group	2020	2020	2019	2019	2020	2019	2020	2019
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore

#### Increase or decrease in rate

Impact on profit or loss:

US Dollar 10% (2019: 10%)	<b>(43,338)</b>	<b>43,338</b>	(53,100)	53,100	<b>(0.02)</b>	0.02	<b>(0.03)</b>	0.03
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### Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

### Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group	2020	2020	2019	2019	2020	2019	2020	2019
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore

#### Increase or decrease in rate

Impact on profit or loss:

Borrowings - 50 basis points change	<b>(146,186)</b>	<b>146,186</b>	(191,576)	191,576	<b>(0.06)</b>	0.06	<b>(0.09)</b>	0.09
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## 28. Going concern

We draw attention to the fact that at 31 March 2020, the group had accumulated losses of R11 594 705 (2019: accumulated profit of R9 857 886) and the company had accumulated losses of R53 769 146 (2019: accumulated losses of R3 507 178). The group has also utilised its overdraft at year end to the value of R7 403 457 (2019: R5 238 789) whilst its overall overdraft facility is R15 000 000 (2019: R15 000 000). At 31 December 2020, the group and company remains liquid and solvent. Furthermore, the group and company has the support of its holding company, Marico Limited, which would provide funding should the group or company be unable to pay its debts as they become due.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**NOTES TO THE CONSOLIDATED AND SEPARATE STATEMENTS**

For the year ended 31 March, 2020

**29. Events after the reporting period**

On 11 March 2020 the World Health Organization formally declared the Covid-19 outbreak a pandemic and on the 15 March 2020 the South African Government responded by declaring a National State of Disaster and enforcing a 21-day National Lockdown from 26 March 2020 to 16 April 2020. The National Lockdown was extended for a further 2 weeks to 30 April 2020 on the 9 April 2020.

On 23 April 2020 the government announced that the lockdown will be gradually phased out based on a risk-adjusted strategy for the resumption of economic activity categorised into five levels. The temporary lockdown would be gradually eased from 1 May 2020, using the five-level system. Effective 1 May 2020 South Africa was moved from level five to level four, which allowed for certain sectors and industries to reopen provided strict health and safety requirements were met, with employees returning to work in phases over a period. Under level four, borders remained closed, with limited movement of people and goods allowed. Effective 1 June 2020 South Africa was moved from level four to level three and currently remains on level three.

Marico South Africa Consumer Care Proprietary Limited has been registered as an Essential Services Company and continued to trade during the national lockdown period with only certain stores closing ie: those which were deemed non-essential.

The group and company income for 2020 to date has been impacted by COVID 19 with lockdown rules resulting in the closure of non-essential services stores as classified by Government in level five resulting in reduced sales in the month of March and April. The group and company achieved sales equivalent to fifty percent of the initial forecasted budgeted sales. This resulted in a profit before tax loss of R800 000 for the month of March 2020.

The group and company has estimated that the full financial year will be impacted by a loss of sales of approximately R24m which equates to a loss before tax of R3.5m. Most of the impact is estimated to occur in the period April 2020 to June 2020 due

to the lockdown resulting in the following:

1. Closure of manufacturers on non-essential goods during lockdown has resulted in supply challenges and a slow start in some of the production lines post lockdown when easing to level four due to the limitation on work force.
2. Impact of social distancing and regulatory requirements at 3P manufacturers impacting production capacity and resulting in a shortfall against the budgeted plan as well as below required service levels.
3. Loss of income and retrenchments in certain businesses impacting on consumer disposal income.
4. Closure of certain wholesalers and shops who may not be able re-open or exist anymore resulting in bad debts.
5. Cash flow challenges at key customers impacting buying power and also potential payment issues / requests for extended payment terms.
6. Shortage of raw and packaging materials post lockdown due to increased demand.
7. Exchange rate fluctuation/weakening the Rand currency and impacting the cost of raw and packaging materials imported.

As a consequence of Covid-19's impact on current and future operations, management has adjusted the expected/budgeted profit before tax downwards. Management has implemented, and will continue to implement, actions to maximise liquidity and reduce costs to ensure the sustainability of the group and company, with the non-critical expenses being reduced drastically to allow for savings.

Management plans to manage costs further through the following:

1. No salary increases in current year.
2. Reduction in leave provision.
3. Freeze in placements.
4. Reduction in travel (only critical) ,
5. Reduction advertising spends.

After consideration of the impact of COVID 19 on the business, including impacts on the forecasted profitability for the year, the directors do not, at this time, foresee the going concern assessment and status of the business being impacted, based on the facts and circumstances at the date of signature of the consolidated and separate annual financial statements. The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

## MARICO SOUTH AFRICA (PTY) LIMITED

**BOARD OF DIRECTORS  
(AS ON MARCH 31, 2020)**

Mr. Jacques Nieuwenhuys  
Mr. John Richard Mason  
Mr. Vivek Karve  
Mr. Ashish Joshi  
Mr. Mandla Richard Mashilo

**REGISTERED OFFICE**

Unit 1-5, Site 2 East, Riverside Business Park  
74 Prince Umhlangane Road, Avoca, Durban, 4051

**POSTAL ADDRESS**

P.O.Box 401093, Redhill, 4071

**REGISTRATION NUMBER**

1977/001752/07

**AUDITORS**

KPMG Inc.

**BANKERS**

Standard Bank of South Africa Limited

**LEGAL ADVISORS**

Adams & Adams – Patent and Trademark Attorneys  
Norton Rose, Commercial Attorneys  
Shepstone & Wylie – Litigation Attorneys  
PCSS Pty Limited – Secretarial Services  
Pather & Pather – Commercial Attorneys  
Deloitte & Touche - Tax

# MARICO SOUTH AFRICA (PTY) LIMITED

## Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2021 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on pages 6 to 8.

The annual financial statements set out on pages 9 to 42, which have been prepared on the going concern basis, were approved by the board of directors on 3 June 2020 and were signed on their behalf by:

## Approval of financial statements

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**J Mason**  
Director

**Mandla Mashilo**  
Director

**J Nieuwenhuys**  
Director



# MARICO SOUTH AFRICA (PTY) LIMITED

## Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Marico South Africa Proprietary Limited for the year ended 31 March 2020.

### 1. Nature of business

Marico South Africa Proprietary Limited distributes a wide range of personal care and affordable complementary health care products.

There have been no material changes to the nature of the company's business from the prior year.

### 2. Registered office

Unit 1-5 Site 2 East, 74 Prince Umhlangane Road, Avoca, 4051

### 3. Postal address

P O Box 401093, Redhill, 4071

### 4. Review of financial results and activities

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 2.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

### 5. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

### 6. Dividends

No dividends were declared or recommended during the year (2019: R Nil).

### 7. Directorate

The directors in office at the date of this report are as follows:

Directors	Nationality
J R Mason	South African
J Nieuwenhuys	South African
M R Mashilo	South African
V A Karve	Indian
A Joshi	Indian

There have been no changes to the directorate for the year under review.

### 8. Holding company

The company's holding company is Marico South Africa Consumer Care Proprietary Limited which holds 100% (2019: 100%) of the company's equity. Marico South Africa Consumer Care Proprietary Limited is incorporated in South Africa.

### 9. Ultimate holding company

The company's ultimate holding company is Marico Limited which is incorporated in Mumbai, India.

## MARICO SOUTH AFRICA (PTY) LIMITED

### 10. Auditors

KPMG Inc. continued in office as auditors for the company for 2020.

At the AGM, the shareholder will be requested to reappoint KPMG Inc. as the independent external auditor of the company and to confirm Mrs M de Wet as the designated lead audit partner for the 2021 financial year.

### 11. Secretary

Premies Corporate Secretarial Services Proprietary Limited performed certain secretarial functions.

### 12. Going concern

We draw attention to the fact that at 31 March 2020, the company had accumulated losses of R23 156 659 (2019: R1 704 939) and that the company incurred a loss after taxation of R21 451 720 (2019: profit after taxation of R1 082 726). The company has also utilised its overdraft at year end to the value of R7 403 457 (2019: R5 238 789) whilst its overall overdraft facility is R15 000 000 (2019: R15 000 000).

At 31 December 2020, the company remains liquid and solvent. Furthermore, the company has the support of its holding company, Marico Limited, which would provide funding should the company be unable to pay its debts as they become due.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 13. Events after the reporting period

On 11 March 2020 the World Health Organization formally declared the Covid-19 outbreak a pandemic and on the 15 March 2020 the South African Government responded by declaring a National State of Disaster and enforcing a 21-day National Lockdown from 26 March 2020 to 16 April 2020. The National Lockdown was extended for a further 2 weeks to 30 April 2020 on the 9 April 2020. Marico South Africa Proprietary Limited has been registered as an Essential Services Company and continued to trade during the national lockdown period.

The company income for 2020 to date has been impacted by COVID 19 with lockdown rules resulting in the closure of non-essential services stores as classified by Government in level five resulting in reduced sales in the month of March and April. The group and company achieved sales equivalent to fifty percent of the initial forecasted budgeted sales. This resulted in a profit before tax loss of R800 000 for the month of March 2020.

The company has estimated that the full financial year will be impacted by a loss of sales of approximately R24m which equates to a loss before tax of R3.5m. Most of the impact is estimated to occur in the period April 2020 to June 2020 due to the lockdown resulting in the following:

1. Closure of manufacturers on non-essential goods during lockdown has resulted in supply challenges and a slow start in some of the production lines post lockdown when easing to level four due to the limitation on work force.
2. Impact of social distancing and regulatory requirements at 3P manufacturers impacting production capacity and resulting in a shortfall against the budgeted plan as well as below required service levels.
3. Loss of income and retrenchments in certain businesses impacting on consumer disposal income.
4. Closure of certain wholesalers and shops who may not be able re-open or exist anymore resulting in bad debts.
5. Cash flow challenges at key customers impacting buying power and also potential payment issues / requests for extended payment terms.
6. Shortage of raw and packaging materials post lockdown due to increased demand.

## MARICO SOUTH AFRICA (PTY) LIMITED

7. Exchange rate fluctuation/weakening the Rand currency and impacting the cost of raw and packaging materials imported. As a consequence of Covid-19's impact on current and future operations, management has adjusted the expected/budgeted profit before tax downwards. Management has implemented, and will continue to implement, actions to maximise liquidity and reduce costs to ensure the sustainability of the company, with the non-critical expenses being reduced drastically to allow for savings.

### **Management plans to manage costs further through the following:**

1. No salary increases in current year.
2. Reduction in leave provision.
3. Freeze in placements.
4. Reduction in travel (only critical) ,
5. Reduction advertising spends.

After consideration of the impact of COVID 19 on the business, including impacts on the forecasted profitability for the year, the directors do not, at this time, foresee the going concern assessment and status of the business being impacted, based on the facts and circumstances at the date of signature of the consolidated and separate annual financial statements.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDER'S OF MARICO SOUTH AFRICA PROPRIETARY LIMITED**

**Opinion**

We have audited the annual financial statements of Marico South Africa Proprietary Limited (the company) set out on pages 9 to 42, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Marico South Africa Proprietary Limited as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the document titled "Marico South Africa Proprietary Limited" annual financial statements for the year ended 31 March 2020, which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in

doing so, consider whether the other information is materially inconsistent with the annual 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 Annual Financial Statements**

The directors are responsible for the preparation and fair presentation of the annual 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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.

## MARICO SOUTH AFRICA (PTY) LIMITED

### **Auditor's responsibilities for the audit of the Annual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the annual 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 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 annual financial statements.

As part of an audit in accordance with 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 annual 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 annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**KPMG Inc.**

**Per MA Sithole**

**Chartered Accountant (SA)**

**Registered Auditor**

**Director**

**04 June, 2020**

MARICO SOUTH AFRICA (PTY) LIMITED

**STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2020

Particulars	Notes	As at March 31,					
		2020	2019	2018	2020	2019	2018
		R	Restated*	Restated*	₹ Crore	Restated*	Restated*
			R	R		₹ Crore	₹ Crore
<b>Assets</b>							
<b>Non-Current Assets</b>							
Property, plant and equipment	4	1,032,492	1,765,973	2,305,340	0.44	0.85	1.28
Right-of-use asset	5	5,904,613	8,752,626	14,474,138	2.50	4.19	8.02
Goodwill	6	17,926,857	37,926,857	37,926,857	7.59	18.15	21.02
Intangible assets	7	81,564,722	81,564,722	81,564,722	34.54	39.03	45.20
		<b>106,428,684</b>	<b>130,010,178</b>	<b>136,271,057</b>	<b>45.07</b>	<b>62.21</b>	<b>75.51</b>
<b>Current Assets</b>							
Inventories	8	32,525,741	34,930,373	33,380,313	13.77	16.71	18.50
Trade and other receivables	9	27,017,063	40,659,296	33,912,634	11.44	19.46	18.79
Current Tax receivable		39,018	669,314	785,678	0.02	0.32	0.44
Cash and cash equivalents	10	1,213,549	-	-	0.51	-	-
		<b>60,795,371</b>	<b>76,258,983</b>	<b>68,078,625</b>	<b>25.75</b>	<b>36.49</b>	<b>37.73</b>
<b>Total Assets</b>		<b>167,224,055</b>	<b>206,269,161</b>	<b>204,349,682</b>	<b>70.82</b>	<b>98.70</b>	<b>113.24</b>
<b>Equity and Liabilities</b>							
<b>Equity</b>							
Share capital and share premium	11	107,709,235	107,709,235	107,709,235	45.61	51.54	59.69
Accumulated loss		(23,156,659)	(1,704,939)	(2,787,665)	(9.81)	(0.82)	(1.54)
		<b>84,552,576</b>	<b>106,004,296</b>	<b>104,921,570</b>	<b>35.81</b>	<b>50.72</b>	<b>58.14</b>
<b>Liabilities</b>							
<b>Non-Current Liabilities</b>							
Borrowings	12	23,090,345	29,682,404	35,785,676	9.78	14.20	19.83
Lease liabilities	5	3,110,992	7,240,499	11,409,821	1.32	3.46	6.32
Deferred tax	13	6,263,579	6,033,321	6,387,437	2.65	2.89	3.54
Share-based payment liability	14	18,030	197,871	290,595	0.01	0.09	0.16
		<b>32,482,946</b>	<b>43,154,095</b>	<b>53,873,529</b>	<b>13.76</b>	<b>20.65</b>	<b>29.85</b>
<b>Current Liabilities</b>							
Trade and other payables	15	31,552,376	41,030,953	33,090,135	13.36	19.63	18.34
Borrowings	12	6,146,930	6,165,047	6,163,474	2.60	2.95	3.42
Lease liabilities	5	5,008,639	4,169,321	5,548,868	2.12	2.00	3.07
Share-based payment liability	14	77,131	506,661	554,198	0.03	0.24	0.31
Bank overdraft	10	7,403,457	5,238,789	197,908	3.14	2.51	0.11
		<b>50,188,533</b>	<b>57,110,771</b>	<b>45,554,583</b>	<b>21.25</b>	<b>27.33</b>	<b>25.24</b>
<b>Total Liabilities</b>		<b>82,671,479</b>	<b>100,264,865</b>	<b>99,428,112</b>	<b>35.01</b>	<b>47.98</b>	<b>55.10</b>
<b>Total Equity and Liabilities</b>		<b>167,224,055</b>	<b>206,269,161</b>	<b>204,349,682</b>	<b>70.82</b>	<b>98.70</b>	<b>113.24</b>

\* The entity transitions to IFRS 16 as at 1 April 2019 using the fully retrospective approach. As such, comparative information has been restated. Refer to note 2 for detailed information regarding the restatement of comparative information.

Note: The exchange rate use to convert ZAR to ₹ 4.235 (Previous year ZAR to ₹ 4.785)

MARICO SOUTH AFRICA (PTY) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March, 2020

Particulars	Notes	For the year ended March 31,			
		2020	2019	2020	2019
		R	R	₹ Crore	₹ Crore
<b>Revenue</b>	16	<b>241,194,972</b>	252,411,282	<b>102.15</b>	120.78
Cost of sales		<b>(153,532,367)</b>	(154,927,674)	<b>(65.02)</b>	(74.13)
<b>Gross profit</b>		<b>87,662,605</b>	97,483,608	<b>37.13</b>	46.65
Other operating (losses) gains	17	<b>(309,528)</b>	453,883	<b>(0.13)</b>	0.22
Movement on loss allowance on trade receivables	18	<b>(16,812)</b>	(204,376)	<b>(0.01)</b>	(0.10)
Impairment of goodwill	6	<b>(20,000,000)</b>	-	<b>(8.47)</b>	-
Other operating expenses		<b>(84,201,168)</b>	(90,846,599)	<b>(35.66)</b>	(43.47)
<b>Operating (loss) profit</b>	18	<b>(16,864,903)</b>	6,886,516	<b>(7.14)</b>	3.30
Investment income	19	<b>106,490</b>	125,662	<b>0.05</b>	0.06
Finance costs	20	<b>(4,463,569)</b>	(5,590,445)	<b>(1.89)</b>	(2.68)
<b>(Loss) profit before taxation</b>		<b>(21,221,982)</b>	1,421,733	<b>(8.99)</b>	0.68
Taxation	21	<b>(229,738)</b>	(339,007)	<b>(0.10)</b>	(0.16)
<b>(Loss) profit after taxation</b>		<b>(21,451,720)</b>	1,082,726	<b>(9.08)</b>	0.52
Other comprehensive income		-	-	-	-
<b>Total comprehensive (loss) income for the year</b>		<b>(21,451,720)</b>	<b>1,082,726</b>	<b>(9.08)</b>	<b>0.52</b>

\* The entity transitions to IFRS 16 as at 1 April 2019 using the fully retrospective approach. As such, comparative information has been restated. Refer to note 2 for detailed information regarding the restatement of comparative information.

Note: The exchange rate use to convert ZAR to ₹ 4.235 (Previous year ZAR to ₹ 4.785)

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March, 2020

Particulars	Share capital	Share premium	Total share capital	Accumulated loss	Total equity	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
	R	R	R	R	R	R	R	R	R	R
<b>Year ended 31 March, 2019</b>										
Opening Balance as previously reported	84,845,500	22,863,735	107,709,235	(1,705,168)	106,004,067	47.02	12.67	59.69	(0.94)	58.74
Change in accounting policy	-	-	-	(1,082,497)	(1,082,497)	-	-	-	(0.60)	(0.60)
<b>Restated balance as at 01 April 2018</b>	<b>84,845,500</b>	<b>22,863,735</b>	<b>107,709,235</b>	<b>(2,787,665)</b>	<b>104,921,570</b>	<b>47.02</b>	<b>12.67</b>	<b>59.69</b>	<b>(1.54)</b>	<b>58.14</b>
Profit for the year (restated)	-	-	-	1,082,726	1,082,726	-	-	-	0.52	0.52
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,082,726</b>	<b>1,082,726</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.52</b>	<b>0.52</b>
<b>Restated balance as at 1 April 2019</b>	<b>84,845,500</b>	<b>22,863,735</b>	<b>107,709,235</b>	<b>(1,704,939)</b>	<b>106,004,296</b>	<b>40.60</b>	<b>10.94</b>	<b>51.54</b>	<b>(0.82)</b>	<b>50.72</b>
Loss for the year	-	-	-	(21,451,720)	(21,451,720)	-	-	-	(9.08)	(9.08)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,451,720)</b>	<b>(21,451,720)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9.08)</b>	<b>(9.08)</b>
<b>Balance at 31 March 2020</b>	<b>84,845,500</b>	<b>22,863,735</b>	<b>107,709,235</b>	<b>(23,156,659)</b>	<b>84,552,576</b>	<b>35.93</b>	<b>9.68</b>	<b>45.61</b>	<b>(9.81)</b>	<b>35.81</b>

Note: The exchange rate use to convert ZAR to ₹ 4.235 (Previous year ZAR to ₹ 4.785)



MARICO SOUTH AFRICA (PTY) LIMITED

**STATEMENT OF CASH FLOWS**

For the year ended 31 March, 2020

Particulars	Notes	For the year ended March 31, 2020			
		2020	2019	2020	2019
		R	R	₹ Crore	₹ Crore
<b>Cash flows from operating activities</b>					
Cash generated from operations	22	13,599,285	11,299,684	5.76	5.41
Interest income		106,490	125,662	0.05	0.06
Finance costs		(3,429,496)	(5,590,445)	(1.45)	(2.68)
Taxation received (paid)	23	630,296	(547,460)	0.27	(0.26)
<b>Net cash from operating activities</b>		<b>10,906,575</b>	<b>5,287,441</b>	<b>4.62</b>	<b>2.53</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	(114,113)	(409,329)	(0.05)	(0.20)
Proceeds on sale of property, plant and equipment		131,915	1,731,576	0.06	0.83
<b>Net cash used in investing activities</b>		<b>17,802</b>	<b>1,322,247</b>	<b>0.01</b>	<b>0.63</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings		(6,610,175)	(6,101,700)	(2.80)	(2.92)
Payment on lease liabilities		(5,265,321)	(5,548,869)	(2.23)	(2.66)
<b>Net cash from financing activities</b>		<b>(11,875,496)</b>	<b>(11,650,569)</b>	<b>(5.03)</b>	<b>(5.57)</b>
<b>Total cash movement for the year</b>		<b>(951,119)</b>	<b>(5,040,881)</b>	<b>(0.40)</b>	<b>(2.41)</b>
Cash at the beginning of the year		(5,238,789)	(197,908)	(2.22)	(0.09)
<b>Total cash at the end of the year</b>	10	<b>(6,189,908)</b>	<b>(5,238,789)</b>	<b>(2.62)</b>	<b>(2.51)</b>

\* The entity transitions to IFRS 16 as at 1 April 2019 using the fully retrospective approach. As such, comparative information has been restated. Refer to note 2 for detailed information regarding the restatement of comparative information.

Note: The exchange rate use to convert ZAR to ₹ 4.235 (Previous year ZAR to ₹ 4.785)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### Accounting Policies

#### Corporate information

Marico South Africa Proprietary Limited ("the company") is domiciled in South Africa. The company's registered office is Unit 1-5 Site 2 East, 74 Prince Umhlangane Road, Avoca, 4051. The company is involved in the distribution of a wide range of personal care and affordable complementary health care products.

#### 1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

##### 1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, the International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa of South Africa, as amended.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

##### 1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The 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.

Critical judgements in applying accounting policies The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

##### Critical judgments in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option: or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

##### Key sources of estimation uncertainty

##### Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### **Allowance for slow moving, damaged and obsolete inventory**

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

### **Impairment testing**

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

### **Useful lives of property, plant and equipment**

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

### **1.3 Property, plant and equipment**

Property, plant and equipment are tangible assets which the company holds for its own use and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2020

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	5 - 12 years
Leasehold improvements	Straight line	5 years
Plant and machinery	Straight line	5 - 15 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	3.33 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

**1.4 Leases**

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is identified, which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2020

**Company as lessee**

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets.

For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the company is a lessee are presented in note 5 Leases (company as lessee).

**Lease liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate. The company determines its incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

**Lease payments included in the measurement of the lease liability comprise the following:**

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

### Right-of-use assets

Right of use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the lease term. Depreciation starts at the commencement date of a lease.

For right of use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

### 1.5 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates, joint ventures and the acquisition of assets and liabilities in terms of a business combination. Goodwill represents the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

Goodwill is initially recognised as an asset at cost and is subsequently measured as cost less accumulated impairment losses. An impairment loss is recognised for goodwill is not reversed in a subsequent period.

On disposal of a business the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. 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.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Currently, the Brands have an indefinite useful life. Should managements assessment change, the Brands would be amortised using the straight line method over the determined useful life.

### 1.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.8 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost.

### **Financial liabilities:**

- Amortised cost.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

### **Trade and other receivables**

#### **Classification**

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 9).

#### **Recognition and measurement**

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

#### **Impairment**

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

#### **Measurement and recognition of expected credit losses**

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The company assumes that credit risk on a financial asset has increased significantly if it is more than 30 days due. The company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held) or;
- the financial asset is more than 90 days past due.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account.

### **Borrowings**

#### **Classification**

Borrowings (note 12) are classified as financial liabilities subsequently measured at amortised cost.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### Recognition and measurement

Borrowings are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

### Trade and other payables

#### Classification

Trade and other payables (note 15), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

### Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method. Trade and other payables denominated in foreign currencies When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period.

Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating (losses) gains.

### Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

### Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### Derecognition

#### Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### Offsetting

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

### 1.9 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment

annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

### 1.10 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### Deferred tax assets and liabilities

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 at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period.

#### 1.11 Share capital and equity

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

#### 1.12 Share based payments

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.

#### 1.13 Revenue from contracts with customers

Revenue is recognised upon transfer of control when performance obligations to customers are met in an amount that reflects the consideration the company expects to receive in exchange for the goods or services rendered. To recognise revenue, we apply the following five step approach:

- (1) identify the contract with a customer,
- (2) identify the performance obligations in the contract,

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

- (3) determine the transaction price,
- (4) allocate the transaction price to the performance obligations in the contract, and
- (5) recognize revenues when a performance obligation is satisfied.

At contract inception, the company assesses its promise to transfer goods and services to a customer to identify separate performance obligations. The company applies judgement to determine whether each good and service promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised goods and services are combined and accounted as a single performance obligation. The company allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately.

Revenue performance obligations are met at a point in time when the good is available for use or delivered to the customer location. Control is transferred when the customer takes ownership of the good. Export revenues are recorded when the relevant incoterms of each contract is met. Rebates and discounts are recorded against revenue and receivables when the specific terms of each contract have been met.

Depending on the customer profile, sale contracts are entered into on a variety of payment terms from cash on delivery, 30 days, 60 days etc.

The nature of the goods invoiced are primarily of hair care and health products.

Due to the nature of the bulk supply of goods and quality controls in place, there is minimal obligation for returns of inventory. There are no significant judgements required in the application of IFRS 15 due to the nature of the goods being sold.

### 1.14 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.15 Employee benefits

Short-term employee benefits The cost of short-term employee benefits are recognised in the period in which the service is rendered and are not discounted.

### 1.16 Translation of foreign currencies

Foreign currency transactions A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

#### At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- 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; and

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

### 1.17 Finance income and finance cost

Finance income and finance costs are recognised on a time proportion basis which takes into account the effective yield/ expense on the respective asset or liability.

### 1.18 Related party transactions

A party is related to the Company if any of the following are met:

- Directly, or indirectly through one or more intermediaries, the party controls, is controlled by or is under common control with the Company.
- the party is a member of key management personnel of the entity or its parent.
- the party is a close family member of the family or individual referred to the above.

Close family member of the family of an individual includes:

- the individual's domestic partner and children.
- Children of the individual's domestic partner and
- Dependents of the individual or the individual's domestic partner.

The sales to and purchases from related parties are made on terms negotiated between the parties involved.

## 2. Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

### Application of IFRS 16 Leases

In the current year, the company has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 1 April 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right of use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. Details of these new requirements are described in the accounting policy for leases. Refer to note 1.4. The impact of the adoption of IFRS 16 on the company's financial statements is described below.

The company has not applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2020

IFRS 16 has been adopted by applying the full retrospective approach, whereby the comparative figures are restated. In the 2019 financial statements, the directors stated that they would adopt the modified retrospective approach, however the approach was changed to the full retrospective approach after consideration of various factors, including that of shareholder requirements.

**Leases where company is lessee**

As a lessee, the company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the company. Under IFRS 16 the company recognises right-of-use assets and lease liabilities for all leases excluding short term leases and leases of low value assets with the resultant impact that leases previously recognised as operating leases are now recognised on the statement of financial position as right-of-use assets with corresponding lease liabilities.

Right of use assets were tested for impairment in accordance with IAS 36.

**Impact on financial statements**

The following tables summarise the impact of adopting IFRS 16 on the company financial statements.

**Impact on statement of financial position**

Particulars	31st March 2019	1st April 2018	31st March 2019	1st April 2018
	R	R	₹ Crore	₹ Crore
<b>Right of use assets</b>				
As previously stated	-	-	-	-
Adjustment	<b>8,752,626</b>	14,474,138	<b>4.19</b>	8.02
Restated	<b>8,752,626</b>	14,474,138	<b>4.19</b>	8.02
Lease liabilities				
As previously stated	-	-	-	-
Adjustment	<b>(11,409,820)</b>	(16,958,689)	<b>(5.46)</b>	(9.40)
Restated	<b>(11,409,820)</b>	(16,958,689)	<b>(5.46)</b>	(9.40)
<b>Trade and other payables (operating lease liability)</b>				
As previously stated	<b>(42,083,850)</b>	(34,071,218)	<b>(20.14)</b>	(18.88)
Adjustment	<b>1,052,897</b>	981,083	<b>0.50</b>	0.54
Restated	<b>(41,030,953)</b>	(33,090,135)	<b>(19.63)</b>	(18.34)
Deferred tax				
As previously stated	<b>(6,482,524)</b>	(6,808,408)	<b>(3.10)</b>	(3.77)
Adjustment	<b>449,203</b>	420,971	<b>0.21</b>	0.23
Restated	<b>(6,033,321)</b>	(6,387,437)	<b>(2.89)</b>	(3.54)
Retained earnings				
As previously stated	<b>549,845</b>	1,705,168	<b>0.26</b>	0.94
Adjustment	<b>1,155,094</b>	1,082,497	<b>0.55</b>	0.60
<b>Restated</b>	<b>1,704,939</b>	<b>2,787,665</b>	<b>0.82</b>	<b>1.54</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## Impact on Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2019

Company	As previously reported	IFRS 16 Adjustments	As restated	As previously reported	IFRS 16 Adjustments	As restated
Operating expenses	(92,243,280)	1,396,681	(90,846,599)	(44.14)	0.67	(43.47)
Finance costs	(4,092,935)	(1,497,510)	(5,590,445)	(1.96)	(0.72)	(2.68)
Taxation - deferred tax	(367,239)	28,232	(339,007)	(0.18)	0.01	(0.16)
	<b>(96,703,454)</b>	<b>(72,597)</b>	<b>(96,776,051)</b>	<b>(46.27)</b>	<b>(0.03)</b>	<b>(46.31)</b>

## Impact on Statement of Cash Flows for the year ended 31 March 2019 arising from Adjustments above

Company	As previously reported	IFRS 16 Adjustments	As restated	As previously reported	IFRS 16 Adjustments	As restated
Net cash from operating activities	5,357,706	5,548,869	10,906,575	2.56	2.66	5.22
Net cash from financing activities	(6,326,627)	(5,548,869)	(11,875,496)	(3.03)	(2.66)	(5.68)

The specific accounts which have impacted the consolidated cash flow statements are detailed above under "Impact on Statement of Financial Position" and "Impact on Statement of Profit and Loss and Other Comprehensive Income".

## 3. New Standards and Interpretations

## 3.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 April 2020 or later periods:

Standard / Interpretation:	Effective date: Years beginning on or after	Expected impact:
Definition of a business - Amendments to IFRS 3	1 January 2020	Unlikely there will be a material impact
Presentation of Financial Statements: Disclosure initiative	1 January 2020	Unlikely there will be a material impact
Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	1 January 2020	Unlikely there will be a material impact

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

#### 4. Property, plant and equipment

Particular	2020		2019		2020		2019		
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation	
	R	R	R	R	R	R	R	₹ Crore	
Leasehold improvements	1,407,919	(1,035,327)	1,407,919	(777,449)	630,470	0.60	0.67	(0.37)	0.30
Plant and machinery	1,300,457	(988,197)	1,293,508	(795,557)	497,951	0.55	0.62	(0.38)	0.24
Office furniture and computer equipment	2,745,702	(2,412,314)	2,708,672	(2,136,713)	571,959	1.16	1.30	(1.02)	0.27
Motor vehicles	588,346	(574,094)	588,347	(522,754)	65,593	0.25	0.28	(0.25)	0.03
	<b>6,042,424</b>	<b>(5,009,932)</b>	<b>5,998,446</b>	<b>(4,232,473)</b>	<b>1,765,973</b>	<b>2.56</b>	<b>2.87</b>	<b>(2.12)</b>	<b>(2.03)</b>
					<b>1,765,973</b>		<b>2.87</b>		<b>0.85</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## Reconciliation of property, plant and equipment - 2020

Particulars	Opening balance	Additions	Disposals	Depreciation	Closing balance
	R	R	R	R	R
Leasehold improvements	630,470	-	-	(257,878)	372,592
Plant and machinery	497,951	9,329	-	(195,020)	312,260
Office furniture and computer equipment	571,959	104,784	(19,755)	(323,600)	333,388
Motor vehicles	65,593	-	-	(51,341)	14,252
	<b>1,765,973</b>	<b>114,113</b>	<b>(19,755)</b>	<b>(827,839)</b>	<b>1,032,492</b>

Particulars	Opening balance	Additions	Disposals	Depreciation	Closing balance
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Leasehold improvements	0.27	-	-	(0.11)	0.16
Plant and machinery	0.21	0.00	-	(0.08)	0.13
Office furniture and computer equipment	0.24	0.04	(0.01)	(0.14)	0.14
Motor vehicles	0.03	-	-	(0.02)	0.01
	<b>0.75</b>	<b>0.05</b>	<b>(0.01)</b>	<b>(0.35)</b>	<b>0.44</b>

## Reconciliation of property, plant and equipment - 2019

Particulars	Opening balance	Additions	Disposals	Depreciation	Closing balance
	R	R	R	R	R
Leasehold improvements	776,082	122,458	-	(268,070)	630,470
Plant and machinery	664,960	100,630	(75,068)	(192,571)	497,951
Office furniture and computer equipment	747,364	186,241	(29,276)	(332,370)	571,959
Motor vehicles	116,934	-	-	(51,341)	65,593
	<b>2,305,340</b>	<b>409,329</b>	<b>(104,344)</b>	<b>(844,352)</b>	<b>1,765,973</b>

Particulars	Opening balance	Additions	Disposals	Depreciation	Closing balance
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Leasehold improvements	0.37	0.06	-	(0.13)	0.30
Plant and machinery	0.32	0.05	(0.04)	(0.09)	0.24
Office furniture and computer equipment	0.36	0.09	(0.01)	(0.16)	0.27
Motor vehicles	0.06	-	-	(0.02)	0.03
	<b>1.10</b>	<b>0.20</b>	<b>(0.05)</b>	<b>(0.40)</b>	<b>0.85</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 5. Leases (company as lessee)

The company has entered into commercial leases on certain factory buildings and plant and machinery. These leases have an average life of between three and five years. There are no restrictions place upon the company by entering into these leases.

The directors do not plan to enter into any new leases in the short term and do not plan to extend leases therefore renewal

options have not been taken into account.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

#### Net carrying amounts of right of use assets

The carrying amounts of right-of-use assets are as follows:

Particular	Cost	Accumulated depreciation	Net book value
	R	R	R
2020			
Buildings	21,703,279	(16,583,317)	5,119,962
Plant and Machinery	1,842,130	(1,057,479)	784,651
	<b>23,545,409</b>	<b>(17,640,796)</b>	<b>5,904,613</b>

Particular	Cost	Accumulated depreciation	Net book value
	₹ Crore	₹ Crore	₹ Crore
2020			
Buildings	9.19	(7.02)	2.17
Plant and Machinery	0.78	(0.45)	0.33
	<b>9.97</b>	<b>(7.47)</b>	<b>2.50</b>

Particular	Cost	Accumulated depreciation	Net book value
	R	R	R
2019			
Buildings	21,703,279	(13,100,745)	8,602,534
Plant and Machinery	900,550	(750,458)	150,092
	<b>22,603,829</b>	<b>(13,851,203)</b>	<b>8,752,626</b>

Particular	Cost	Accumulated depreciation	Net book value
	₹ Crore	₹ Crore	₹ Crore
2019			
Buildings	10.39	(6.27)	4.12
Plant and Machinery	0.43	(0.36)	0.07
	<b>10.82</b>	<b>(6.63)</b>	<b>4.19</b>

MARICO SOUTH AFRICA (PTY) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2020

Particular	Cost	Accumulated depreciation	Net book value
	R	R	R
2018			
Buildings	21,703,279	(7,679,416)	14,023,863
Plant and Machinery	900,550	(450,275)	450,275
	<b>22,603,829</b>	<b>(8,129,691)</b>	<b>14,474,138</b>

Particular	Cost	Accumulated depreciation	Net book value
	₹ Crore	₹ Crore	₹ Crore
2018			
Buildings	12.03	(4.26)	7.77
Plant and Machinery	0.50	(0.25)	0.25
	<b>12.53</b>	<b>(4.51)</b>	<b>8.02</b>

**Additions to right of use assets**

Particular	Cost	Accumulated depreciation	Net book value
	R	R	R
Buildings	-	-	-
Plant and Machinery	-	941,581	-
	-	<b>941,581</b>	-

Particular	Cost	Accumulated depreciation	Net book value
	₹ Crore	₹ Crore	₹ Crore
Buildings	-	-	-
Plant and Machinery	-	0.40	-
	-	<b>0.40</b>	-

**Depreciation recognised on right of use assets**

Depreciation recognised on each class of right of use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 18), as well as depreciation which has been capitalised to the cost of other assets.

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
Buildings	3,482,572	5,721,511	1.47	2.74
Plant and Machinery	307,022	-	0.13	-
	<b>3,789,594</b>	5,721,511	<b>1.60</b>	2.74
<b>Other disclosures</b>				
Interest expense on lease liabilities (note 20)	1,034,073	1,497,510	0.44	0.72

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### Lease liabilities

The maturity analysis of lease liabilities is as follows:

Particulars	2020	2019	2018	2020	2019	2018
	R	R	R	₹ Crore	₹ Crore	₹ Crore
Non-current liabilities	3,110,992	7,240,499	11,409,821	1.32	3.46	6.32
Current liabilities	5,008,639	4,169,321	5,548,868	2.12	2.00	3.07
	<b>8,119,631</b>	<b>11,409,820</b>	<b>16,958,689</b>	<b>3.44</b>	<b>5.46</b>	<b>9.40</b>

Refer to note 18 for disclosure of low value lease assets.

### 6. Goodwill

Particular	Cost	2020		Cost	2019	
		Accumulated depreciation	Net book value		Accumulated depreciation	Net book value
	R	R	R	R	R	R
Goodwill	37,926,857	(20,000,000)	17,926,857	37,926,857	-	37,926,857

Particular	Cost	2020		Cost	2019	
		Accumulated depreciation	Net book value		Accumulated depreciation	Net book value
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Goodwill	16.06	(8.47)	7.59	18.15	-	18.15

Reconciliation of goodwill - 2020

Particular	Opening balance	Impairment loss	Closing balance	Opening balance	Impairment loss	Closing balance
	R	R	R	₹ Crore	₹ Crore	₹ Crore
Goodwill	37,926,857	(20,000,000)	17,926,857	16.06	(8.47)	7.59

Reconciliation of goodwill - 2019

Particular	Opening balance	Impairment loss	Closing balance	Opening balance	Impairment loss	Closing balance
	R	R	R	₹ Crore	₹ Crore	₹ Crore
Goodwill	37,926,857	-	37,926,857	18.15	-	18.15

During the 2018 financial year, the company purchased the assets and liabilities of JM Products Proprietary Limited. Goodwill arose as a result of the purchase price exceeding the fair value of the identifiable assets and liabilities acquired.

Goodwill is tested for impairment annually or when there is an indication of impairment. The recoverable amounts of the cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order: first, to reduce the carrying amount of any goodwill allocated to the cash generating unit and then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in that unit. The key assumptions used in the value-in-use calculations were as follows:

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

Growth rate in activities: a terminal growth rate of 4.5%

Discount rate: 20.94%

The value in use calculation at 31 March 2020 indicated an impairment of R20 million which has been recorded directly in profit and loss

## 7. Intangible Assets.

Particular	2020			2019		
	Cost R	Accumulated depreciation R	Carrying Value R	Cost R	Accumulated depreciation R	Carrying Value R
Brands	83,646,924	(2,082,202)	81,564,722	83,646,924	(2,082,202)	81,564,722

Particular	2020			2019		
	Cost ₹ Crore	Accumulated depreciation ₹ Crore	Carrying Value ₹ Crore	Cost ₹ Crore	Accumulated depreciation ₹ Crore	Carrying Value ₹ Crore
Brands	35.42	(0.88)	34.54	40.03	(1.00)	39.03

Reconciliation of goodwill - 2020

Particular	Opening balance	Impairment loss	Closing balance	Opening balance	Impairment loss	Closing balance
	R	R	R	₹ Crore	₹ Crore	₹ Crore
Brands	81,564,722	-	81,564,722	34.54	-	34.54

Reconciliation of goodwill - 2019

Particular	Opening balance	Impairment loss	Closing balance	Opening balance	Impairment loss	Closing balance
	R	R	R	₹ Crore	₹ Crore	₹ Crore
Brands	81,564,722	-	81,564,722	39.03	-	39.03

The company has classified its intangible assets as having indefinite useful lives. This conclusion is supported by the fact that the company is expected to be able to use the brands for the foreseeable future and that the typical product life cycles for the brands, acquired from public information on estimates of useful lives, indicate that the intangible asset has an indefinite period of foreseeable usage. This is further supported by the stability and the strong demand in markets within which these products are marketed and sold. Detailed impairment testing is performed for the indefinite-life intangible assets annually or whenever an indicator of impairment exists. The impairment review process is as follows:

Each period and whenever impairment indicators are present, management calculate the fair value of the asset and record an impairment loss for the excess of the carrying value over the fair value, if any. The fair value is generally measured as the net present value of projected cash flows. In addition, a re-evaluation of the remaining useful life of the asset is performed to determine whether continuing to characterise the asset as having an indefinite life is appropriate. The recoverable amounts have been determined based on a value-in-use calculation. The calculation uses a free cash flow model that discounts the free cash flow available from profit after tax generated by the intangible asset. If the resulting net present value exceeds the carrying value of the intangible asset, the intangible asset is not impaired. However, if the resulting net present value is less than the carrying value, an impairment charge is raised.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

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

Growth rate (%) *	4.50	4.50
Discount rate (%) **	20.19 - 21.06	19.52

\* Weighted average growth rate used to extrapolate cash flows beyond the budget period.

\*\* Post-tax discount rate applied to the cash flow projections.

A sensitivity analysis was performed with regards to the key assumptions above and the projected impact is as follows:

Sensitivity - Discount rate plus 1% and projected cash flow and growth rate constant	Impact on impairment
Caivil	(67)
Hercules	(870)
Ingwe	(31)
Isoplus	(3,069)
	(4,037)

Sensitivity - Discount rate constant, projected cash flow less 5% and growth rate constant	Impact on impairment
Caivil	-
Hercules	(602)
Ingwe	-
Isoplus	(2,664)
	(3,266)

Sensitivity - Discount rate constant, projected cash flow constant and growth rate less 1 %	Impact on impairment
Caivil	-
Hercules	(306)
Ingwe	-
Isoplus	(1,434)
	(1,740)

The above possible impairments are not considered material.

### 8. Inventories

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
Raw materials	20,508,657	24,355,597	8.69	11.65
Work in progress	53,614	186,756	0.02	0.09
Finished goods	14,589,425	11,781,733	6.18	5.64
	35,151,696	36,324,086	14.89	17.38
Inventories (write-downs)	(2,625,955)	(1,393,713)	(1.11)	(0.67)
	32,525,741	34,930,373	13.77	16.71

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 9. Trade and other receivables

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
<b>Financial instruments:</b>				
Trade receivables	25,519,493	37,654,895	10.81	18.02
Loss allowance	(204,594)	(187,782)	(0.09)	(0.09)
Trade receivables at amortised cost	25,314,899	37,467,113	10.72	17.93
Other receivables	1,595,287	3,192,183	0.68	1.53
<b>Non-financial instruments:</b>				
VAT	106,877	0	0.05	-
Total trade and other receivables	27,017,063	40,659,296	11.44	19.46

The loss allowance has been calculated on the gross trade receivables balances as follows:

Loss allowance aging profile - 2020	Not past due	Past due by 30 days	Past due by 60 days	Total
	R	R	R	R
Net trade receivables	14,671,739	7,537,556	3,310,198	25,519,493
Add back: Rebates	1,583,239	2,735,933	4,809,206	9,128,378
Gross carrying amount	16,254,978	10,273,489	8,119,404	34,647,871
Expected loss % based on gross carrying amount	0.47%	0.24%	1.27%	0.59%
Loss allowance calculated	76,772	24,743	103,079	204,594
Specific allowance	-	-	-	-
	76,772	24,743	103,079	204,594

Loss allowance aging profile - 2020	Not past due	Past due by 30 days	Past due by 60 days	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Net trade receivables	6.21	3.19	1.40	10.81
Add back: Rebates	0.67	1.16	2.04	3.87
Gross carrying amount	6.88	4.35	3.44	14.67
Expected loss % based on gross carrying amount	0.47%	0.24%	1.27%	0.59%
Loss allowance calculated	0.03	0.01	0.04	0.09
Specific allowance	-	-	-	-
	0.03	0.01	0.04	0.09

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

Loss allowance aging profile - 2019	Not past due	Past due by 30 days	Past due by 60 days	Total
	R	R	R	R
Net trade receivables	23,170,671	13,603,435	880,789	37,654,895
Add back: Rebates	2,756,625	1,780,513	7,929,834	12,466,972
Gross carrying amount	25,927,296	15,383,948	8,810,623	50,121,867
Expected loss % based on gross carrying amount	0.30%	0.29%	0.74%	0.37%
Loss allowance calculated	77,172	45,380	65,230	187,782
Specific allowance	-	-	-	-
	<b>77,172</b>	<b>45,380</b>	<b>65,230</b>	<b>187,782</b>

Loss allowance aging profile - 2019	Not past due	Past due by 30 days	Past due by 60 days	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Net trade receivables	11.09	6.51	0.42	18.02
Add back: Rebates	1.32	0.85	3.79	5.97
Gross carrying amount	12.41	7.36	4.22	23.98
Expected loss % based on gross carrying amount	0.30%	0.29%	0.74%	0.37%
Loss allowance calculated	0.04	0.02	0.03	0.09
Specific allowance	-	-	-	-
	<b>0.04</b>	<b>0.02</b>	<b>0.03</b>	<b>0.09</b>

### Movement in Loss allowance

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
Opening balance	187,782	-	0.08	-
Reversal of prior period loss allowance	(187,782)	-	(0.08)	-
Provision for the year	204,594	204,232	0.09	0.10
Write off	-	(16,450)	-	(0.01)
Closing balance	<b>204,594</b>	<b>187,782</b>	<b>0.09</b>	<b>0.09</b>

### Financial instrument and non-financial instrument components of trade and other receivables

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
At amortised cost	26,910,186	40,659,296	11.40	19.46
Non-financial instruments	106,877	-	0.05	-
	<b>27,017,063</b>	<b>40,659,296</b>	<b>11.44</b>	<b>19.46</b>

### Fair value of trade and other receivables

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 10. Cash and cash equivalents

Particulars	2020 R	2019 R	2020 ₹ Crore	2019 ₹ Crore
Cash and cash equivalents consist of:				
Deposits	1,213,549	-	0.51	-
Bank overdraft	(7,403,457)	(5,238,789)	(3.14)	(2.51)
	<b>(6,189,908)</b>	<b>(5,238,789)</b>	<b>(2.62)</b>	<b>(2.51)</b>
Current assets	1,213,549	-	0.51	-
Current liabilities	(7,403,457)	(5,238,789)	(3.14)	(2.51)
	<b>(6,189,908)</b>	<b>(5,238,789)</b>	<b>(2.62)</b>	<b>(2.51)</b>

Facilities available	Expiry date	R
Overdraft	21-Aug-20	15,000,000
Card	21-Aug-20	200,000
Fleet card	21-Aug-20	100,000
Guarantee by bank	21-Aug-20	882,000
Foreign exchange - Contract PFE	21-Aug-20	209,800
Medium term loan	21-Aug-20	29,237,275
		<b>45,629,075</b>

Security issued	Restriction amount in R	Surety name
Pledge call deposit	Unrestricted	Marico South Africa Consumer Care (Proprietary) Limited
Cession book debt	Unrestricted	
Guarantee	60,000,000	
Credit agreement FAC agreement commercial	Unrestricted	

### 11. Share capital and share premium

Particulars	2020 R	2019 R
Authorised		
30 000 000 no par value shares	<b>30,000,000</b>	30,000,000

The unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Particulars	2020 R	2019 R	2020 ₹ Crore	2019 ₹ Crore
Issued				
500 000 Ordinary shares of R0.01	5,000	5,000	0.00	0.00
254 958 Ordinary shares of R215.10	54,840,500	54,840,500	23.22	26.24
283 253 Ordinary shares of R105.9123	30,000,000	30,000,000	12.71	14.36
Share premium	22,863,735	22,863,735	9.68	10.94
	<b>107,709,235</b>	<b>107,709,235</b>	<b>45.61</b>	<b>51.54</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 12. Borrowings

Particulars	2020 R	2019 R	2020 ₹ Crore	2019 ₹ Crore
<b>Held at amortised cost</b>				
Standard Bank of South Africa Limited	29,237,275	35,847,450	12.38	17.15
<b>Split between non-current and current portions</b>				
Non-current liabilities	23,090,345	29,682,403	9.78	14.20
Current liabilities	6,146,930	6,165,047	2.60	2.95
	<b>29,237,275</b>	<b>35,847,450</b>	<b>12.38</b>	<b>17.15</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 0.5% above the South African prime interest rate.

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.

The loan agreement with Standard Bank required the following covenants to be met:

- Debt service cover ratio
- EBITDA to gross interest payable
- gross Debt to equity ratio
- gross Debt to EBITDA

### 13. Deferred tax

Particulars	2020 R	2019 R	2018 R	2020 ₹ Crore	2019 ₹ Crore	2018 ₹ Crore
Deferred tax liability						
Purchase price allocation	(9,403,000)	(9,403,000)	(9,403,000)	(3.98)	(4.50)	(5.21)
Deferred tax asset						
Property, plant and equipment	63,599	43,522	132,891	0.03	0.02	0.07
Provisions	2,455,617	2,876,954	2,461,701	1.04	1.38	1.36
Net lease liability	620,205	449,203	420,971	0.26	0.21	0.23
Total deferred tax asset	<b>3,139,421</b>	<b>3,369,679</b>	<b>3,015,563</b>	<b>1.33</b>	<b>1.61</b>	<b>1.67</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Particulars	2020	2019	2018	2020	2019	2018
	R	R	R	₹ Crore	₹ Crore	₹ Crore
Deferred tax liability	(9,403,000)	(9,403,000)	(9,403,000)	(3.98)	(4.50)	(5.21)
Deferred tax asset	3,139,421	3,369,679	3,015,563	1.33	1.61	1.67
Total net deferred tax liability	(6,263,579)	(6,033,321)	(6,387,437)	(2.65)	(2.89)	(3.54)
Reconciliation of deferred tax liability						
At beginning of year	(6,033,321)	(6,112,734)	1,299,341	(2.56)	(2.92)	0.72
IFRS 16 adjustment - Refer to note 2	-	-	695,674	-	-	0.39
Prior year overprovision	-	-	101,169	-	-	0.06
Adjustment from purchase price allocation	-	-	(9,403,000)	-	-	(5.21)
Temporary difference movement on property, plant and equipment	20,077	(89,369)	-	0.01	(0.04)	-
Temporary difference on provisions	(146,633)	140,549	919,379	(0.06)	0.07	0.51
Taxable / (deductible) temporary difference on net lease liability	(103,702)	28,233	-	(0.04)	0.01	-
	(6,263,579)	(6,033,321)	(6,387,437)	(2.65)	(2.89)	(3.54)

## 14. Share-based payment 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
356.48	1-Dec-15	31620	30 Nov 2021/22

The share price at 31 March 2020 used to compute the share option liability was Indian Rupee (INR) 346.04 (2019: 356.48).

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
Non-current portion	18,030	197,871	0.01	0.09
Current portion	77,131	506,661	0.03	0.24
	95,161	704,532	0.04	0.34

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 15. Trade and other payables

Particulars	2020	2019	2018	2020	2019	2018
	R	R	R	₹ Crore	₹ Crore	₹ Crore
<b>Financial instruments:</b>						
Trade payables	22,976,038	31,997,181	22,350,846	9.73	15.31	12.39
Trade payables - related parties	433,377	531,240	464,815	0.18	0.25	0.26
Other payables	714,726	180,797	659,779	0.30	0.09	0.37
Accruals*	2,844,477	2,770,344	3,502,415	1.20	1.33	1.94
Audit fee accrual	871,578	1,187,871	850,000	0.37	0.57	0.47
Bonus accrual	2,125,841	2,639,712	3,744,182	0.90	1.26	2.07
Leave pay accrual	1,586,339	1,495,572	1,518,098	0.67	0.72	0.84
<b>Non-financial instruments:</b>						
VAT	-	228,236	-	-	0.11	-
	<b>31,552,376</b>	<b>41,030,953</b>	<b>33,090,135</b>	<b>13.36</b>	<b>19.63</b>	<b>18.34</b>

\*Refer to note 2 for further details.

Financial instrument and non-financial instrument components of trade and other payables

Particulars	2020	2019	2018	2020	2019	2018
	R	R	R	₹ Crore	₹ Crore	₹ Crore
At amortised cost	31,552,376	40,802,717	33,090,135	13.36	19.52	18.34
<b>Non-financial instruments</b>	-	228,236	-	-	0.11	-
	<b>31,552,376</b>	<b>41,030,953</b>	<b>33,090,135</b>	<b>13.36</b>	<b>19.63</b>	<b>18.34</b>

### Fair value of trade and other payables

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

### 16. Revenue

Revenue from contracts with customers

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
Sale of goods	241,194,972	252,411,282	102.15	120.78

### Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Timing of revenue recognition

At a point in time

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
Sale of goods	241,194,972	252,411,282	102.15	120.78

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## 17. Other operating (losses) gains

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
<b>Gains on disposals</b>				
Property, plant and equipment	108,045	1,656,531	0.05	0.79
<b>Foreign exchange losses</b>				
Net foreign exchange loss	(417,573)	(1,202,648)	(0.18)	(0.58)
<b>Total other operating (losses)/ gains</b>	<b>(309,528)</b>	<b>453,883</b>	<b>(0.13)</b>	<b>0.22</b>

## 18. Operating (loss) profit

Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
<b>Auditor's remuneration - external</b>				
Audit fees	582,150	460,107	0.25	0.22

**Employee costs**

As at 31 March 2020 the company had 71 (2019: 74) employees. The total cost of employment of all employees, including executive directors, was as follows:

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
Salaries, wages, bonuses and other benefits	21,368,593	21,919,600	9.05	10.49
Refer to note 25 for directors emoluments.				
<b>Leases</b>				
<b>Leases of low value</b>				
Computers	170,969	545,821	0.07	0.26
<b>Depreciation and amortisation</b>				
Depreciation of property, plant and equipment	827,839	844,352	0.35	0.40
Depreciation of right-of-use assets	3,789,594	5,721,511	1.60	2.74
Total depreciation and amortisation	4,617,433	6,565,863	1.96	3.14
<b>Impairment losses</b>				
Goodwill	20,000,000	-	8.47	-
<b>Movement in credit loss allowances</b>				
Trade and other receivables	16,812	204,232	0.01	0.10
<b>Other</b>				
Commission	7,433,893	6,787,464	3.15	3.25
Advertising	19,866,828	22,846,859	8.41	10.93
Delivery expenses	12,249,431	14,216,211	5.19	6.80

## 19. Investment income

**Interest income**

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
<b>Investments in financial assets:</b>				
Bank	106,490	125,662	0.05	0.06

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 20. Finance costs

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
Borrowings	3,429,496	4,092,935	1.45	1.96
Lease liabilities (note 5)	1,034,073	1,497,510	0.44	0.72
<b>Total finance costs</b>	<b>4,463,569</b>	<b>5,590,445</b>	<b>1.89</b>	<b>2.68</b>

### 21. Taxation

#### Major components of the tax (income) expense

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
<b>Current</b>				
Local income tax - current year	-	663,824	-	0.32
<b>Deferred</b>				
Originating and reversing temporary differences	229,738	(324,817)	0.10	(0.16)
	<b>229,738</b>	<b>339,007</b>	<b>0.10</b>	<b>0.16</b>
<b>Reconciliation of the tax expense</b>				
Reconciliation between accounting (loss) / profit and tax expense.				
Accounting (loss) profit	(21,221,982)	1,421,733	(8.99)	0.68
Tax at the applicable tax rate of 28% (2019: 28%)	(5,942,155)	398,085	(2.52)	0.19
<b>Tax effect of adjustments on taxable income</b>				
Permanent differences	6,171,893	(59,078)	2.61	(0.03)
	<b>229,738</b>	<b>339,007</b>	<b>0.10</b>	<b>0.16</b>

### 22. Cash generated from operations

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
Loss before taxation	(21,221,982)	1,421,733	(8.99)	0.68
<b>Adjustments for:</b>				
Depreciation	4,617,433	6,565,863	1.96	3.14
Profit on disposal of property, plant and equipment	(112,160)	(1,656,531)	(0.05)	(0.79)
Interest income	(106,490)	(125,662)	(0.05)	(0.06)
Finance costs	3,429,496	5,590,445	1.45	2.68
Leases interest	1,034,073	-	0.44	-
Movements in share-based payment liability	(609,371)	(140,261)	(0.26)	(0.07)
Impairment of goodwill	20,000,000	-	8.47	-
<b>Changes in working capital:</b>				
Inventories	2,404,632	(1,550,060)	1.02	(0.74)
<b>Trade and other receivables</b>	<b>13,642,233</b>	<b>(6,746,662)</b>	<b>5.78</b>	<b>(3.23)</b>
Trade and other payables	(9,478,579)	7,940,819	(4.01)	3.80
	<b>13,599,285</b>	<b>11,299,684</b>	<b>5.76</b>	<b>5.41</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 23. Tax (paid) refunded

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
Balance at beginning of the year	669,314	785,678	0.28	0.38
Current tax for the year recognised in profit or loss	-	(663,824)	-	(0.32)
Balance at end of the year	(39,018)	(669,314)	(0.02)	(0.32)
	<b>630,296</b>	<b>(547,460)</b>	<b>0.27</b>	<b>(0.26)</b>

### 24. Related parties

Ultimate holding company	Marico Limited
Holding company	Marico South Africa Consumer Care Proprietary Limited
Other group companies	Marico South East Asia Marico Middle East
Executive directors	J R Mason J Nieuwenhuys M R Mashilo V A Karve A Joshi

#### Related party balances

##### Amounts included in trade payables regarding related parties

Particulars	2020	2019	2020	2019
	R	R	₹ Crore	₹ Crore
Marico Limited	405,490	531,240	0.17	0.25
Marico Middle East	27,887	-	0.01	-
<b>Related party transactions</b>				
<b>Transactions with related parties</b>				
Marico South East Asia	-	28,630	-	0.01
Marico for Consumer Care Products Co (Egypt)	-	30,894	-	0.01
Marico Limited	943,214	1,314,957	0.40	0.63
Marico Middle East	27,887	-	0.01	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 25. Directors' emoluments

#### Executive

2020	Salary	Bonuses and Performance related payments	Allowances	Total
	R	R	R	R
JR Mason	2,151,926	541,596	638,410	3,331,932
J Nieuwenhuys	1,390,055	384,435	282,755	2,057,245
MR Mashilo	1,481,560	264,107	569,061	2,314,728
VA Karve*	-	-	-	-
A Joshi*	-	-	-	-
	<b>5,023,541</b>	<b>1,190,138</b>	<b>1,490,226</b>	<b>7,703,905</b>

2020	Salary	Bonuses and Performance related payments	Allowances	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
JR Mason	0.91	0.23	0.27	1.41
J Nieuwenhuys	0.59	0.16	0.12	0.87
MR Mashilo	0.63	0.11	0.24	0.98
VA Karve*	-	-	-	-
A Joshi*	-	-	-	-
	<b>2.13</b>	<b>0.50</b>	<b>0.63</b>	<b>3.26</b>

2019	Salary	Bonuses and Performance related payments	Allowances	Total
	R	R	R	R
JR Mason	2,014,281	1,023,641	483,528	3,521,450
J Nieuwenhuys	1,349,877	582,638	212,360	2,144,875
MR Mashilo	1,409,378	453,108	416,746	2,279,232
VA Karve*	-	-	-	-
A Joshi*	-	-	-	-
	<b>4,773,536</b>	<b>2,059,387</b>	<b>1,112,634</b>	<b>7,945,557</b>

2019	Salary	Bonuses and Performance related payments	Allowances	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
JR Mason	0.96	0.49	0.23	1.69
J Nieuwenhuys	0.65	0.28	0.10	1.03
MR Mashilo	0.67	0.22	0.20	1.09
VA Karve*	-	-	-	-
A Joshi*	-	-	-	-
	<b>2.28</b>	<b>0.99</b>	<b>0.53</b>	<b>3.80</b>

\*These directors are paid by the ultimate holding company, Marico Limited.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## 26. Financial instruments and risk management

## Categories of financial instrument

## Categories of financial assets

2020	Notes	Amortised Cost R	Total R	Amortised Cost R	Total R
Trade and other receivables	9	26,910,186	26,910,186	11.40	11.40
Cash and cash equivalents	10	1,213,549	1,213,549	0.51	0.51
		<b>28,123,735</b>	<b>28,123,735</b>	<b>11.91</b>	<b>11.91</b>

2019	Notes	Amortised Cost ₹ Crore	Total ₹ Crore	Amortised Cost ₹ Crore	Total ₹ Crore
Trade and other receivables	9	40,659,296	40,659,296	19.46	19.46

## Categories of financial liabilities

2020	Notes	Amortised Cost R	Leases R	Total R	Amortised Cost ₹ Crore	Leases ₹ Crore	Total ₹ Crore
Trade and other payables	15	31,552,369	-	31,552,369	13.36	-	13.36
Borrowings	12	29,237,275	-	29,237,275	12.38	-	12.38
Lease liabilities	5	-	8,119,631	8,119,631	-	3.44	3.44
Bank overdraft	10	7,403,457	-	7,403,457	3.14	-	3.14
		<b>68,193,101</b>	<b>8,119,631</b>	<b>76,312,732</b>	<b>28.88</b>	<b>3.44</b>	<b>32.32</b>

2019	Notes	Amortised Cost R	Leases R	Total R	Amortised Cost ₹ Crore	Leases ₹ Crore	Total ₹ Crore
Trade and other payables--	15	40,802,714	-	40,802,714	19.52	-	19.52
Borrowings	12	35,847,450	-	35,847,450	17.15	-	17.15
Lease liabilities	5	-	11,409,820	11,409,820	-	5.46	5.46
Bank overdraft	10	5,238,789	-	5,238,789	2.51	-	2.51
		<b>81,888,953</b>	<b>11,409,820</b>	<b>93,298,773</b>	<b>39.18</b>	<b>5.46</b>	<b>44.64</b>

## Capital risk management

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

The capital structure and gearing ratio of the company at the reporting date was as follows:

Particulars	Notes	2020	2019	2020	2019
		R	R	₹ Crore	₹ Crore
Borrowings	12	29,237,275	35,847,450	12.38	17.15
Lease liabilities	5	8,119,631	11,409,820	3.44	5.46
Trade and other payables	15	31,552,369	41,030,950	13.36	19.63
<b>Total borrowings</b>		<b>68,909,275</b>	<b>88,288,220</b>	<b>29.18</b>	<b>42.25</b>
Net bank overdraft	10	6,189,908	5,238,789	2.62	2.51
<b>Net borrowings</b>		<b>75,099,183</b>	<b>93,527,009</b>	<b>31.80</b>	<b>44.75</b>
Equity		84,552,576	106,004,296	35.81	50.72
Gearing ratio		89%	88%		

### Financial risk management

#### Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk and interest rate risk).

#### 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.

The maximum exposure to credit risk is presented in the table below:

Particular	2020			2019		
	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
	R	R	R	R	R	R
Trade and other receivables	27,114,780	(204,594)	26,910,186	40,847,078	(187,782)	40,659,296

Particular	2020			2019		
	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Trade and other receivables	11.48	(0.09)	11.40	19.55	(0.09)	19.46

Refer to note 9 for further details on credit risk.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2020	Notes	Less than 1 year R	2 to 5 years R	Total R	Carrying amount R
<b>Non-current liabilities</b>					
Borrowings	12	-	23,090,345	23,090,345	23,090,345
Lease liabilities	5	-	3,273,583	3,273,583	3,110,992
<b>Current liabilities</b>					
Trade and other payables	15	31,552,369	-	31,552,369	31,552,369
Borrowings	12	6,146,930	-	6,146,930	6,146,930
Lease liabilities		5,595,002	-	5,595,002	5,008,639
Bank overdraft	10	7,403,457	-	7,403,457	7,403,457
		<b>50,697,758</b>	<b>26,363,928</b>	<b>77,061,686</b>	<b>76,312,732</b>

2019	Notes	Less than 1 year" ₹ Crore	2 to 5 years ₹ Crore	Total ₹ Crore	Carrying amount ₹ Crore
<b>Non-current liabilities</b>					
Borrowings	12	-	29,682,403	29,682,403	29,682,403
Lease liabilities	5	-	7,935,215	7,935,215	7,240,499
<b>Current liabilities</b>					
Trade and other payables	15	40,802,714	-	40,802,714	40,802,714
Borrowings	12	6,165,047	-	6,165,047	6,165,047
Lease liabilities		5,056,998	-	5,056,998	4,169,321
Bank overdraft	10	5,238,789	-	5,238,789	5,238,789
		<b>57,263,548</b>	<b>37,617,618</b>	<b>94,881,166</b>	<b>93,298,773</b>

2020	Notes	Less than 1 year" ₹ Crore	2 to 5 years ₹ Crore	Total ₹ Crore	Carrying amount ₹ Crore
<b>Non-current liabilities</b>					
Borrowings	12	-	9.78	9.78	9.78
Lease liabilities	5	-	1.39	1.39	1.32
<b>Current liabilities</b>					
Trade and other payables	15	13.36	-	13.36	13.36
Borrowings	12	2.60	-	2.60	2.60
Lease liabilities		2.37	-	2.37	2.12
Bank overdraft	10	3.14	-	3.14	3.14
		<b>21.47</b>	<b>11.17</b>	<b>32.64</b>	<b>32.32</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

2019	Notes	Less than 1 year"	2 to 5 years	Total	Carrying amount
		₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>Non-current liabilities</b>					
Borrowings	12	-	14.20	14.20	14.20
Lease liabilities	5	-	3.80	3.80	3.46
<b>Current liabilities</b>					
Trade and other payables	15	19.52	-	19.52	19.52
Borrowings	12	2.95	-	2.95	2.95
Lease liabilities		2.42	-	2.42	2.00
Bank overdraft	10	2.51	-	2.51	2.51
		<b>27.40</b>	<b>18.00</b>	<b>45.40</b>	<b>44.64</b>

### Foreign currency risk

The company is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the company deals primarily are US Dollars.

### Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

#### US Dollar exposure:

Particulars	Notes	2020 R	2019 R	2020 ₹ Crore	2019 ₹ Crore
<b>Current liabilities:</b>					
Trade and other payables	15	433,377	531,240	0.18	0.25

#### Exchange rates

Particulars	Notes	2020 R	2019 R
US Dollar		15.750	14.351

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2020

**Foreign currency sensitivity analysis**

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Particulars	2020	2020	2019	2019
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
<b>Impact on profit or loss:</b>				
US Dollar 10% change in exchange rate	(43,338)	43,338	(53,124)	53,124

Particular	2020	2020	2019	2019
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
<b>Impact on profit or loss:</b>				
US Dollar 10% change in exchange rate	(0)	0	(0)	0

**Interest rate risk**

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk. Interest rate sensitivity analysis The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2020	2020	2019	2019
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
<b>Impact on profit or loss:</b>				
Borrowings - 50 basis points change (2019: 50 basis points change)	(146,186)	146,186	(191,576)	191,576

	2020	2020	2019	2019
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
<b>Impact on profit or loss:</b>				
Borrowings - 50 basis points change (2019: 50 basis points change)	(0)	0	(0)	0

**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 March, 2020****27. Going concern**

We draw attention to the fact that at 31 March 2020, the company had accumulated losses of R23 156 659 (2019: R1 704 939) and that the company incurred a loss after taxation of R21 451 720 (2019: profit after taxation of R1 082 726). The company has also utilised its overdraft at year end to the value of R7 403 457 (2019: R5 238 789) whilst its overall overdraft facility is R15 000 000 (2019: R15 000 000).

At 31 December 2020, the company remains liquid and solvent. Furthermore, the company has the support of its holding company, Marico Limited, which would provide funding should the company be unable to pay its debts as they become due.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**28. Events after the reporting period**

On 11 March 2020 the World Health Organization formally declared the Covid-19 outbreak a pandemic and on the 15 March 2020 the South African Government responded by declaring a National State of Disaster and enforcing a 21-day National Lockdown from 26 March 2020 to 16 April 2020. The National Lockdown was extended for a further 2 weeks to 30 April 2020 on the 9 April 2020. Marico South Africa Proprietary Limited has been registered as an Essential Services Company and continued to trade during the national lockdown period.

The company income for 2020 to date has been impacted by COVID 19 with lockdown rules resulting in the closure of non-essential services stores as classified by Government in level five resulting in reduced sales in the month of March and April. The company achieved sales equivalent to fifty percent of the initial forecasted budgeted sales. This resulted in a profit before tax loss of R800 000 for the month of March 2020.

The company has estimated that the full financial year will be impacted by a loss of sales of approximately R24m which equates to a loss before tax of R3.5m. Most of the impact is estimated to occur in the period April 2020 to June 2020 due to the lockdown resulting in the following:

1. Closure of manufacturers on non-essential goods during lockdown has resulted in supply challenges and a slow start in some of the production lines post lockdown when easing to level four due to the limitation on work force.
2. Impact of social distancing and regulatory requirements at 3P manufacturers impacting production capacity and resulting in a shortfall against the budgeted plan as well as below required service levels.
3. Loss of income and retrenchments in certain businesses impacting on consumer disposal income.
4. Closure of certain wholesalers and shops who may not be able re-open or exist anymore resulting in bad debts.
5. Cash flow challenges at key customers impacting buying power and also potential payment issues / requests for extended payment terms.
6. Shortage of raw and packaging materials post lockdown due to increased demand.
7. Exchange rate fluctuation/weakening the Rand currency and impacting the cost of raw and packaging materials imported.

As a consequence of Covid-19's impact on current and future operations, management has adjusted the expected/ budgeted profit before tax downwards. Management has implemented, and will continue to implement, actions to maximise liquidity and reduce costs to ensure the sustainability of the company, with the non-critical expenses being reduced drastically to allow for savings.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

Management plans to manage costs further through the following:

1. No salary increases in current year.
2. Reduction in leave provision.
3. Freeze in placements.
4. Reduction in travel (only critical) ,
5. Reduction advertising spends.

After consideration of the impact of COVID 19 on the business, including impacts on the forecasted profitability for the year, the directors do not, at this time, foresee the going concern assessment and status of the business being impacted, based on the facts and circumstances at the date of signature of the consolidated and separate annual financial statements.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

## MARICO MALAYSIA SDN. BHD.

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2020)**

Mr. Vivek Karve  
Mr. Datuk Chin Chee Kee JP  
Ms. Poh Shiow Mei

**REGISTERED OFFICE**

Room A, Ground Floor, Lot 7, Block F,  
Saguking Commercial Building,  
Jalan Patau-Patau, 87000,  
Labuan F.T. Malaysia

**AUDITORS**

M/s. Sundar & Associates

**BANKERS**

HSBC Bank Malaysia Berhad



## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements for the financial year ended 31 March 2020.

### Directors

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

**DATUK CHIN CHEE KEE, JP**

**POH SHIOW MEI (F)**

**VIVEK ANANT KARVE**

### Principal activity

The principal activity of the Company is as distributor of perfumery, cosmetics, toiletries and related beauty products. The Company ceased business operation in the financial year 2015.

### Financial results

	RM
Loss after tax representing total comprehensive loss attributable to :	
Owners of the Company	16,098/-

### Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year under review.

### Issue of shares and debentures

The Company did not issue any shares or debentures during the financial year.

### Directors' benefits

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

### Director's remuneration

There were no Directors' remuneration paid or payable during the financial year.

### Indemnifying Directors, Officers and Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been Director, Officer or Auditor of the Company

### Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its holding company or subsidiaries of the holding company during the financial year.

### Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year.

**Options granted over unissued shares**

No options were granted to any person to take up unissued shares of the Company during the financial year.

**Other statutory information**

- (a) There were neither receivables nor any significant current assets at statement of financial position date, accordingly there is no necessity for the directors to consider their estimated realisable value.
- (b) At the date of this report, the Directors are not aware of any circumstances:
  - (i) which would render the values attributed to current assets in the financial statements of the Company misleading, or
  - (ii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person.
  - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (d) No contingent or other liability has become enforceable or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.
- (e) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.
- (f) In the opinion of the Directors,
  - (i) the results of the Company's operations during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the current financial year in which this report is made.

**Holding Companies**

The Directors regard Marico Middle East FZE and Marico Limited, companies incorporated in United Arab Emirates and India, as the immediate holding company and ultimate holding company respectively.

**Auditors' remuneration**

Details of auditors' remuneration are set out in Note 9 to the financial statements

**Auditors**

Messrs. Sundar & Associates have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 18 May, 2020

Signed on behalf of the Board of Directors:

\_\_\_\_\_  
POH SHIOW MEI (F)  
Director

\_\_\_\_\_  
DATUK CHIN CHEE KEE, JP  
Director

**Statement by Directors**

Pursuant to Section 251(2) of the Companies Act, 2016

# MARICO MALAYSIA SDN. BHD.

We, Poh Shioh Mei (F) and Datuk Chin Chee Kee, JP, being two of the Directors of MARICO MALAYSIA SDN. BHD., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 10 to 24 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and financial performance of the Company for the financial year ended 31 March 2020 in accordance with Malaysian Private Entities Reporting Standard and the requirements of Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 May, 2020

\_\_\_\_\_  
POH SHIOH MEI (F)  
Director

\_\_\_\_\_  
DATUK CHIN CHEE KEE, JP  
Director

## **Statutory Declaration**

Pursuant to Section 251(1) of the Companies Act, 2016

I, **Poh Shioh Mei (F) (NRIC No:630226-12-5372)**, the director primarily responsible for the financial management of **MARICO MALAYSIA SDN. BHD.**, do solemnly and sincerely declare that, the financial statements set out on pages 10 to 24 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

**POH SHIOH MEI (F)**

Subscribed and solemnly declared by the abovenamed on 18 May, 2020

Before me,

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
MARICO MALAYSIA SDN. BHD. 20090138367 (881499-V)  
(INCORPORATED IN MALAYSIA)**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of MARICO MALAYSIA SDN. BHD., which comprise the statements of financial position as at 31 March 2020, 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 2020, 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 : 18 May, 2020

**STATEMENT OF FINANCIAL POSITION (INCORPORATED IN MALAYSIA)**

AS AT 31 MARCH, 2020

	Notes	2020	2019	2020	2019
		RM	RM	₹ Crore	₹ Crore
<b>Current asset</b>					
Cash and bank balances	6	92,736	108,834	0.16	0.18
Total current asset		92,736	108,834	0.16	0.18
<b>Total asset</b>		<b>92,736</b>	<b>108,834</b>	<b>0.16</b>	<b>0.18</b>
<b>Equity</b>					
Share capital	7	17,660,240	17,660,240	30.90	29.92
Accumulated losses		(17,587,483)	(17,571,385)	(30.77)	(29.77)
Equity attributable to owners of the Company		72,757	88,855	0.13	0.15
<b>Total equity</b>		<b>72,757</b>	<b>88,855</b>	<b>0.13</b>	<b>0.15</b>
<b>Current liability</b>					
Accruals		19,979	19,979	0.03	0.03
Total current liability		19,979	19,979	0.03	0.03
<b>Total liability</b>		<b>19,979</b>	<b>19,979</b>	<b>0.03</b>	<b>0.03</b>
<b>Total equity and liability</b>		<b>92,736</b>	<b>108,834</b>	<b>0.16</b>	<b>0.18</b>

The annexed notes form an integral part of these financial statements

Note: The exchange rate use to convert MYR to ₹ 17.498 (Previous year MYR to ₹ 16.943)

**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	Notes	YEAR ENDED MARCH 31,			
		2020 RM	2019 RM	2020 ₹ Crore	2019 ₹ Crore
Revenue	4.5	-	-	-	-
Other operating income		4,653	4,772	0.01	0.01
Other operating expenses		(20,751)	(20,391)	(0.04)	(0.03)
Loss before tax	9	(16,098)	(15,619)	(0.03)	(0.03)
Taxation	10	-	-	-	-
<b>Loss after taxation representing total comprehensive loss</b>		<b>(16,098)</b>	<b>(15,619)</b>	<b>(0.03)</b>	<b>(0.03)</b>
<b>Loss after taxation representing total comprehensive loss attributable to:</b>					
Owners of the Company		<b>(16,098)</b>	<b>(15,619)</b>	<b>(0.03)</b>	<b>(0.03)</b>

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

Note: The exchange rate use to convert MYR to ₹ 17.498 (Previous year MYR to ₹ 16.943)

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March, 2020

Particulars	Attributable to Owners of the Company					
	Share capital	Accumulated losses	Total Equity	Share capital	Accumulated loss	Total Equity
	RM	RM	RM	₹ Crore	₹ Crore	₹ Crore
<b>Balances at 1 April, 2019</b>	17,660,240	(17,571,385)	88,855	30.90	(30.75)	0.16
Loss after tax representing total comprehensive loss	-	(16,098)	(16,098)	-	(0.03)	(0.03)
<b>Balance at 31 March, 2020</b>	<u><b>17,660,240</b></u>	<u><b>(17,587,483)</b></u>	<u><b>72,757</b></u>	<u><b>30.90</b></u>	<u><b>(30.77)</b></u>	<u><b>0.13</b></u>
<b>Balances at 1 April, 2018</b>	17,660,240	(17,555,766)	104,474	29.92	(29.74)	0.18
Loss after tax representing total comprehensive loss	-	(15,619)	(15,619)	-	(0.03)	(0.03)
<b>Balance at 31 April, 2019</b>	<u><b>17,660,240</b></u>	<u><b>(17,571,385)</b></u>	<u><b>88,855</b></u>	<u><b>29.92</b></u>	<u><b>(29.77)</b></u>	<u><b>0.15</b></u>

The annexed notes form an integral part of these financial statements

Note: The exchange rate use to convert MYR to ₹ 17.498 (Previous year MYR to ₹ 16.943)



**STATEMENT OF CASH FLOW**

For the year ended 31 March, 2020

Particulars	Notes	2020 RM	2019 RM	2020 ₹ Crore	2019 ₹ Crore
<b>Cash flows from operating activities</b>					
Loss before tax		(16,098)	(15,619)	(0.03)	(0.03)
Changes in working capital :					
Accruals		-	14,979	-	0.03
<b>Net cash (used in)/from operating activities</b>		<b>(16,098)</b>	<b>(640)</b>	<b>(0.03)</b>	<b>(0.00)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(16,098)</b>	<b>(640)</b>	<b>(0.03)</b>	<b>(0.00)</b>
<b>Cash and cash equivalents at 1 April</b>		<b>108,834</b>	109,474	<b>0.19</b>	0.19
<b>Cash and cash equivalents at 31 March</b>		<b>92,736</b>	108,834	<b>0.16</b>	0.18

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

Cash and bank balances	92,736	108,834	0.16	0.18
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The annexed notes form an integral part of these financial statements

Note: The exchange rate use to convert MYR to ₹ 17.498 (Previous year MYR to ₹ 16.943)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH, 2020

#### 1. Corporate information

The Company is a private company, incorporated and domiciled in Malaysia. The principal activity of the Company is as distributor of perfumery, cosmetics, toiletries and related beauty products. The Company ceased business operation in the financial year 2015.

The company's registered office is located at:

Room A, Ground Floor, Lot 7, Block F  
Saguking Commercial Building,  
Jalan Patau-Patau,  
87000 Labuan Ft

The immediate holding of the Company is Marico Middle East FZE, a private company registered and domiciled in United Arab Emirates. The ultimate holding of the Company is Marico Limited, a private company registered and domiciled in India.

The financial statements of the Company are presented in Ringgit Malaysia (RM).

The financial statements were authorised for the issue by the Board of Directors on 18 May, 2020

#### 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, 2020

### 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).

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 20

**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 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2020

### 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 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2020

### 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 off-set 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, 2020

**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	2020	2019	2020	2019
	RM	RM	₹ Crores	₹ Crores
Cash and bank balances	92,736	108,834	0.16	0.18

**7. Share capital**

Particulars	2020	2020	2019	2019	2020	2020	2019	2019
	Number of shares	RM	Number of shares	RM	Number of shares	₹ Crores	Number of shares	₹ Crores
Issued and fully paid:								
Ordinary shares	17,660,240	17,660,240	17,660,240	17,660,240	17,660,240	30.90	17,660,240	29.92

**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	2020	2019	2020	2019
	RM	RM	₹ Crores	₹ Crores
Unabsorbed losses carried forward	9,818,893	9,818,893	17.18	16.64
Unabsorbed capital allowance carried forward	7,294,877	7,294,877	12.76	12.36
	17,113,770	17,113,770	29.95	29.00

A tax benefit of RM 17,113,770 relating to tax losses to the Company's is not recognized because it is not probable that sufficient taxable profit will be available in the future to offset the tax losses.

**9. Loss before tax**

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

Particulars	2020	2019	2020	2019
	RM	RM	₹ Crores	₹ Crores
Auditors' remuneration	3,300	3,300	0.01	0.01
and crediting:				
Gain on foreign exchange – unrealised	4,653	4,772	0.01	0.01

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH, 2020

**10. Taxation**

Particulars	2020	2019	2020	2019
	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	2020	2019	2020	2019
	RM	RM	₹ Crores	₹ Crores
Loss before tax	(16,098)	(15,619)	(0.03)	(0.03)
Tax at Malaysian statutory tax rate	(2,737)	(3,905)	(0.01)	(0.01)
Tax effect of expenses disallowed for the tax purposes	3,528	5,098	0.01	0.01
Non-taxable income	(791)	(1,193)	(0.00)	(0.00)
	-	-	-	-

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

Particulars	2020	2019	2020	2019
	RM	RM	₹ Crores	₹ Crores
Unabsorbed carried forward losses	9,818,893	9,818,893	17.18	16.64
Unabsorbed capital allowance carried forward	7,294,877	7,294,877	12.76	12.36
	17,113,770	17,113,770	29.95	29.00

From year of assessment 2019 onwards, the unused tax losses will be allowed to be carried forwards for a maximum period of 7 consecutive years of assessment. However, the availability of unused tax losses for offsetting against future taxable profits are subject to no substantial changes in shareholdings of the Company under the Income Tax Act, 1967 and guidelines issued by the tax authority.

**11. Reserves**

The Company's policy is to treat all gains and losses that pass through the statement of comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders.



# MARICO SOUTH EAST ASIA CORPORATION

**BUSINESS REGISTRATION CERTIFICATE** No. 3700579324 dated 11 February 2011 was initially issued by the Department of Planning and Investment of Binh Duong Province and 10<sup>th</sup> amendment dated 27 March, 2019

**INVESTMENT CERTIFICATE**

Project Code 1013733152 dated 23 May, 2017.

The sixth amended Investment Certificate No. 1013733152 dated 23 May 2017 was issued by the Board of Management of Industrial Park of Binh Duong Province for a period of 34 years from the date of initial Investment Certificate No. 462035000802 dated 11 February 2011.

Project Code. 9816465766 dated 31 December 2008

The third amended Investment Certificate No. 9816465766 dated 5 October 2018 was issued by the Board of Management of Industrial Park of Ho Chi Minh City for a period of 38 years from the date of initial Investment Certificate No. 41221000171 dated 31 December 2008.

**BOARD OF MANAGEMENT  
(AS ON MARCH 31, 2020)**

Mr. Gupta Saugata	Chairman
Mr. Joshi Ashish	Member
Mr. Luong Huu Khanh	Member
Mr. Karve Vivek	Member
Ms. Nguyen Hoang Phuong Anh	Member (from October 23, 2018)

**BOARD OF DIRECTORS**

Mr. Joshi Ashish	Chief Operating Officer
Mr. Luong Huu Khanh	Deputy General Director
Mr. Kuppusamy Jayanth	Deputy General Director (from September 1, 2018)
Mr. Bakde Amit	Deputy General Director
Mr. Chatterjee Avik	Deputy General Director
Ms. Nguyen Hoang Phuong Anh	Associate Vice President (from August 22, 2018)

**LEGAL REPRESENTATIVE**

Mr. Gupta Saugata	Chairman
Mr. Luong Huu Khanh	Deputy General Director
Ms. Bisen Priti	Associate Vice President

**DATE OF INCORPORATION**

February 11, 2011

**REGISTERED OFFICE**

No. 3, Road 5, Song Than 1 Industrial Zone, Di An City,  
Binh Duong Province, Vietnam.

**REPRESENTATIVE OFFICE**

28<sup>th</sup> Floor, Pearl Plaza, 561A Dien Bien Phu Street. Ward 25,  
Binh Thanh District, Ho Chi Minh City.

**AUDITOR**

KPMG Limited – Vietnam

**Statement of the Board of Directors**

The Board of Directors of Marico South East Asia Corporation (“the Company”) presents this statement and the accompanying financial statements of the Company for the year ended 31 March 2020.

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 35 give a true and fair view of the financial position of the Company as at 31 March 2020, 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

Ashish Joshi

*Chief Operating Officer*

Binh Duong Province, 13 May 2020

## 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 2020, 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 8 May 2020, as set out on pages 6 to 35.

### The Board of Directors' Responsibility

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

### Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Marico South East Asia Corporation as at 31 March 2020 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

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

Vietnam

Audit Report No.: 20-01-00012-20-1

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Truong Vinh Phuc  
Practicing Auditor Registration  
Certificate No. 0304-2018-007-1  
Deputy Vice President

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Nguyen Ho Khanh Tan  
Practicing Auditor Registration  
Certificate No. 3458-2020-007-1

Ho Chi Minh City, 13 May 2020

## BALANCE SHEET

As at 31 March, 2020

Particulars	Code	Note	As at March 31,			
			2020	2019	2020	2019
			VND	VND	₹ Crore	₹ Crore
<b>Current assets</b>	100		<b>392,735,144,447</b>	<b>344,366,391,985</b>	<b>125.28</b>	<b>102.97</b>
<b>Cash and cash equivalents</b>	110	4	<b>86,638,326,095</b>	<b>12,776,693,413</b>	<b>27.64</b>	<b>3.82</b>
Cash	111		10,538,326,095	6,776,693,413	3.36	2.03
Cash equivalents	112		76,100,000,000	6,000,000,000	24.28	1.79
Accounts receivable – short-term	130		133,465,710,687	114,918,517,124	42.58	34.36
<b>Accounts receivable from customers</b>	131	5	<b>115,476,601,293</b>	<b>92,698,848,043</b>	<b>36.84</b>	<b>27.72</b>
Prepayments to suppliers	132		7,177,866,955	20,243,767,833	2.29	6.05
Other short-term receivables	136		10,815,293,794	2,045,033,632	3.45	0.61
Allowance for doubtful debts	137		(4,051,355)	(69,132,384)	(0.00)	(0.02)
Inventories	140	6	170,118,497,279	214,215,894,373	54.27	64.05
<b>Inventories</b>	141		<b>189,769,024,888</b>	<b>224,580,521,224</b>	<b>60.54</b>	<b>67.15</b>
Allowance for inventories	149		(19,650,527,609)	(10,364,626,851)	(6.27)	(3.10)
<b>Other current assets</b>	150		<b>2,512,610,386</b>	<b>2,455,287,075</b>	<b>0.80</b>	<b>0.73</b>
Short-term prepaid expenses	151	11(a)	2,478,655,953	2,307,350,580	0.79	0.69
Taxes receivable from State Treasury	153	14(a)	33,954,433	147,936,495	0.01	0.04
<b>Long-term assets</b>	200		<b>141,161,947,808</b>	<b>126,844,411,715</b>	<b>45.03</b>	<b>37.93</b>
<b>Accounts receivable – long-term</b>	210		<b>4,849,303,758</b>	<b>4,272,009,124</b>	<b>1.55</b>	<b>1.28</b>
<b>Other long-term receivables</b>	216		<b>4,849,303,758</b>	<b>4,272,009,124</b>	<b>1.55</b>	<b>1.28</b>
<b>Fixed assets</b>	220		<b>89,780,358,540</b>	<b>72,186,102,551</b>	<b>28.64</b>	<b>21.58</b>
Tangible fixed assets	221	7	63,203,614,672	52,416,299,363	20.16	15.67
Cost	222		133,809,839,359	121,665,930,746	42.69	36.38
Accumulated depreciation	223		(70,606,224,687)	(69,249,631,383)	(22.52)	(20.71)
Intangible fixed assets	227	8	26,576,743,868	19,769,803,188	8.48	5.91
Cost	228		46,186,451,468	40,414,304,346	14.73	12.08
Accumulated amortisation	229		(19,609,707,600)	(20,644,501,158)	(6.26)	(6.17)
<b>Investment property</b>	230	9	<b>22,058,852,272</b>	<b>22,058,852,272</b>	<b>7.04</b>	<b>6.60</b>
Cost	231		23,843,388,652	23,843,388,652	7.61	7.13
Accumulated depreciation	232		(1,784,536,380)	(1,784,536,380)	(0.57)	(0.53)
<b>Long-term work in progress</b>	240	10	<b>1,837,575,790</b>	<b>9,895,533,412</b>	<b>0.59</b>	<b>2.96</b>
Construction in progress	242		1,837,575,790	9,895,533,412	0.59	2.96
<b>Other long-term assets</b>	260		<b>22,635,857,448</b>	<b>18,431,914,356</b>	<b>7.22</b>	<b>5.51</b>
<b>Long-term prepaid expenses</b>	261	11(b)	<b>5,023,527,140</b>	<b>6,594,505,910</b>	<b>1.60</b>	<b>1.97</b>
Deferred tax assets	262	12	17,612,330,308	11,837,408,446	5.62	3.54
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>533,897,092,255</b>	<b>471,210,803,700</b>	<b>170.31</b>	<b>140.89</b>

**BALANCE SHEET (CONTINUED)**

As at 31 March, 2020

Particulars	As at March 31,					
	Code	Note	2020 VND	2019 VND	2020 ₹ Crore	2019 ₹ Crore
<b>RESOURCES</b>						
<b>Liabilities (300 = 310 + 330)</b>	<b>300</b>		<b>287,005,471,181</b>	<b>316,383,100,604</b>	<b>91.55</b>	<b>94.60</b>
<b>Current liabilities</b>	<b>310</b>		<b>270,785,941,212</b>	<b>301,671,648,734</b>	<b>86.38</b>	<b>90.20</b>
Accounts payable to suppliers	311	13	121,513,716,928	148,632,251,886	38.76	44.44
Advances from customers	312		3,425,047,068	1,504,482,573	1.09	0.45
Taxes payable to State Treasury	313	14(b)	15,049,164,872	18,103,155,926	4.80	5.41
Payables to employees	314		6,729,000	24,848,998	0.00	0.01
Short-term accrued expenses	315	15(a)	127,658,179,592	131,587,786,541	40.72	39.34
Other short-term payables	319	16	3,101,657,734	1,819,122,810	0.99	0.54
Short-term borrowings	320	17	31,446,018	-	0.01	-
<b>Long-term liabilities</b>	<b>330</b>		<b>16,219,529,969</b>	<b>14,711,451,870</b>	<b>5.17</b>	<b>4.40</b>
Long-term accrued expenses	333	15(b)	2,513,245,120	2,758,412,333	0.80	0.82
Provisions – long-term	342	18	13,706,284,849	11,953,039,537	4.37	3.57
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>246,891,621,074</b>	<b>154,827,703,096</b>	<b>78.76</b>	<b>46.29</b>
<b>Owners' equity</b>	<b>410</b>	<b>19</b>	<b>246,891,621,074</b>	<b>154,827,703,096</b>	<b>78.76</b>	<b>46.29</b>
Share capital	411	20	95,358,950,000	95,358,950,000	30.42	28.51
Share premium	412		(524,990,506,149)	(524,990,506,149)	(167.47)	(156.97)
Retained profits	421		676,523,177,223	584,459,259,245	215.81	174.75
<b>Total resources</b>	<b>440</b>		<b>533,897,092,255</b>	<b>471,210,803,700</b>	<b>170.31</b>	<b>140.89</b>
<b>(440 = 300 + 400)</b>			<b>-</b>	<b>-</b>		

Prepared by  
**Phan Thi Cam Nguyen**  
Chief Accountant  
13 May, 2020

Reviewed by  
**Luong Huu Khanh**  
Vice President

Approved by  
**Ashish Joshi**  
Chief Operating Officer

Note: The exchange rate use to convert VND to ₹ 0.00319 (Previous year VND to ₹ 0.00299)

## STATEMENT OF INCOME

For the year ended 31 March, 2020

Particulars	Code Note		Year ended March 31,			
			2020 VND	2019 VND	2020 ₹ Crore	2019 ₹ Crore
Revenue from sales of goods	1	22	1,472,860,213,846	1,422,456,731,553	469.84	425.31
Revenue deductions	2	22	24,209,611,197	12,591,476,675	7.72	3.76
<b>Net revenue (10=01-02)</b>	<b>10</b>	<b>22</b>	<b>1,448,650,602,649</b>	<b>1,409,865,254,878</b>	<b>462.12</b>	<b>421.55</b>
Cost of sales	11	23	612,710,124,388	585,357,654,868	195.45	175.02
<b>Gross profit (20=10-11)</b>	<b>20</b>		<b>835,940,478,261</b>	<b>824,507,600,010</b>	<b>266.67</b>	<b>246.53</b>
Financial income	21	24	3,375,913,362	5,580,582,301	1.08	1.67
Financial expenses	22	25	2,825,108,565	2,817,489,598	0.90	0.84
<i>In which: Interest expense</i>	23		483,605,063	432,106,831	0.15	0.13
Selling expenses	25	26	604,572,280,293	567,516,422,295	192.86	169.69
General and administration expenses	26	27	114,320,512,028	117,841,715,751	36.47	35.23
<b>Net operating profit</b>	<b>30</b>		<b>117,598,490,737</b>	<b>141,912,554,667</b>	<b>37.51</b>	<b>42.43</b>
Other income	31		551,396,502	683,324,771	0.18	0.20
Other expenses	32		2,355,306,300	293,627,869	0.75	0.09
<b>Results of other activities (40=31-32)</b>	<b>40</b>		<b>(1,803,909,798)</b>	<b>389,696,902</b>	<b>(0.58)</b>	<b>0.12</b>
<b>Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>115,794,580,939</b>	<b>142,302,251,569</b>	<b>36.94</b>	<b>42.55</b>
Income tax expense – current	51	29	29,505,584,823	29,928,380,220	9.41	8.95
Income tax benefit – deferred	52	29	(5,774,921,862)	(472,132,918)	(1.84)	(0.14)
<b>Net profit after tax (60=50-51-52)</b>	<b>60</b>		<b>92,063,917,978</b>	<b>112,846,004,267</b>	<b>29.37</b>	<b>33.74</b>

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Chief Accountant  
13 May, 2020

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Vice President

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**Ashish Joshi**  
Chief Operating Officer

Note: The exchange rate use to convert VND to ₹ 0.00319 (Previous year VND to ₹ 0.00299)

## Statement of Cash Flow

For the year ended 31 March, 2020 (Indirect method)

Particulars	Code	Note	Year ended March 31,			
			2020 VND	2019 VND	2020 ₹ Crore	2019 ₹ Crore
<b>Cash flows from operating activities</b>						
Accounting profit before tax	1		115,794,580,939	142,302,251,569	36.94	42.55
<b>Adjustments for</b>						
Depreciation and amortisation	2		15,126,170,897	11,679,135,528	4.83	3.49
Allowances and provisions	3		17,476,392,495	357,019,683	5.57	0.11
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	4		(330,377,657)	(28,510,877)	(0.11)	(0.01)
(Profits)/losses from investing activities	5		(1,270,818,405)	(2,382,138,949)	(0.41)	(0.71)
Interest expense	6		483,605,063	432,106,831	0.15	0.13
<b>Operating profit before changes in working capital</b>	8		<b>147,279,553,332</b>	<b>152,359,863,785</b>	<b>46.98</b>	<b>45.56</b>
Change in receivables	9		(18,402,543,008)	12,954,441,743	(5.87)	3.87
Change in inventories	10		30,531,038,831	(70,886,333,171)	9.74	(21.20)
Change in payables and other liabilities	11		(23,627,138,179)	27,177,069,418	(7.54)	8.13
Change in prepaid expenses	12		1,984,773,397	2,447,867,320	0.63	0.73
			<b>137,765,684,373</b>	<b>124,052,909,095</b>	<b>43.95</b>	<b>37.09</b>
Interest paid	14		(483,605,063)	(432,106,831)	(0.15)	(0.13)
Corporate income tax paid	15		(35,805,545,569)	(21,214,168,759)	(11.42)	(6.34)
Other payments from operating activities	17		(2,221,869,949)	(6,481,728,787)	(0.71)	(1.94)
<b>Net cash flows from operating activities</b>	20		<b>99,254,663,792</b>	<b>95,924,904,718</b>	<b>31.66</b>	<b>28.68</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Payments for additions to fixed assets and other long-term assets	21		(26,654,628,123)	(13,377,576,856)	(8.50)	(4.00)
Proceeds from disposals of fixed assets	22		121,287,441	30,000,000	0.05	0.01
Withdrawal of term deposits at banks	26		-	-	-	-
Receipts of interests	27		1,092,769,400	2,351,455,787	0.35	0.70
<b>Net cash flow from investing activities</b>	30		<b>(25,440,571,282)</b>	<b>(10,996,121,069)</b>	<b>(8.12)</b>	<b>(3.29)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds from borrowings	33		1,223,306,467,930	1,284,480,678,244	390.23	384.06
Payments to settle loan principals	34		-	(1,289,844,228,628)	(390.22)	(385.66)
Payments of dividends	36		-	(130,005,453,309)	-	(38.87)

Note: The exchange rate use to convert VND to ₹ 0.00319 (Previous year VND to ₹ 0.00299)

## Statement of Cash Flow

For the year ended 31 March, 2020 (Indirect method)

Particulars	Code	Note	Year ended March 31,			
			2020 VND	2019 VND	2020 ₹ Crore	2019 ₹ Crore
Net cash flows from financing activities	40		31,446,018	(135,369,003,693)	0.01	(40.48)
Net cash flows during the year	50		73,845,538,528	(50,440,220,044)	23.56	(15.08)
(50 = 20 + 30 + 40)					-	-
Cash and cash equivalent at the beginning of the year	60		12,776,693,413	63,139,327,290	4.08	18.88
Effect of exchange rate fluctuations on cash and cash equivalents	61		16,094,154	77,586,167	0.01	0.02
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	4	86,638,326,095	12,776,693,413	27.64	3.82

Prepared by  
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 13 May, 2020

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 Vice President

Approved by  
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 Chief Operating Officer

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## Notes to the Financial Statements

For the year ended 31 March, 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. Reporting entity

(a) Ownership structure

Marico South East Asia Corporation (“the Company”) is incorporated as a joint stock company in Vietnam.

(b) Principal activities

The principal activities of the Company are to produce cosmetics and perform the rights to import, export and distribute cosmetics, cosmetics materials and food products.

(c) Normal operating cycle

The normal operating cycle of the Company is generally within 12 months.

(d) Company structure

As at 31 March 2020, the Company had 465 employees (1/4/2019: 483 employees).

### 2. Basis of preparation

(a) Statement of compliance

These 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, 2020

**(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, 2020

**(ii) Copyright**

Copyright related to software licence fee. Software licence fee is capitalised and treated as an intangible fixed asset. Software licence fee is amortised on a straight-line basis over 3 years.

**(iii) Computer software**

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible fixed asset. Software cost is amortised on a straight-line basis over 4 years.

**(g) Investment property**

Investment property held for capital appreciation

Investment property held for capital appreciation is stated at cost less any devaluation in market price. The carrying amount of an investment property item held for capital appreciation is reduced when there is evidence that its market price falls below its carrying amount and the loss can be measured reliably. Any reduction in value of investment property held for capital appreciation is charged to cost of sales.

**(h) Construction in progress**

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

**(i) Long-term prepaid expenses**

**(i) Office renovation**

Expenditures for renovation of offices are recognised as long-term prepaid expenses. These expenditures are initially stated at cost and are amortised on a straight-line basis over 3 years.

**(ii) Tools and instruments**

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

**(j) Accounts payable to suppliers and other payables**

Accounts payable to suppliers and other payables are stated at their cost.

**(k) Provisions**

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

**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

## Notes to the Financial Statements

For the year ended 31 March, 2020

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

#### Ordinary shares

Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issue of shares, net of tax effects. Such costs are recognised as a deduction from share premium. The difference between proceeds from issuance of shares and the par value of the shares issued is recorded in 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 sales 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.

#### (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.

## Notes to the Financial Statements

For the year ended 31 March, 2020

**(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, 2020

### 4. Cash And Cash Equivalents

Particulars	31/3/2020	1/4/2019	31/3/2020	1/4/2019
	VND	VND	₹ Crore	₹ Crore
Cash on hand	43,852,500	24,103,000	0.01	0.01
Cash in banks	10,494,473,595	6,752,590,413	3.35	2.02
Cash equivalents	76,100,000,000	6,000,000,000	24.29	1.79
Cash and cash equivalents in the statement of cash flows	86,638,326,095	12,776,693,413	27.64	3.82

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

#### (a) Accounts receivable from customers detailed by significant customers

Particulars	31/3/2020	1/4/2019	31/3/2020	1/4/2019
	VND	VND	₹ Crore	₹ Crore
Lwin & Myint Trading Company Limited	43,762,571,870	49,716,731,356	13.96	14.87
EBS Vietnam Company Limited	14,249,606,663	12,880,937,734	4.55	3.85
Saigon Co.op	12,492,050,944	11,068,258,463	3.98	3.31
Vincommerce general commercial services Joint Stock Company	10,244,887,459	-	3.27	-
Marico Limited	134,309,934	1,974,225,388	0.04	0.59
Others	34,593,174,423	17,058,695,102	11.04	5.10
	115,476,601,293	92,698,848,043	36.84	27.72

#### (b) Accounts receivable from customers who are related parties:

Particulars	31/3/2020	1/4/2019	31/3/2020	1/4/2019
	VND	VND	₹ Crore	₹ Crore
Marico Limited	134,309,934	1,974,225,388	0.04	0.59

The trade related amounts due from the parent company were unsecured, interest free and are receivable upon demand.

### 6 Inventories

Particulars	31/3/2020		1/4/2019	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Goods in transit	6,746,752,337	-	20,060,744,650	-
Raw materials	65,801,239,165	(1,052,386,655)	66,816,203,273	(1,838,238,239)
Tools and supplies	33,390,487,925	(8,703,610,995)	35,847,398,733	(1,065,863,144)
Work in progress	10,700,316,733	-	28,818,071,072	-
Finished goods	71,976,315,705	(9,462,782,826)	71,353,533,183	(7,251,421,388)
Merchandise inventories	1,153,913,023	(431,747,133)	1,684,570,313	(209,104,080)
	189,769,024,888	(19,650,527,609)	224,580,521,224	(10,364,626,851)

## Notes to the Financial Statements

For the year ended 31 March, 2020

	31/3/2020		1/4/2019	
	Cost	Allowance	Cost	Allowance
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Goods in transit	2.15	-	6.00	-
Raw materials	20.99	(0.34)	19.98	(0.55)
Tools and supplies	10.65	(2.78)	10.72	(0.32)
Work in progress	3.41	-	8.62	-
Finished goods	22.96	(3.02)	21.33	(2.17)
Merchandise inventories	0.37	(0.14)	0.50	(0.06)
	<b>60.54</b>	<b>(6.28)</b>	<b>67.15</b>	<b>(3.10)</b>

Included in inventories at 31 March 2020 was VND23,254 million (1/4/2019: VND12,181 million) of obsolete, slow-moving inventories that are difficult to sell.

Movements in the allowance for inventories during the year were as follows:

Particulars	2020	2019	2020	2019
	VND	VND	₹ Crore	₹ Crore
Opening balance	10,364,626,851	18,047,851,322	3.31	5.40
Allowance utilised during the year	(4,280,457,505)	(9,514,339,722.00)	(1.37)	(2.84)
Allowance made during the year	13,566,358,263	1,831,115,251	4.33	0.55
<b>Closing balance</b>	<b>19,650,527,609</b>	<b>10,364,626,851</b>	<b>6.27</b>	<b>3.10</b>

### 7. Tangible fixed assets

Particulars	Buildings	Machinery and equipment	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
<b>Cost</b>					
Opening balance	21,397,418,528	86,923,835,400	3,347,230,159	9,997,446,659	121,665,930,746
Additions	373,070,000	5,924,183,000	-	435,000,000	6,732,253,000
Transfer from construction in progress	3,828,167,704	15,373,308,762	-	188,504,000	19,389,980,466
Transfer to long term prepaid expense	-	-	-	(383,400,000)	(383,400,000)
Transfer to intangible FA	-	-	-	(2,083,960,000)	(2,083,960,000)
Reclassification	1,075,095,475	(116,190,929)	(870,454,546)	(88,450,000)	-
Disposals	-	(143,300,000)	(100,000,000)	-	(243,300,000)
Written off	(133,409,094)	(9,359,335,249)	(966,013,883)	(808,906,627)	(11,267,664,853)
<b>Closing balance</b>	<b>26,540,342,613</b>	<b>98,602,500,984</b>	<b>1,410,761,730</b>	<b>7,256,234,032</b>	<b>133,809,839,359</b>
<b>Accumulated depreciation</b>					
Opening balance	9,385,378,837	51,364,470,675	2,692,230,149	5,807,551,722	69,249,631,383
Charge for the year	1,891,874,983	10,436,692,822	49,797,984	1,130,573,644	13,508,939,433
Transfer to intangible FA	-	-	-	(712,616,000)	(712,616,000)
Reclassification	483,784,236	(171,699,495)	(270,808,077)	(41,276,664)	-
Disposals	-	(77,620,833)	(94,444,443)	-	(172,065,276)
<b>Written off</b>	<b>(133,409,094)</b>	<b>(9,359,335,249)</b>	<b>(966,013,883)</b>	<b>(808,906,627)</b>	<b>(11,267,664,853)</b>
<b>Closing balance</b>	<b>11,627,628,962</b>	<b>52,192,507,920</b>	<b>1,410,761,730</b>	<b>5,375,326,075</b>	<b>70,606,224,687</b>
<b>Opening balance</b>	<b>12,012,039,691</b>	<b>35,559,364,725</b>	<b>655,000,010</b>	<b>4,189,894,937</b>	<b>52,416,299,363</b>
<b>Closing balance</b>	<b>14,912,713,651</b>	<b>46,409,993,064</b>	<b>-</b>	<b>1,880,907,957</b>	<b>63,203,614,672</b>

Included in tangible fixed assets as of 31 March 2020 were assets costing VND27,186 million (1/4/2019: VND33,988 million) which were fully depreciated, but which are still in active use.

## Notes to the Financial Statements

For the year ended 31 March, 2020

Particulars	Buildings ₹ Crore	Machinery and equipment ₹ Crore	Motor vehicles ₹ Crore	Office equipment ₹ Crore	Total ₹ Crore
<b>Cost</b>					
Opening balance	6.83	27.73	1.07	3.19	38.82
Additions	0.12	1.89	-	0.14	2.15
Transfer from construction in progress	1.22	4.90	-	0.06	6.18
Transfer to long term prepaid expense	-	-	-	(0.12)	(0.12)
<b>Transfer to intangible FA</b>	-	-	-	<b>(0.66)</b>	<b>(0.66)</b>
<b>Reclassification</b>	0.34	(0.04)	(0.28)	(0.03)	(0.01)
Disposals	-	(0.05)	(0.03)	-	(0.08)
Written off	(0.04)	(2.99)	(0.31)	(0.26)	(3.60)
Closing balance	8.47	31.45	0.45	2.31	42.69
<b>Accumulated depreciation</b>					
Opening balance	2.99	16.39	0.86	1.85	22.09
Charge for the year	0.60	3.33	0.02	0.36	4.31
Transfer to intangible FA	-	-	-	(0.23)	(0.23)
Reclassification	0.15	(0.05)	(0.09)	(0.01)	-
<b>Disposals</b>	-	<b>(0.02)</b>	<b>(0.03)</b>	-	<b>(0.05)</b>
<b>Written off</b>	<b>(0.04)</b>	<b>(2.99)</b>	<b>(0.31)</b>	<b>(0.26)</b>	<b>(3.60)</b>
<b>Closing balance</b>	<b>3.71</b>	<b>16.65</b>	<b>0.45</b>	<b>1.71</b>	<b>22.52</b>
<b>Opening balance</b>	<b>3.83</b>	<b>11.34</b>	<b>0.21</b>	<b>1.34</b>	<b>16.72</b>
<b>Closing balance</b>	<b>4.76</b>	<b>14.80</b>	<b>-</b>	<b>0.60</b>	<b>20.16</b>

Included in tangible fixed assets were assets costing ₹ 8.16 Crore which were fully depreciated as of 31 March 2019 (1/4/2019: ₹ 10.14 Crore), but which are still in active use.

### 8. Intangible fixed assets

Particulars	Land use rights VND	Copyright VND	Computer software VND	Others VND	Total VND
<b>Cost</b>					
<b>Opening balance</b>	<b>23,521,902,815</b>	<b>865,789,257</b>	<b>8,914,298,919</b>	<b>7,112,313,355</b>	<b>40,414,304,346</b>
Additions	-	-	-	-	-
Transfer from construction in progress	-	-	7,014,412,679	-	7,014,412,679
Transfer from long term prepaid expense	-	-	88,050,000	-	88,050,000
Transfer from tangible FA	-	-	2,083,960,000	-	2,083,960,000
Disposals	-	-	(595,614,424)	-	(595,614,424)
Written off	-	(144,971,440)	(538,097,438)	(2,135,592,255)	(2,818,661,133)
<b>Closing balance</b>	<b>23,521,902,815</b>	<b>720,817,817</b>	<b>16,967,009,736</b>	<b>4,976,721,100</b>	<b>46,186,451,468</b>
<b>Accumulated amortisation</b>					
<b>Opening balance</b>	<b>4,617,617,614</b>	<b>865,789,257</b>	<b>8,349,710,652</b>	<b>6,811,383,635</b>	<b>20,644,501,158</b>
Charge for the year	574,237,565	-	892,529,039	150,464,860	1,617,231,464
Transfer from tangible FA	-	-	712,616,000	-	712,616,000
Disposals	-	-	(545,979,889)	-	(545,979,889)
Written off	-	(144,971,440)	(538,097,438)	(2,135,592,255)	(2,818,661,133)
Closing balance	5,191,855,179	720,817,817	8,870,778,364	4,826,256,240	19,609,707,600
<b>Net book value</b>					
<b>Opening balance</b>	<b>18,904,285,201</b>	<b>-</b>	<b>564,588,267</b>	<b>300,929,720</b>	<b>19,769,803,188</b>
<b>Closing balance</b>	<b>18,330,047,636</b>	<b>-</b>	<b>8,096,231,372</b>	<b>150,464,860</b>	<b>26,576,743,868</b>



## Notes to the Financial Statements

For the year ended 31 March, 2020

Included in intangible fixed assets as of 31 March 2020 were assets costing VND11,951 million (1/4/2019: VND14,757 million) which were fully amortised, but which are still active in use.

Particulars	Land use rights ₹ Crore	Copyright ₹ Crore	Computer software ₹ Crore	Others ₹ Crore	Total ₹ Crore
<b>Cost</b>					
<b>Opening balance</b>	<b>7.50</b>	<b>0.28</b>	<b>2.84</b>	<b>2.27</b>	<b>12.89</b>
Additions	-	-	-	-	-
Transfer from construction in progress	-	-	2.24	-	2.24
Transfer from long term prepaid expense	-	-	0.03	-	0.03
Transfer from tangible FA	-	-	0.66	-	0.66
Disposals	-	-	(0.19)	-	(0.19)
Written off	-	(0.05)	(0.17)	(0.68)	(0.90)
<b>Closing balance</b>	<b>7.50</b>	<b>0.23</b>	<b>5.41</b>	<b>1.59</b>	<b>14.73</b>
<b>Accumulated amortisation</b>					
Opening balance	1.47	0.28	2.66	2.17	6.58
Charge for the year	0.18	-	0.28	0.05	0.51
Transfer from tangible FA	-	-	0.23	-	0.23
Disposals	-	-	(0.17)	-	(0.17)
Written off	-	(0.05)	(0.17)	(0.68)	(0.90)
Closing balance	1.66	0.23	2.83	1.54	6.26
<b>Net book value</b>					
<b>Opening balance</b>	<b>6.03</b>	<b>-</b>	<b>0.18</b>	<b>0.10</b>	<b>6.31</b>
<b>Closing balance</b>	<b>5.85</b>	<b>-</b>	<b>2.58</b>	<b>0.05</b>	<b>8.48</b>

Included in intangible fixed assets were assets costing ₹ 3.59 Core which were fully amortised as of 31 March 2019 (1/4/2019: ₹ 4.40 Core), but which are still in use.

### 9. Investment property

Particulars	31/3/2020 VND	1/4/2019 VND	31/3/2020 ₹ Crore	1/4/2019 ₹ Crore
Investment property held for capital appreciation	22,058,852,272	22,058,852,272	7.04	6.60

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	7.61
<b>Accumulated amortisation</b>		
Opening/closing balance	1,784,536,380	0.57
<b>Net book value</b>		
Opening/closing balance	<b>22,058,852,272</b>	<b>7.04</b>

At 31 March 2020, 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 VND89,636 million (1/4/2019: VND75,470 million).

## Notes to the Financial Statements

For the year ended 31 March, 2020

### 10. Construction in progress

Particulars	2020	2019	2020	2019
	VND	VND	₹ Crore	₹ Crore
Opening balance	9,895,533,412	7,185,782,725	3.16	2.15
Additions during the year	18,636,185,523	7,783,839,147	5.94	2.33
Transfer to tangible fixed assets	(19,389,980,466)	(4,882,018,460)	(6.19)	(1.46)
Transfer to intangible fixed assets	(7,014,412,679)	(192,070,000)	(2.24)	(0.06)
Transfer to prepaid expense	(289,750,000)	-	(0.09)	-
<b>Closing balance</b>	<b>1,837,575,790</b>	<b>9,895,533,412</b>	<b>0.59</b>	<b>2.96</b>

Major construction in progress were as follows:

Particulars	31/3/2020	1/4/2019	31/3/2020	1/4/2019
	VND	VND	₹ Crore	₹ Crore
Machinery and equipment	184,341,200	2,468,894,733	0.06	0.74
Software	1,653,234,590	7,390,028,679	0.53	2.21
Others	-	36,610,000	-	0.01
	<b>1,837,575,790</b>	<b>9,895,533,412</b>	<b>0.59</b>	<b>2.96</b>

### 11. Prepaid expenses

#### (a) Short-term prepaid expenses

Particulars	31/3/2020	1/4/2019	31/3/2020	1/4/2019
	VND	VND	₹ Crore	₹ Crore
Rental expenses	1,329,808,266	1,285,901,717	0.42	0.38
Insurance expenses	729,897,923	808,897,842	0.23	0.24
Other expenses	418,949,764	212,551,021	0.13	0.06
	<b>2,478,655,953</b>	<b>2,307,350,580</b>	<b>0.79</b>	<b>0.69</b>

#### (b) Long-term prepaid expenses

Particulars	Office renovation	Tools and instruments	Total
	VND	VND	VND
Opening balance	3,852,558,604	2,741,947,306	6,594,505,910
Additions	556,967,500	1,216,940,455	1,773,907,955
Transfer from CIP	226,120,000	63,630,000	289,750,000
Transfer from Tangible FA	383,400,000	-	383,400,000
Transfer to Intangible FA	(88,050,000)	-	(88,050,000)
Amortisation for the year	(1,851,282,485)	(1,888,451,232)	(3,739,733,717)
Expense off	-	(190,253,008)	(190,253,008)
<b>Closing balance</b>	<b>3,079,713,619</b>	<b>1,943,813,521</b>	<b>5,023,527,140</b>

Particulars	Office renovation	Tools and instruments	Total
	₹ Crore	₹ Crore	₹ Crore
Opening balance	1.15	0.82	1.97
Additions	0.18	0.39	0.57
Transfer from CIP	0.07	0.02	0.09
Transfer from Tangible FA	0.12	-	0.12
Transfer to Intangible FA	(0.03)	-	(0.03)
Amortisation for the year	(0.59)	(0.60)	(1.19)
Expense off	-	(0.06)	(0.06)
<b>Closing balance</b>	<b>0.98</b>	<b>0.62</b>	<b>1.60</b>

## Notes to the Financial Statements

For the year ended 31 March, 2020

### 12. Deferred tax assets

Particulars	31/3/2020	1/4/2019	31/3/2020	1/4/2020
	VND	VND	₹ Crore	₹ Crore
Allowance for inventories	3,930,105,522	2,072,925,370	1.25	0.62
Accruals and provisions	13,682,224,786	9,764,483,076	4.36	2.92
	<b>17,612,330,308</b>	<b>11,837,408,446</b>	<b>5.62</b>	<b>3.54</b>

### 13. Accounts payable to suppliers – short term

#### (a) Accounts payable to suppliers detailed by significant suppliers

Particulars	31/3/2020	1/4/2019	31/3/2020	1/4/2019
	Amount within payment capacity	Amount within payment capacity	Amount within payment capacity	Amount within payment capacity
	Cost VND	Cost VND	₹ Crore	₹ Crore
Havas Media Vietnam Co. Ltd	4,271,527,326	20,687,349,767	1.36	6.19
Marico Limited	20,438,218,342	28,049,740,237	6.52	8.39
Other suppliers	96,803,971,260	99,895,161,882	30.88	29.87
	<b>121,513,716,928</b>	<b>148,632,251,886</b>	<b>38.76</b>	<b>44.44</b>

#### (b) Accounts payable to suppliers who are related parties

Particulars	31/3/2020	1/4/2019	31/3/2020	1/4/2019
	Amount within payment capacity	Amount within payment capacity	Amount within payment capacity	Amount within payment capacity
	Cost VND	Cost VND	₹ Crore	₹ Crore
Marico Limited	20,438,218,342	28,049,740,237	6.52	8.39
	<b>20,438,218,342</b>	<b>28,049,740,237</b>	<b>6.52</b>	<b>8.39</b>

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

	1/4/2019	Incurred	Transfer to tax payable	Net-off	31/3/2020
	VND	VND		VND	VND
Import tax	147,936,495	(1,208,438,428)	1,094,456,366	-	33,954,433
	<b>147,936,495</b>	<b>(1,208,438,428)</b>	<b>1,094,456,366</b>	<b>-</b>	<b>33,954,433</b>

	1/4/2019	Incurred	Transfer to tax payable	Refund	31/3/2020
	₹ Crore	₹ Crore		₹ Crore	₹ Crore
Import tax	0.04	(0.39)	0.35	-	0.01
	<b>0.04</b>	<b>(0.39)</b>	<b>0.35</b>	<b>-</b>	<b>0.01</b>

## Notes to the Financial Statements

For the year ended 31 March, 2020

### (b) Taxes payable to State Treasury

Particulars	1/4/2019 VND	Incurred VND	Paid VND	Transfer from tax receivable	31/3/2020 VND
Value added tax	1,087,933,052	123,181,071,640	(39,305,343,823)	(81,071,880,789)	<b>3,891,780,080</b>
Personal income tax	1,573,169,131	28,057,362,043	(27,835,800,056)	-	<b>1,794,731,118</b>
Corporate income tax	15,419,506,125	29,505,584,823	(35,805,545,569)	-	<b>9,119,545,379</b>
Other taxes	22,547,618	2,246,258,049	(2,025,697,372)	-	<b>243,108,295</b>
	<b>18,103,155,926</b>	<b>182,990,276,555</b>	<b>(104,972,386,820)</b>	<b>(81,071,880,789)</b>	<b>15,049,164,872</b>

Particulars	1/4/2019 ₹ Crore	Incurred ₹ Crore	Paid ₹ Crore	Transfer from tax receivable	31/3/2020 ₹ Crore
Value added tax	0.33	39.29	(12.54)	(25.86)	<b>1.24</b>
Personal income tax	0.47	8.95	(8.88)	-	<b>0.57</b>
Corporate income tax	4.61	9.41	(11.42)	-	<b>2.91</b>
Other taxes	0.01	0.72	(0.65)	-	<b>0.08</b>
	<b>5.41</b>	<b>58.37</b>	<b>(33.49)</b>	<b>(25.86)</b>	<b>4.80</b>

### 15. Accrued expenses

#### a Accrued expenses – short term

Particulars	31/3/2020 VND	1/4/2019 VND	31/3/2020 ₹ Crore	1/4/2019 ₹ Crore
Promotion expenses	<b>40,132,707,896</b>	54,701,840,716	<b>12.80</b>	16.36
Salary and bonus expenses	<b>15,738,582,174</b>	20,989,988,934	<b>5.02</b>	6.28
Salary for salesmen outsourced	<b>15,550,427,975</b>	13,274,009,151	<b>4.96</b>	3.97
Advertising expenses	<b>39,725,294,619</b>	22,553,519,657	<b>12.67</b>	6.74
Transportation expenses	<b>4,034,471,894</b>	4,227,999,846	<b>1.29</b>	1.26
Others	<b>12,476,695,034</b>	15,840,428,237	<b>3.98</b>	4.74
	<b>127,658,179,592</b>	<b>131,587,786,541</b>	<b>40.72</b>	<b>39.34</b>

#### b Accrue Expenses - Long Term

Particulars	31/3/2020 VND	1/4/2019 VND	31/3/2020 ₹ Crore	1/4/2019 ₹ Crore
Bonus expenses	<b>188,395,120</b>	539,237,333	<b>0.06</b>	0.16
Dismantling costs	<b>2,324,850,000</b>	2,219,175,000	<b>0.74</b>	0.66
	<b>2,513,245,120</b>	<b>2,758,412,333.00</b>	<b>0.80</b>	<b>0.82</b>

### 16. Other short-term payables

Particulars	31/3/2020 VND	1/4/2019 VND	31/3/2020 ₹ Crore	1/4/2019 ₹ Crore
Trade union fees	<b>679,343,972</b>	1,112,298,081	<b>0.22</b>	0.33
Social insurance, health insurance and unemployment insurance	<b>2,125,341,930</b>	-	<b>0.68</b>	-
Others	<b>296,971,832</b>	706,824,729	<b>0.09</b>	0.21
	<b>3,101,657,734</b>	<b>1,819,122,810</b>	<b>0.99</b>	<b>0.54</b>

## Notes to the Financial Statements

For the year ended 31 March, 2020

### 17. Short-Term Borrowings

Particulars	1/4/2019		Movements during the year		31/3/2020	
	Carrying amount	Amount within repayment capacity	Increase	Decrease	Carrying amount	Amount within repayment capacity
	VND	VND	VND	VND	VND	VND
Bank overdraft	-	-	1,223,306,467,930	(1,223,275,021,912)	31,446,018	31,446,018

Bank overdraft represents short-term credit facilities with credit limit is USD5,000,000 from BNP Paribas – Ho Chi Minh City Branch. Bank overdraft bears annual interest rate ranging from 3.3% to 6.5% (2019: 6.0% to 6.5%) and is due for payment upon the Bank's demand.

Particulars	Carrying amount		Movements during the year		Carrying amount	
	Amount within repayment capacity	Amount within repayment capacity	Increase	Decrease	Amount within repayment capacity	Amount within repayment capacity
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Bank overdraft	-	-	390.23	(390.22)	0.01	0.01

Bank overdraft represents short-term credit facilities with credit limit is USD5,000,000 from BNP Paribas – Ho Chi Minh City Branch. Bank overdraft bears annual interest rate ranging from 3.3% to 6.5% (2019: 6.0% to 6.5%) and is due for payment upon the Bank's demand.

### 18. Provisions – Long Term

Particulars	31/3/2020		1/4/2019	
	VND	VND	₹ Crore	₹ Crore
Severance allowance	2,200,154,357	2,911,918,196	0.70	0.87
Retrenchment provision (i)	5,406,467,991	5,982,465,991	1.72	1.79
Provision for goods sold (ii)	6,099,662,501	3,058,655,350	1.95	0.91
	<b>13,706,284,849</b>	<b>11,953,039,537</b>	<b>4.37</b>	<b>3.57</b>

Movement of provisions – long-term during the year were as follows:

Particulars	Severance allowance	Retrenchment provision	Provision for Goods sold	Total
	VND	VND	VND	VND
Opening balance	2,911,918,196	5,982,465,991	3,058,655,350	11,953,039,537
Provision made during the year	-	-	6,099,662,501	6,099,662,501
Provision witten off during the year	(183,409,047)	(105,576,000)	(1,835,562,193)	(2,124,547,240)
Provision utilised during the year	(528,354,792)	(470,422,000)	(1,223,093,157)	(2,221,869,949)
Closing balance	<b>2,200,154,357</b>	<b>5,406,467,991</b>	<b>6,099,662,501</b>	<b>13,706,284,849</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 distributors such as Mega Lifesciences Pty Ltd and DKSH Malaysia SDN BHD in South East Asia countries (Myanmar and Cambodia) and local distributors.

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Particulars	Severance allowance	Retrenchment provision	Provision for Goods sold	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Opening balance	0.87	1.79	0.91	3.57
Provision made during the year	-	-	1.95	1.95
Provision written of during the year	(0.06)	(0.03)	(0.59)	(0.68)
Provision used during the year	(0.17)	(0.15)	(0.39)	(0.71)
Closing balance	<b>0.64</b>	<b>1.61</b>	<b>1.88</b>	<b>4.13</b>

### 19. Changes in owners' equity

Particulars	Share capital	Share premium	Retained profits	Total
	VND	VND	VND	VND
Balance at 1 April 2018	95,358,950,000	(524,990,506,149)	551,616,610,860	121,985,054,711
Profit for the year	-	-	112,846,004,267	112,846,004,267
Dividends (*)	-	-	(80,003,355,882)	(80,003,355,882)
Balance at 1 April 2019	95,358,950,000	(524,990,506,149)	584,459,259,245	154,827,703,096
Profit for the year	-	-	92,063,917,978	92,063,917,978
Dividends (*)	-	-	-	-
Balance at 31 March 2020	95,358,950,000	(524,990,506,149)	676,523,177,223	246,891,621,074

Particulars	Share capital	Share premium	Retained profits	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Balance at 1 April 2018	28.51	(156.97)	164.93	36.47
Profit for the year	-	-	33.74	33.74
Dividends (*)	-	-	(23.92)	(23.92)
Balance at 1 April 2019	28.51	(156.97)	174.75	46.29
Profit for the year	-	-	-	-
Dividends (*)	-	-	-	-
Balance at 31 March 2020	<b>30.42</b>	<b>(167.47)</b>	<b>215.81</b>	<b>78.76</b>

### 20. Share capital

The Company's authorised and issued share capital are:

Particulars	31/3/2020		1/4/2019		3/31/2020	1/4/2019
	Number of shares	Par value	Number of shares	Par value	Par value	Par value
		VND		VND	₹ Crore	₹ Crore
<b>Authorised share capital</b>	9,535,895	95,358,950,000	9,535,895	95,358,950,000	30.42	28.51
<b>Issued share capital</b>						
Ordinary shares	9,535,895	95,358,950,000	9,535,895	95,358,950,000	30.42	28.51
<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>30.42</b>	<b>28.51</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.

## Notes to the Financial Statements

For the year ended 31 March, 2020

### 21. Off balance sheet items

#### (a) Leases commitment

The future minimum lease payments under non-cancellable operating leases were:

Particulars	31/3/2020		1/4/2019	
	VND	VND	₹ Crore	₹ Crore
Within one year	17,185,738,130	17,884,202,816	5.48	5.35
Within two to five years	13,889,253,184	11,106,886,780	4.43	3.32
	<b>31,074,991,314</b>	<b>28,991,089,596</b>	<b>9.91</b>	<b>8.67</b>

#### (b) Foreign currencies

Particulars	31/3/2020		1/4/2019		₹ Crore	₹ Crore
	Original currency	VND equivalent	Original currency	VND equivalent		
USD	287,820	6,669,771,045	55,210	1,280,274,197	2.13	0.38
EUR	263	6,787,291	274	7,132,822	0.00	0.00
MYR	23,876	129,138,815	1,410	8,012,135	0.04	0.00
		<b>6,805,697,151</b>		<b>1,295,419,154</b>	<b>2.17</b>	<b>0.38</b>

#### (c) Capital expenditure

At the reporting date, the Company had the following outstanding capital commitments approved but not provided for in the separate balance sheet:

Particulars	31/3/2020		1/4/2019	
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Approved and contracted	1,089,748,799	685,076,000	0.35	0.20

### 22. Revenue from sale of goods

Net revenue comprised:

Particulars	2020		2019	
	VND	VND	₹ Crore	₹ Crore
Total revenue				
• Sales	1,472,860,213,846	1,422,456,731,553.00	469.84	425.31
Less revenue deductions				
• Sales discounts	16,050,883,535	12,091,062,646	5.12	3.62
• Sales returns	8,158,727,662	500,414,029	2.60	0.15
	<b>24,209,611,197</b>	<b>12,591,476,675</b>	<b>7.72</b>	<b>3.76</b>
<b>Net revenue</b>	<b>1,448,650,602,649</b>	<b>1,409,865,254,878</b>	<b>462.12</b>	<b>421.55</b>

## Notes to the Financial Statements

For the year ended 31 March, 2020

### 23. Cost of sales

Particulars	2020	2019	2020	2019
	VND	VND	₹ Crore	₹ Crore
Total cost of sales				
• Finished goods sold	454,148,517,431	459,913,276,699	144.87	137.51
• Merchandise goods sold	137,029,397,284	117,446,101,478	43.71	35.12
• Allowance for inventories	13,566,358,263	1,831,115,251	4.33	0.55
• Others	7,965,851,410	6,167,161,440	2.54	1.84
	<b>612,710,124,388</b>	<b>585,357,654,868</b>	<b>195.45</b>	<b>175.02</b>

### 24. Financial income

Particulars	2020	2019	2020	2019
	VND	VND	₹ Crore	₹ Crore
Interest income	1,270,400,223	2,352,138,949	0.41	0.70
Realised foreign exchange gains	1,769,276,443	3,198,432,533	0.56	0.96
Unrealised foreign exchange gains	330,377,657	28,510,877	0.11	0.01
Payment discount	5,859,039	1,499,942	0.00	0.00
	<b>3,375,913,362</b>	<b>5,580,582,301</b>	<b>1.08</b>	<b>1.67</b>

### 25. Financial expenses

Particulars	2020	2019	2020	2019
	VND	VND	₹ Crore	₹ Crore
Interest expense	483,605,063	432,106,831	0.15	0.13
Realised foreign exchange losses	2,341,503,502	2,385,382,767	0.75	0.71
	<b>2,825,108,565</b>	<b>2,817,489,598</b>	<b>0.90</b>	<b>0.83</b>

### 26. Selling expenses

Particulars	2020	2019	2020	2019
	VND	VND	₹ Crore	₹ Crore
Staff costs	235,004,997,330	230,148,433,767	74.97	68.81
Advertising expenses	136,332,937,872	133,048,539,883	43.49	39.78
Marketing support expenses	151,570,361,109	126,601,705,735	48.35	37.85
Transportation expenses	24,688,370,009	26,022,903,256	7.88	7.78
Marketing and research expenses	15,407,887,603	12,364,087,287	4.92	3.70
Rental expenses	17,726,683,583	15,010,749,602	5.65	4.49
Travelling expenses	14,179,370,928	14,417,876,782	4.52	4.31
Depreciation and amortisation	1,523,165,521	1,543,418,780	0.49	0.46
Other expenses	8,138,506,338	8,358,707,203	2.60	2.50
	<b>604,572,280,293</b>	<b>567,516,422,295</b>	<b>192.87</b>	<b>169.68</b>



## Notes to the Financial Statements

For the year ended 31 March, 2020

### 27. General and administration expenses

Particulars	2020	2019	2020	2019
	VND	VND	₹ Crore	₹ Crore
Staff costs	85,487,573,318	84,833,141,805	27.27	25.37
Outside services expenses	5,562,689,083	4,742,566,597	1.77	1.42
Rental expenses	7,494,988,272	5,989,259,841	2.39	1.79
Depreciation and amortisation	1,208,658,451	2,060,670,359	0.39	0.62
Repair and maintenance expenses	3,552,000,529	2,996,735,699	1.13	0.90
Professional expenses	2,419,346,068	3,538,995,413	0.77	1.06
Travelling expenses	1,471,113,206	2,163,900,906	0.47	0.65
License fees	1,005,237,027	1,151,665,930	0.32	0.34
Recruitment and training expenses	548,324,751	3,667,424,730	0.17	1.10
Other expenses	5,570,581,323	6,697,354,471	1.78	2.00
	<b>114,320,512,028</b>	<b>117,841,715,751</b>	<b>36.46</b>	<b>35.26</b>

### 28. Production costs by element

Particulars	2020	2019	2020	2019
	VND	VND	₹ Crore	₹ Crore
Raw material costs included in production costs	520,342,111,334	496,608,975,052	165.99	148.49
Labour costs and staff costs	354,919,719,363	348,154,004,150	113.22	104.10
Depreciation and amortisation	15,126,170,897	11,679,135,528	4.83	3.49
Outside services	401,338,953,777	368,303,527,635	128.03	110.12
Other expenses	39,875,961,338	45,970,150,549	12.72	13.75

### 29. Income tax

#### (a) Recognised in the statement of income

Particulars	2020	2019	2020	2019
	VND	VND	₹ Crore	₹ Crore
<b>Current tax expense</b>				
Current year	29,505,584,823	29,797,467,721	9.41	8.91
Under provision in prior years	-	130,912,499	-	0.04
	<b>29,505,584,823</b>	<b>29,928,380,220</b>	<b>9.41</b>	<b>8.95</b>
<b>Deferred tax benefit</b>				
Origination and reversal of temporary differences	(5,774,921,862)	(472,132,918)	(1.84)	(0.14)
	<b>23,730,662,961</b>	<b>29,456,247,302</b>	<b>7.57</b>	<b>8.81</b>

## Notes to the Financial Statements

For the year ended 31 March, 2020

### (b) Reconciliation of effective tax rate

Particulars	2020	2019	2020	2019
	VND	VND	₹ Crore	₹ Crore
Accounting profit before tax	115,794,580,939	142,302,251,569	36.94	42.55
Tax at the Company's tax rate	23,158,916,188	28,460,450,314	7.39	8.51
Non-deductible expenses	571,746,773	864,884,489	0.18	0.26
Under provision in prior years	-	130,912,499	-	0.04
	23,730,662,961	29,456,247,302	7.57	8.81

### (c) Applicable tax rates

Under the terms of income tax law, the Company has an obligation to pay the government income tax at the rate of 20% of taxable profits.

### 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		2020	2019
	2020	2019	₹ Crore	₹ Crore
	VND	VND		
<b>Parent company</b>				
<b>Marico Limited</b>				
Sales of goods	12,538,099,586	25,214,591,687	4.00	7.54
Purchase of goods	47,974,547,537	81,347,304,307	15.30	24.32
Cross charge	10,022,186,286	10,202,583,892	3.20	3.05
Royalty fees	5,150,669,349	4,927,205,953	1.64	1.47
Dividend	-	80,000,000,000	-	23.92
<b>Members of Board of Management and Board of Directors</b>				
Compensation	46,014,996,468	44,160,841,103	14.68	13.20
Dividend	-	1,677,941	-	0.01

### 31. Non-cash investing and financing activities

Particulars	31/3/2020	1/4/2019	31/3/2020	1/4/2019
	VND	VND	₹ Crore	₹ Crore
Acquisition of fixed assets not yet paid	-	1,286,189,600	-	0.38

## Notes to the Financial Statements

For the year ended 31 March, 2020

### 32. Corresponding figures

Corresponding figures as at 1 April 2019 were derived from the balances and amounts reported in the Company's audited financial statements as at and for the year ended 31 March 2019.

Prepared by  
**Phan Thi Cam Nguyen**  
Chief Accountant  
13 May, 2020

Reviewed by  
**Luong Huu Khanh**  
Vice President

Approved by  
**Ashish Joshi**  
Chief Operating Officer

# MARICO CONSUMER CARE LIMITED

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2020)**

Mr. Harsh Mariwala	Director
Mr. Saugata Gupta	Managing Director
Mr. Vivek Karve	Director & Chief Financial Officer

**COMPANY SECRETARY**

Ms. Renu Desai

**REGISTERED OFFICE**

7th Floor, Grande Palladium,  
175, CST Road, Kalina, Santacruz (East),  
Mumbai 400 098

**AUDITORS**

M/s. B S R Co. LLP

**BANKERS**

HSBC Bank, Mumbai  
Axis Bank, Fort, Mumbai

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARICO CONSUMER CARE LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the Ind AS financial statements of Marico Consumer Care Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss for the year then ended, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, its profit, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## INDEPENDENT AUDITOR'S REPORT (CONTD.)

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

Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the financial statements**

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

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

- Identify and assess the risk of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

# MARICO CONSUMER CARE LIMITED

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The balance sheet, the statement of profit and loss, the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - (e) On the basis of the written representations received from the Directors as on 31 March 2020 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company does not have any pending litigations which would impact its financial position – Refer Note 19 to the Ind AS financial statements.
  - (ii) The Company did not have any long –term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - (iv) The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sdashiv Shetty**  
Partner  
Membership No: 048648  
UDIN: 20048648AAAAAO1440

Place : Mumbai  
Date : 4 May 2020

## ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2020

(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 2020 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 Income-Tax, Goods and Service Tax, and other material statutory 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, Employees' State Insurance, Duty of Customs, 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 2020 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 2020, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures, as at the balance sheet date. Accordingly, the provision of Clause 3(viii) of the said Order is not applicable to the Company.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.



## MARICO CONSUMER CARE LIMITED

- (x) According to the information and explanations given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/ provided any managerial remuneration during the year under Section 197 read with Schedule V to the Act. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company as prescribed under section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the Ind AS financial statements as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Sdashiv Shetty**  
Partner  
Membership No: 048648  
UDIN: 20048648AAAAAO1440

Place : Mumbai  
Date : 4 May 2020

## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT – 31 MARCH 2020 ON IND AS FINANCIAL STATEMENTS**

**REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

**(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date**

### **Opinion**

We have audited the internal financial controls with reference to financial statements of Marico Consumer Care Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are 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. 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 and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 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,

## MARICO CONSUMER CARE LIMITED

accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Sdashiv Shetty**

Partner

Membership No: 048648

UDIN: 20048648AAAAAO1440

Place : Mumbai

Date : 4 May 2020

# MARICO CONSUMER CARE LIMITED

## BALANCE SHEET

AS AT 31 MARCH, 2020

Particulars	Note	Amount in ₹	
		As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	-	-
Financial assets			
(i) Other financial assets	4(b)	110,347,736	103,098,043
Deferred tax assets (net)	8	2,918,203	2,693,400
Non current tax assets (net)	5	5,278,595	714,059
<b>Total non-current assets</b>		<b>118,544,534</b>	<b>106,505,502</b>
<b>Current assets</b>			
Financial assets			
(i) Investments	4(a)	118,715,267	111,907,674
(ii) Cash and cash equivalents	4(d)	6,924,787	571,638
(iii) Other financial assets	4(c)	9,519,580	31,138,716
Other current assets	6	1,124,982	-
<b>Total current assets</b>		<b>136,284,616</b>	<b>143,618,028</b>
<b>Total assets</b>		<b>254,829,150</b>	<b>250,123,530</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)	43,828,077	37,694,630
<b>Total equity</b>		<b>250,436,377</b>	<b>244,302,930</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	8	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Current liabilities</b>			
<u>Financial liabilities</u>			
Trade payables	9	4,392,773	2,821,054
Other current liabilities	10	-	2,999,546
<b>Total current liabilities</b>		<b>4,392,773</b>	<b>5,820,600</b>
<b>Total liabilities</b>		<b>4,392,773</b>	<b>5,820,600</b>
<b>Total equity and liabilities</b>		<b>254,829,151</b>	<b>250,123,530</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

**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 4, 2020

Place : Mumbai

Date : May 4, 2020

# MARICO CONSUMER CARE LIMITED

## STATEMENT OF PROFIT AND LOSS

For the year ended 31 March, 2020

Particulars	Note No.	Amount in ₹	
		Year ended March 31, 2020	Year ended March 31, 2019
Other income	11	67,724,328	83,017,178
<b>Total income</b>		<b>67,724,328</b>	<b>83,017,178</b>
<b>Expenses:</b>			
Finance cost	13	96,113	4,540
Depreciation and amortisation expenses	12	-	-
Other expenses	14	3,889,380	5,577,448
<b>Total expenses</b>		<b>3,985,493</b>	<b>5,581,988</b>
<b>Profit before tax</b>		<b>63,738,834</b>	<b>77,435,190</b>
<b>Income tax expense:</b>			
Current tax	15	16,508,530	24,146,129
Deferred tax charge / (reversal)	8	(224,803)	(5,476,106)
<b>Total tax expense</b>		<b>16,283,727</b>	<b>18,670,023</b>
<b>Profit for the year</b>		<b>47,455,107</b>	<b>58,765,167</b>
Earnings per equity share for profit attributable to owners			
Basic earnings per share	23	2.30	2.84
Diluted earnings per share	23	2.30	2.84
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 4, 2020

**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 4, 2020

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March, 2020

**A. Equity Share Capital**

Particulars	Note	Amount in ₹
As at 31st March, 2018	7 (a)	206,608,300
Changes in equity share capital		-
<b>As at 31st March 2019</b>		<b>206,608,300</b>
Changes in equity share capital		-
<b>As at 31st March 2020</b>		<b>206,608,300</b>

**B. Other Equity**

Particulars	Note	Amount in ₹	
		Attributable to owners	
		Reserves and surplus Retained earnings	Total other equity
<b>Balance as at 31st March, 2018</b>	7(b)	165,737,392	165,737,392
Profit for the year	7(b)	58,765,167	58,765,167
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>58,765,167</b>	<b>58,765,167</b>
Dividend paid	7(b)	(186,807,929)	(186,807,929)
<b>Balance as at 31st March, 2019</b>		<b>37,694,630</b>	<b>37,694,630</b>
<b>Balance as at 31st March, 2019</b>	7(b)	<b>37,694,630</b>	<b>37,694,630</b>
Profit for the year	7(b)	47,455,107	47,455,107
<b>Total comprehensive income for the year</b>		<b>47,455,107</b>	<b>47,455,107</b>
Dividend paid (including dividend distribution tax of ₹. 3,18,51,704 Cr)	7(b)	(41,321,660)	(41,321,660)
<b>Balance as at 31st March, 2020</b>		<b>43,828,078</b>	<b>43,828,078</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**Nature and purpose of reserves****Retained earnings**

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

For B S R &amp; 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 &amp; CFO

**RENU DESAI**

[Membership No. A43450]

Company Secretary

Place : Mumbai

Date : May 4, 2020

Place : Mumbai

Date : May , 2020

**STATEMENT OF CASH FLOW**

For the year ended 31 March, 2020

Particulars	Amount in ₹	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before income tax	63,738,834	77,435,190
<b>Adjustments for:</b>		
Finance costs	96,113	4,540
Interest income from financial assets at amortised cost	(13,167,785)	(9,680,315)
Net gain on sale of investments	(5,005,704)	(13,524,225)
	<b>(18,077,376)</b>	<b>(23,200,000)</b>
<b>Cash generated from operations before working capital changes</b>	<b>45,661,458</b>	<b>54,235,190</b>
Change in operating assets and liabilities:		
Increase in other current financial assets	21,619,137	(15,486,353)
(Increase) / Decrease in other current assets	(1,124,982)	25,675
Increase in trade payables	1,571,719	1,220,011
Increase in other current liabilities	(2,999,546)	(1,514,285)
<b>Changes in Working Capital</b>	<b>19,066,328</b>	<b>(15,754,952)</b>
<b>Cash generated from Operations</b>	<b>64,727,786</b>	<b>38,480,238</b>
Income taxes paid (net of refunds)	(21,073,067)	(24,813,922)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES (A)</b>	<b>43,654,719</b>	<b>13,666,316</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investments (net)	(1,801,890)	259,616,134
Investment in fixed deposits	(7,249,693)	(102,665,799)
Interest income from financial assets at amortised cost	13,167,785	16,586,792
<b>Net cash (used in) / generated from investing activities (B)</b>	<b>4,116,202</b>	<b>173,537,127</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance charges paid	(96,113)	(4,540)
Dividend paid (including Tax thereon)	(41,321,660)	(186,807,929)
<b>NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES (C)</b>	<b>(41,417,773)</b>	<b>(186,812,469)</b>
<b>D NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>6,353,149</b>	<b>390,974</b>

# MARICO CONSUMER CARE LIMITED

## CASH FLOW STATEMENT (CONTD.)

FOR THE YEAR ENDED 31 MARCH, 2020

Particulars	Amount in ₹	
	Year ended March 31, 2020	Year ended March 31, 2019
E Cash and cash equivalents at the beginning of the financial year	571,638	180,664
F Cash and cash equivalents at end of the year (Refer note 4 (c))	6,924,786	571,638

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 4, 2020

**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 4, 2020



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2020

**1 The Company and nature of its operations:**

Marico Consumer Care Limited ('MCCL' or 'the Company') was incorporated on April 20, 2012 under the Companies Act, 1956. MCCL is a 100% subsidiary of Marico Limited. MCCL is headquartered in Mumbai, Maharashtra, India and was formed with the main objective of carrying out the business of fast moving consumer products and skin care segment. The Company presently owns various Intellectual Property Rights which were licensed during the year under consideration to Marico Limited, the holding Company and Marico Middle East FZE its fellow subsidiary.

**2(A) Summary of significant accounting policies:****a) Basis of preparation:****i. Compliance with IND AS:**

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with rule 4 of the Companies (Indian Accounting standards) Rules, 2015 & other relevant provisions of the act.

**ii. Historical cost convention:**

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

**b) Property, plant and equipment**

All items of property, plant and equipment are stated at historical cost, less accumulated depreciation/amortisation and impairments, if any. Historical cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Indirect expenses during construction period, which are required to bring the asset in the condition for its intended use by the management and are directly attributable to bringing the asset to its position, are also capitalized.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs & maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the year end.

**Depreciation and amortization**

Depreciation is calculated using the straight-line method to allocate cost of Property, Plant and Equipment, net of their residual values, over their estimated useful lives.

As per technical evaluation of the Company, the useful life considered for the following items is lower than the life stipulated in Schedule II to the Companies Act, 2013:

Asset	Useful Life (years)
Plant & Machinery – Mould	6

Assets individually costing Rs. 25,000 or less are depreciated fully in the year of acquisition.

Depreciation on additions / deletions during the year is provided from the month in which the asset is capitalized up to the month in which the asset is disposed off.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

### c) Intangible Assets:

#### i. Intangible assets with finite useful life:

Intangible assets with finite useful life are stated at cost of acquisition, less accumulated depreciation/ amortisation and impairment loss, if any. Cost includes taxes, duties and other incidental expenses related to acquisition and other incidental expenses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of respective intangible assets, but not exceeding the useful lives given here under:

Assets	Usefull life(Years)
Computer Software	3

#### ii. Intangible assets with infinite useful life:

Intangible assets with indefinite useful lives are measured at cost and are not amortised, but are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

### d) Investment & Other financial assets:

#### i. Classification:

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

Classification of debt assets will be driven by the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

#### ii. Measurement:

At initial recognition, the Company measures a financial asset at its fair value. In the case of financial assets which are recognized at fair value through profit and loss (FVTPL), transaction costs incurred for acquisition of assets (transaction costs) are recognized in the statement of profit and loss. In case of financial assets not measured at fair value through profit and loss, the transaction costs are attributed to the acquisition value of the financial asset.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset.

**Amortised Cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows & for selling the financial assets, where the assets cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income.

**Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

### iii. Impairment of financial assets:

The Company assesses if there is any significant increase in credit risk pertaining to the assets and accordingly create necessary provisions, wherever required.

### iv. Derecognition of financial assets:

A financial asset is derecognised only when the company

- has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows so received to one or more recipients.

Where the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

**e) Income Tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the Balance Sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of Section 115JB of the Income tax Act, 1961) over normal income-tax is recognized as an item in deferred tax asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of fifteen succeeding assessment years.

**f) Impairment of assets:**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Nonfinancial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2020

**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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

A contingent asset is disclosed, where an inflow of economic benefits is probable. An entity shall not recognise a contingent asset unless the recovery is virtually certain.

**h) Revenue recognition:**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and good & service tax.

The company recognizes revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement

- i. Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.
- ii. Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.
- iii. Revenue from royalty income is recognized on accrual basis.

**i) Foreign Currency Transaction:**

- i) Functional and presentation currencies:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in INR which is the functional and presentation currency for Marico Limited.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

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 of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis.

Non-monetary foreign currency items are carried at cost.

j) **Cash and Cash Equivalents:**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

k) **Trade Receivables:**

Trade receivables are recognised initially at fair value and subsequently measured at cost less provision for impairment.

l) **Trade and other payables:**

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

m) **Earnings Per Share:**

i) **Basic earnings per share:** Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

ii) **Diluted earnings per share:** Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

n) **Segment Reporting:**

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The Managing Director is designated as CODM.

o) **Contributed Equity:**

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

p) **Dividend:**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 2 (B) Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. These estimates & associated assumptions are based on historical experience & management's best knowledge of current events & actions the Company may take in future.

### 3 Property, plant and equipment

Particulars	Amount in ₹	
	Plant and machinery	Total
<b>Year ended March 31, 2019</b>		
<b>Gross carrying amount</b>	-	-
<b>Deemed Cost as at March 31, 2018</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>	1,600,829	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>Year ended March 31, 2020</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>	-	-

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2020

**4(a) Investments**

Particulars	Amount in ₹	
	As at March 31, 2020	As at March 31, 2019
<b>Current Investments</b>		
Inter corporate deposits	110,311,689	102,879,384
Mutual funds	8,403,578	9,028,290
	<b>118,715,267</b>	<b>111,907,674</b>
<b>Total Investments</b>	<b>118,715,267</b>	<b>111,907,674</b>
Aggregate carrying amount of Unquoted investments	118,715,267	111,907,674

**4(b) Other Non current financial assets**

Particulars	Amount in ₹	
	As at March 31, 2020	As at March 31, 2019
Fixed Deposits-maturing after 12 months	110,347,736	103,098,043
<b>Total other non-current financial assets</b>	<b>110,347,736</b>	<b>103,098,043</b>

**4(c) Other current financial assets**

Particulars	Amount in ₹	
	As at March 31, 2020	As at March 31, 2019
Receivables from related parties	9,519,580	31,138,716
Intercompany Deposit	-	-
<b>Total other current financial assets</b>	<b>9,519,580</b>	<b>31,138,716</b>

**4(d) Cash and cash equivalents**

Particulars	Amount in ₹	
	As at March 31, 2020	As at March 31, 2019
Bank balances in current accounts	6,924,657	571,508
Cash on hand	130	130
<b>Total cash and cash equivalents</b>	<b>6,924,787</b>	<b>571,638</b>

**5 Non current tax assets**

Particulars	Amount in ₹	
	As at March 31, 2020	As at March 31, 2019
Opening balance	46,246	598,090
Current tax payable for the year	(16,508,530)	(17,599,103)
Less : Taxes paid	21,740,879	17,047,259
<b>Closing balance</b>	<b>5,278,595</b>	<b>46,246</b>
Current Tax Asset (Net)	5,278,595	714,059
<b>Current Tax Asset (Net)</b>	<b>5,278,595</b>	<b>714,059</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2019

### 6 Other current assets

Particulars	Amount in ₹	
	As at March 31, 2020	As at March 31, 2019
Other receivables	1,124,982	-
<b>Total other current assets</b>	<b>1,124,982</b>	<b>-</b>

### 7(a) Share capital

Particulars	No. of shares	Amount in ₹
		Amount
<b>Authorised share capital</b>		
As at 31st March, 2019		
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, 2020		
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, 2020 and 31st March, 2019</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 Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### Details of shareholders holding more than 5% shares in the company

Name of Shareholder	As at March 31 <sup>st</sup> , 2020		As at March 31 <sup>st</sup> , 2019	
	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%

### 7(b) Reserves and surplus

Particulars	Amount in ₹	
	As at March 31 <sup>st</sup> , 2020	As at March 31 <sup>st</sup> , 2019
Retained earnings	43,828,077	37,694,630
<b>Total Reserve and surplus</b>	<b>43,828,077</b>	<b>37,694,630</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## (i) Retained earnings

Particulars	Amount in ₹	
	As at March 31 <sup>st</sup> , 2020	As at March 31 <sup>st</sup> , 2019
Opening Balance	37,694,630	165,737,392
Net Profit for the year	47,455,107	58,765,167
Remeasurements of post-employment benefit obligation, net of tax	-	-
Less: Dividend	41,321,660	154,956,225
Less: Tax on dividend	-	31,851,704
<b>Closing balance</b>	<b>43,828,077</b>	<b>37,694,630</b>

## 8 Deferred tax assets/liabilities net

The balance comprises temporary differences attributable to :

Particulars	Amount in ₹	
	As at March 31 <sup>st</sup> , 2020	As at March 31 <sup>st</sup> , 2019
Financial assets at fair value through Profit & Loss	2,918,203	2,693,400
<b>Total deferred tax assets</b>	<b>2,918,203</b>	<b>2,693,400</b>

Particulars	Amount in ₹	
	As at March 31 <sup>st</sup> , 2020	As at March 31 <sup>st</sup> , 2019
Financial assets at fair value through Profit & Loss	-	-
<b>Total deferred tax liabilities</b>	<b>-</b>	<b>-</b>

## Movement in deferred tax (assets)/liabilities net

Particulars	Amount in ₹	
	Financial assets at fair value through Profit & Loss	Total deferred tax liabilities
<b>As at 31<sup>st</sup> March, 2018</b>	<b>2,782,706</b>	<b>2,782,706</b>
(Charged)/credited: to Profit and loss	(5,476,106)	(5,476,106)
<b>As at 31<sup>st</sup> March 2019</b>	<b>(2,693,400)</b>	<b>(2,693,400)</b>
(Charged)/credited: to Profit and loss	(224,803)	(224,803)
<b>As at 31<sup>st</sup> March 2020</b>	<b>(2,918,203)</b>	<b>(2,918,203)</b>

## 9 Trade payables

Particulars	Amount in ₹	
	As at March 31 <sup>st</sup> , 2020	As at March 31 <sup>st</sup> , 2019
<b>Current</b>		
Trade payables	4,392,773	2,821,054
<b>Total Trade Payables</b>	<b>4,392,773</b>	<b>2,821,054</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, 2020

Amount in ₹

Particulars	As at	As at
	March 31 <sup>st</sup> , 2020	March 31 <sup>st</sup> , 2019
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 <sup>st</sup> , 2020	March 31 <sup>st</sup> , 2019
Statutory dues	-	2,999,546
<b>Total other current liabilities</b>	-	<b>2,999,546</b>

## 11 Other income

Particulars	Amount in ₹	
	As at	As at
	March 31 <sup>st</sup> , 2020	March 31 <sup>st</sup> , 2019
Interest income from financial assets at amortised cost	13,167,785	9,680,315
Net fair value changes (including net gain on sale of investments)	5,005,704	13,524,225
Royalty income	49,553,759	59,769,844
Net (loss)/ gain on foreign currency transactions and translation	(2,920)	42,794
<b>Total</b>	<b>67,724,328</b>	<b>83,017,178</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2020

**12 Depreciation and amortization expense**

Particulars	Amount in ₹	
	Year ended March 31 <sup>st</sup> , 2020	Year ended March 31 <sup>st</sup> , 2019
Depreciation on property, plant and equipment (refer note 3)	-	-
<b>Total depreciation and amortization expense</b>	-	-

**13 Finance costs**

Particulars	Amount in ₹	
	Year ended March 31 <sup>st</sup> , 2020	Year ended March 31 <sup>st</sup> , 2019
Interest expense	94,438	-
Bank and other financial charges	1,675	4,540
<b>Total</b>	<b>96,113</b>	<b>4,540</b>

**14 Other expenses**

Particulars	Amount in ₹	
	Year ended March 31 <sup>st</sup> , 2020	Year ended March 31 <sup>st</sup> , 2019
Legal and professional charges	1,959,066	4,089,577
Payments to the auditor		
- as Statutory Audit fees	180,314	175,000
Rates and taxes	-	10
Insurance	-	15,590
Expenditure towards Corporate Social Responsibility (refer note below)	1,600,000	1,297,271
Subscriptions	150,000	-
<b>Total</b>	<b>3,889,380</b>	<b>5,577,448</b>

Note 1: Expenses towards Corporate Social Responsibility:

- (a) Gross amount required to be spent by the company during the year : ₹ 15,86,112 (31st March 2019 : ₹ 13,00,000)
- (b) Amount spent during the year: ₹ 16,00,000 (31st March 2019: ₹ 12,97,271)

Particulars	Amount in ₹	
	Year ended March 31 <sup>st</sup> , 2020	Year ended March 31 <sup>st</sup> , 2019
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	1,600,000	1,297,271
(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, 2020

## 15 Income tax expense

Particulars	Amount in ₹	
	Year ended March 31 <sup>st</sup> , 2020	Year ended March 31 <sup>st</sup> , 2019
<b>(a) Income tax expense</b>		
Current tax	16,508,530	24,146,129
<b>Total current tax expense</b>	<b>16,508,530</b>	<b>24,146,129</b>
<b>Deferred tax</b>		
Expenses of current year	(224,803)	(5,476,106)
Total deferred tax expense/(benefit)	(224,803)	(5,476,106)
<b>Total income tax expense recognised during the year</b>	<b>16,283,727</b>	<b>18,670,023</b>

## Reconciliation of tax expense and accounting profit multiplies by India tax rate

Particulars	Amount in ₹	
	Year ended March 31 <sup>st</sup> , 2020	Year ended March 31 <sup>st</sup> , 2019
Profit from continuing operations before income tax expense (A)	63,738,834	77,435,190
Income tax rate as applicable in India (B)	25.168%	27.820%
<b>Calculated taxes based on above without any adjustments for deductions (A * B)</b>	<b>16,041,790</b>	<b>21,542,470</b>
Tax effect of amounts which are not deductible (allowable) in calculating taxable income:		
Expenses not deductible for tax purposes	222,069	(2,661,526)
Disallowance for Corporate Social Responsibility expenditure	402,688	360,901
Deduction under Section 80 G of the Income Tax Act, 1961	(201,344)	-
Income Tax at lower rate	-	(571,822)
Others	(181,476)	-
<b>Income tax expense</b>	<b>16,283,727</b>	<b>18,670,023</b>

## 16 Fair Value Measurements

## a) Financial Instruments by category

Particulars	Note	March 31 <sup>st</sup> , 2020			March 31 <sup>st</sup> , 2019		
		FVTPL	FVOCI	Amortized Cost	FVTPL	FVOCI	Amortized Cost
<b>Financial Assets</b>							
Investments							
Mutual funds	4(a)	8,403,578	-	-	9,028,290	-	-
Inter corporate deposits	4(a)	-	-	110,311,689	-	-	102,879,384
Advance to related parties	4(b)	-	-	9,519,580	-	-	31,138,716
Cash and cash equivalent	4(c)	-	-	6,924,787	-	-	571,638
Fixed deposits	4(b)	-	-	110,347,736	-	-	103,098,043
<b>Total financial assets</b>		<b>8,403,578</b>	<b>-</b>	<b>237,103,792</b>	<b>9,028,290</b>	<b>-</b>	<b>237,687,781</b>
<b>Financial Liabilities</b>							
Trade payables	9	-	-	4,392,773	-	-	2,821,054
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>4,392,773</b>	<b>-</b>	<b>-</b>	<b>2,821,054</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2020

**(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 2020	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Mutual funds	4(a)	-	8,403,578	-	8,403,578
<b>Total financial assets</b>		-	<b>8,403,578</b>	-	<b>8,403,578</b>

Financial assets and liabilities measured at amortized cost for which fair value are disclosed as at 31st March 2020	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Inter - corporate deposits	4(a)	-	-	110,311,689	110,311,689
Advance to related parties	4(b)	-	-	9,519,580	9,519,580
Cash and cash equivalent	4(c)	-	-	6,924,787	6,924,787
Fixed deposits	4(b)	-	-	110,347,736	110,347,736
<b>Total financial assets</b>		-	-	<b>237,103,792</b>	<b>237,103,792</b>

Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31st March 2019	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Mutual funds	4(a)	-	9,028,290	-	9,028,290
<b>Total financial assets</b>		-	<b>9,028,290</b>	-	<b>9,028,290</b>

Financial assets and liabilities measured at amortized cost for which fair value are disclosed as at 31st March 2019	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Inter - corporate deposits	4(a)	-	-	102,879,384	102,879,384
Advance to related parties	4(b)	-	-	31,138,716	31,138,716
Cash and cash equivalent	4(c)	-	-	571,638	571,638
Fixed deposits	4(b)	-	-	103,098,043	103,098,043
<b>Total financial assets</b>		-	-	<b>237,687,781</b>	<b>237,687,781</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, 2020

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 <sup>st</sup> , 2020		As at March 31 <sup>st</sup> , 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>					
<b>Investments</b>					
Inter-Corporate Deposits	4(a)	110,311,689	110,311,689	102,879,384	102,879,384
<b>Total financial assets</b>		<b>110,311,689</b>	<b>110,311,689</b>	<b>102,879,384</b>	<b>102,879,384</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, 2020

**(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, 2020 and Rs. 0.01 Crore as on 31st March, 2019.

**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, 2020 and 31st March 2019.

**20 Capital / Other Commitments:**

There are no contracts remaining to be executed on capital / other account and not provided for as at 31st March, 2020.

**21** There is no reportable segment in terms of Indian 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)

**Direct & Key Management Personnel:**

Mr. Harsh Mariwala :- Non-Executive Director

Mr. Saugata Gupta :- Managing Director (KMP as well)

Mr. Vivek Karve :- Director & CFO (KMP as well)

Ms. Renu Desai :- Company Secretary (KMP)



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## b) Transactions with related parties

Particulars	Amount in ₹	
	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>Marico Limited</b>		
Royalty income	49,338,721	59,577,364
Dividend Paid	41,321,660	154,956,225
Cross Charges	245,941	-
Reimbursement of expenses paid by holding company	-	-
<b>Marico Middle East FZE</b>		
Royalty Income	215,038	192,481
<b>Key management personnel compensation</b>		
Remuneration / sitting fees to Non-Executive and Independent Directors	-	-

## c) Outstanding balances at the year end

Particulars	Amount in ₹	
	March 31 <sup>st</sup> , 2020	March 31 <sup>st</sup> , 2019
<b>Other Receivable</b>		
Marico Limited	9,304,541	30,946,236
Marico Middle East FZE	215,038	192,481

## 23 Earnings per share

Particulars	March 31 <sup>st</sup> , 2020	March 31 <sup>st</sup> , 2019
Profit during the year (Amount in ₹) (A)	47,455,107	58,765,167
Number of equity shares as at year end	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)	2.30	2.84

**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

**SADASHIV SHETTY**  
Partner  
Membership No. 048648

Place : Mumbai  
Date : May 4, 2020

**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 4, 2020

# MARICO INNOVATION FOUNDATION

**BOARD OF DIRECTORS**

(AS ON MARCH 31, 2020)

Mr. Harsh Mariwala

Mr. Saugata Gupta

Mr. Rishabh Mariwala

**REGISTERED OFFICE**

7th Floor, Grande Palladium, 175, CST Road,

Kalina, Santa Cruz (East), Mumbai 400 098

**AUDITORS**

Kirtane & Pandit LLP

**BANKERS**

Corporation Bank

## INDEPENDENT AUDITORS' REPORT

To the Members Marico Innovation Foundation,

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the Standalone Financial Statements of Marico Innovation Foundation ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Income & Expenditure, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and excess of income over expenditure, and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

## **AUDIT REPORT: FY. 19-20**

### **MARICO INNOVATION FOUNDATION**

#### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Income & Expenditure, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31,2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) The requirement of reporting under Section 143(3)(1) of the Act is not applicable to the Company vide General Circular No. 08/2017 dated July 25, 2017 issued by the Ministry of Corporate Affairs;
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. No pending litigations.
  - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise

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**

**M. No. 047973**

**UDIN: 20047973AAAABX3438**

Date: June 9, 2020

**BALANCE SHEET**

As at 31st March, 2020

Amount in ₹

Particulars	Note No.	As at March 31,	
		2020	2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and Cash Equivalents	3	150,651	59,988
Other Current Assets	4	1,047,671	1,000,000
		<b>1,198,322</b>	<b>1,059,988</b>
<b>TOTAL ASSETS</b>		<b>1,198,322</b>	<b>1,059,988</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital		-	-
Reserves and Surplus	5	(279,938)	(1,527,588)
		<b>(279,938)</b>	<b>(1,527,588)</b>
<b>Current liabilities</b>			
Trade Payables	6	1,359,277	2,450,950
Dues to Statutory Authorities	7	118,982	136,625
		<b>1,478,259</b>	<b>2,587,575</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,198,322</b>	<b>1,059,988</b>

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****UDIN :20047973AAAABX3438**

Place: Mumbai

Date : Jun 9, 2020

**For and on behalf of the Board of Directors****Harsh Mariwala****Director****(DIN: 00210342)**

Place: Mumbai

Date : Jun 9, 2020

**Saugata Gupta****Director****(DIN: 05251806)**

**STATEMENT OF INCOME AND EXPENDITURE**

For the year ended 31st March, 2020

Amount in ₹

Particulars	Note No.	Year ended 31st March,	
		2020	2019
I Donations Received	8	9,536,000	10,100,000
II Miscellaneous Income	9	125,000	25,000
III <b>Total Income</b>		<b>9,661,000</b>	<b>10,125,000</b>
IV <b>Expenses</b>			
Other Expenses	10	8,413,351	9,011,443
<b>Total expenses</b>		<b>8,413,351</b>	<b>9,011,444</b>
V <b>Excess of Income over Expenditure</b>		<b>1,247,649</b>	<b>1,113,556</b>

The accompanying notes are an integral part of the financial statements

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 Bhawe****Harsh Mariwala****Saugata Gupta****Partner****Director****Director****M. No : 047973****(DIN: 00210342)****(DIN: 05251806)****UDIN :20047973AAAABX3438**

Place: Mumbai

Place: Mumbai

Date : Jun 9, 2020

Date : Jun 9, 2020

**CASH FLOW STATEMENT**

For the year ended 31st March, 2020

Amount in ₹

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>A. Cash Flow from Operating Activities</b>		
Excess of Income over Expenditure	1,247,649	1,113,557
<b>Adjustments for :</b>	-	-
	-	-
<b>Operating Surplus/(Deficit) before Working Capital Changes</b>	1,247,649	1,113,557
<b>Adjustments for :</b>		
(Increase)/Decrease in Other Current Assets	(47,671)	65,000
Increase/(Decrease) in Other Current Liabilities	(1,109,316)	(5,326,328)
	(1,156,987)	(5,261,328)
<b>Cash (used in) / generated from Operating Activities</b>	90,663	(4,147,770)
Taxes Paid (Net)	-	-
<b>Net Cash (used in) / generated from Operating Activities</b>	90,663	(4,147,770)
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>	90,663	(4,147,770)
Cash and Cash Equivalents at the beginning of the year	59,988	4,207,758
Cash and Cash Equivalents at the end of the year	150,651	59,988

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 Bhawe****Harsh Mariwala****Saugata Gupta****Partner****Director****Director****M. No : 047973****(DIN: 00210342)****(DIN: 05251806)****UDIN :20047973AAAABX3438**

Place: Mumbai

Place: Mumbai

Date : Jun 9, 2020

Date : Jun 9, 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 1 GENERAL INFORMATION

Marico Innovation Foundation (“the Company”) U93090MH2009NPL193455(CIN) is a wholly owned subsidiary of Marico Limited, incorporated in India, a not-for-profit institution, established in 2003, registered as a Section 25 company under provision of Companies Act 1956 in 2009 (fosters innovation in the business & social sector). The address of the registered office and principal office is at 7th Floor, Grande Palladium, 175 CST Road, Kalina, Santacruz (East) Mumbai.

MIF works closely with social and profit oriented organisations, philanthropic institutions, social entrepreneurs and the social innovation ecosystem to nurture and implement ‘direct impact’ innovations to overcome systemic challenges inhabiting growth and scale. The focus of the foundation is to work with people who have scalable ideas and help them scale it to benefit India in a direct way. To this effect, MIF has already done work in the areas of renewable energy, waste management, employability, livelihoods and healthcare.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of presentation of Financial Statements

The accounting standards issued by the Institute of Chartered Accountants of India are applicable to nonprofit entities, only if any part of the activities of the entity is considered to be commercial, industrial or business. Therefore, the accounting standards have been applied to the extent applicable or relevant. The financial statements have been prepared under the historical cost convention and on accrual basis except stated otherwise. The accounting policies have been consistently applied by the Foundation.

The income and expenditure has been classified based on the cost of activities carried out by the foundation. The activity-based costs are identified and each expense is classified and recorded in the books based on a documented process by the management.

#### B. Revenue / Expenditure Recognition

All grants / donations are accounted for on receipt basis and expenditure and liabilities are recognized on accrual basis.

#### C. Income Taxes

The Company has been granted exemption from Income Tax under section 12AA (1) (b) (i) of the Income Tax Act, 1961.

#### D. 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.

#### E. 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

**F. 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.

- G.** In view of COVID -19 outbreak foundation have taken proactive step to postpone the 8th edition of Innovation for India Awards. To avoid risking the health of the guests, staff & community, foundation have decided to reschedule the event to a later date once the situation is under control.

**Note 3 Cash and Cash Equivalents**

Amount in ₹

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with Banks	143,340	30,063
Cash on hand	7,311	29,925
<b>Total</b>	<b>150,651</b>	<b>59,988</b>

**Note 4 Other Current Assets**

Amount in ₹

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deposits to Suppliers	1,000,000	1,000,000
Miscellaneous receivable	45,171	-
Deposits with statutory/government authorities	2,500	-
<b>Total</b>	<b>1,047,671</b>	<b>1,000,000</b>

**Note 5 Reserves and Surplus**

Amount in ₹

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Retained Earnings</b>		
Balance at the beginning of the year	(1,527,588)	(2,641,145)
Excess of Income over Expenditure	1,247,649	1,113,557
<b>Balance at the end of the year</b>	<b>(279,938)</b>	<b>(1,527,588)</b>

**Note 6 Trade Payables**

Amount in ₹

Particulars	As at 31st March, 2020	As at 31st March, 2019
Payable for services availed	1,359,277	2,450,950
<b>Total</b>	<b>1,359,277</b>	<b>2,450,950</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

## Note 7 Dues to Statutory Authorities

Amount in ₹

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Other Payables</b>		
For Statutory Dues (TDS Payable)	118,982	136,625
<b>Total</b>	<b>118,982</b>	<b>136,625</b>

## Note 8 Donations Received

Amount in ₹

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Donations	9,536,000	10,100,000
<b>Total</b>	<b>9,536,000</b>	<b>10,100,000</b>

## Note 9 Miscellaneous Income

Amount in ₹

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Miscellaneous Income	125,000	25,000
<b>Total</b>	<b>125,000</b>	<b>25,000</b>

## Note 10 Other Expenses

Amount in ₹

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Project Expenses	7,091,484	7,302,238
Legal and Professional Charges	1,110,972	1,518,398
Training & Seminar Expenses	58,057	-
Travelling & Conveyance	16,095	2,602
Recruitment Expenses	-	46,914
Printing & Stationery	2,070	4,273
Audit Fees	100,300	100,300
Communication Expenses	-	8,302
Bank Charges	6	1,416
Miscellaneous Expenses	3,150	27,000
Interest	31,216	-
<b>Total</b>	<b>8,413,351</b>	<b>9,011,443</b>

## Note 11 Auditor's Remuneration (Including Service Tax/GST)

Amount in ₹

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Audit Fees	100,300	100,300
<b>Total</b>	<b>100,300</b>	<b>100,300</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 11 Related party disclosures

#### 11.1 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, 2020	31st March, 2019
<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)

#### 11.2 Details of transactions with related parties

Amount in ₹

Sr No.	Nature of Transactions	Holding	Others	Total
1	Donations Received : FY 2019-2020	9,536,000	-	<b>9,536,000</b>
	<i>FY 2018-2019</i>	<i>10,100,000</i>	-	<i>10,100,000</i>

Figures in italic represents Previous Year's amounts.

### Note 12 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 Bhawe**

**Harsh Mariwala**

**Saugata Gupta**

**Partner**

**Director**

**Director**

**M. No : 047973**

**(DIN: 00210342)**

**(DIN: 05251806)**

**UDIN :20047973AAAABX3438**

Place: Mumbai

Place: Mumbai

Date : Jun 9, 2020

Date : Jun 9, 2020

# MARICO FOR CONSUMER CARE PRODUCTS S.A.E.

**BOARD OF DIRECTORS  
(AS ON MARCH 31, 2020)**

Mr. Durgesh Chugh  
Mr. Padmnabh Maydeo (until August 25, 2019)  
Mr. Ashish Sugandh Modak (until June 18, 2019)  
Mr. Mohamed El-Arabi (w.e.f. June 18, 2019)  
Ms. Marwa Hussein (representing MELCC) (w.e.f. June 18, 2019)  
Mr. Hatem Hamed (representing MELCC) (w.e.f. June 18, 2019)  
Mr. Ashish Joshi

**REGISTERED OFFICE**

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

**AUDITORS**

KPMG Hazem Hassan

**BANKERS**

HSBC  
QNB Al-Ahly  
SAIB Bank  
Arab Bank

**LEGAL ADVISORS**

Yasser Maharem Office for Accounting & Auditing,  
Nassef Law Firm

## **INDEPENDENT AUDITOR'S REPORT**

**To the shareholder of Marico Consumer Care Product**

### **Report on the financial statement**

We have audited the accompanying financial statements of Marico for Consumer Care Products S.A.E., which comprise the statement of financial position as at March 31, 2020, the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk 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 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 for Consumer Care Products S.A.E. as at March 31, 2020, 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

### **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 Company maintains proper costing accounts and the inventory was counted by management in accordance with methods in practice.

## **INDEPENDENT AUDITOR'S REPORT (Contd.)**

As explained in note No. (30) of the notes to the financial statements which indicate that the company incurred profit amounted to LE 17 461 005 for the year ended March 31, 2020, and cumulative losses reached to L.E 69 559 620 as of March 31, 2020 which exceeded the half of the company's equity amounting to LE 7,236,479. In such cases the Egyptian companies law No. 159 for 1981 and its executive regulations and the company's Article of Incorporation requires the company's management should promptly convoke the Extra-Ordinary Meeting for consideration of the dissolution of the company or its continuance.

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 May 21, 2020**

**STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2020

Particulars	Note No.	2020 EGP	2019 EGP	2020 Crore	2019 Crore
<b>Asset</b>					
<b>Non current assets</b>					
Fixed assets (Net)	(32-7,14)	21,651,501	22,236,682	10.37	8.90
Rights of use (Net)	(32-9,15)	3,718,745	-	1.78	-
Intangible assets	(32-8,16)	26,922	67,301	0.01	0.03
Projects under construction	(32-7)	-	249,614	-	0.10
<b>Total Non current assets</b>		<b>25,397,168</b>	<b>22,553,597</b>	<b>12.16</b>	<b>9.03</b>
<b>Current assets</b>					
Inventories	(32-6,17)	16,437,912	21,402,774	7.87	8.57
Trade and other receivables	(32-16,18)	16,433,440	31,464,580	7.87	12.59
Prepayments	(32-16,19)	2,561,450	6,608,434	1.23	2.64
Investments held to maturity	(32-2,21)	17,584,901	10,006,443	8.42	4.00
Cash and cash equivalents	(32-17,22)	387,601	272,009	0.19	0.11
<b>Total current assets</b>		<b>53,405,304</b>	<b>69,754,240</b>	<b>25.58</b>	<b>27.91</b>
<b>Total Assets</b>		<b>78,802,472</b>	<b>92,307,837</b>	<b>37.74</b>	<b>36.94</b>
<b>Equity</b>					
Issued & paid-up capital	(23)	14,453,300	14,453,300	6.92	5.78
Reserves	(32-15)	19,658	19,658	0.01	0.01
Retained (losses)		(69,559,620)	(50,353,206)	(33.31)	(20.15)
<b>Total Equity</b>		<b>(55,086,662)</b>	<b>(35,880,248)</b>	<b>(26.38)</b>	<b>(14.36)</b>
<b>Liabilities</b>					
<b>Non current Liabilities</b>					
Operating lease liabilities	(32-13,25)	3,301,391	-	1.58	-
Deferred Tax liabilities	(32-5,13A)	1,232,859	704,469	0.59	0.28
<b>Total Non current Liabilities</b>		<b>4,534,250</b>	<b>704,469</b>	<b>2.17</b>	<b>0.28</b>
<b>Current Liabilities</b>					
Operating lease liabilities	(32-13,25)	461,408	-	0.22	-
Banks overdraft	( 26)	3,397,801	5,153,764	1.63	2.06
Trade and other payables	(32-18,27)	37,100,861	39,345,462	17.77	15.75
Due to related parties	(32-18,20A)	80,650,648	78,616,476	38.62	31.46
Provisions	(32-14,24)	7,744,166	4,367,914	3.71	1.75
<b>Total current liabilities</b>		<b>129,354,884</b>	<b>127,483,616</b>	<b>61.95</b>	<b>51.02</b>
<b>Total liabilities</b>		<b>133,889,134</b>	<b>128,188,085</b>	<b>64.12</b>	<b>51.30</b>
<b>Total equity &amp; liabilities</b>		<b>78,802,472</b>	<b>92,307,837</b>	<b>37.74</b>	<b>36.94</b>

Head of Finance

**Mohamed El-Arabi****(Auditors' report "attached")**

Chairman

**Durgesh Chugh**

Note: The exchange rate use to convert EGP to ₹ 4.789 (Previous year EGP to ₹ 4.002)

**INCOME STATEMENT**

For the financial year ended 31 March, 2020

Particulars	Notes No.	From 1/4/2019 To 31/3/2020 EGP	From 1/1/2019 To 31/3/2019 EGP	From 1/4/2019 To 31/3/2020 ₹ Crore	From 1/1/2019 To 31/3/2019 ₹ Crore
Revenue	(32-2,3)	131,301,208	39,936,931	62.87	15.98
<b>Less</b>					
Cost of sales	(4)	93,046,900	26,899,563	44.54	10.77
<b>Gross profit</b>		<b>38,254,308</b>	<b>13,037,368</b>	<b>18.33</b>	<b>5.21</b>
Other income	(5)	3,148,328	433,085	1.50	0.17
Selling & distribution expenses	(6)	(32,767,618)	(11,483,797)	(15.69)	(4.59)
General & administrative expenses	(7)	(20,744,724)	(6,916,921)	(9.94)	(2.76)
Other expenses	(8)	(6,297,019)	(550,319)	(3.01)	(0.22)
<b>Operating loss</b>		<b>(18,406,725)</b>	<b>(5,480,584)</b>	<b>(8.81)</b>	<b>(2.19)</b>
Finance income	(32-4,9)	4,557,602	7,048,533	2.18	2.82
Finance cost	(32-4,10)	(2,266,623)	(140,585)	(1.09)	(0.06)
<b>Net finance income</b>		<b>2,290,979</b>	<b>6,907,948</b>	<b>1.09</b>	<b>2.76</b>
<b>Net (loss) /profit before tax</b>		<b>(16,115,746)</b>	<b>1,427,364</b>	<b>(7.72)</b>	<b>0.57</b>
Income tax expense	(32-5,13)	(1,345,259)	(165,626)	(0.64)	(0.07)
<b>Net (loss) /profit after tax</b>		<b>(17,461,005)</b>	<b>1,261,738</b>	<b>(8.36)</b>	<b>0.50</b>
<b>(Losses) / earning per share for the year</b>		<b>(12.08)</b>	<b>0.87</b>	<b>(12.12)</b>	<b>0.86</b>

Note: The exchange rate use to convert EGP to ₹ 4.789 (Previous year EGP to ₹ 4.002)



**STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 March, 2020

Particulars	2020 EGP	2019 EGP	2020 ₹ Crore	2019 ₹ Crore
Net (Loss) / Profit after tax	(17,461,005)	1,261,738	(8.36)	0.50
<b>Comprehensive income items:</b>				
Other comprehensive income	-	-	-	-
<b>Total Comprehensive (loss) income for the year</b>	<b>(17,461,005)</b>	<b>1,261,738</b>	<b>(8.36)</b>	<b>0.50</b>

Note: The exchange rate use to convert EGP to ₹ 4.789 (Previous year EGP to ₹ 4.002)

**STATEMENT OF CHANGES IN EQUITY**

For the financial year ended 31 March, 2020

Particular	Issued & paid in capital EGP	Genral reserve EGP	Retained losses EGP	Total EGP
<b>Balance as at 1 April 2019</b>	14,453,300	19,658	(51,614,944)	(37,141,986)
<b>Comprehensive income</b>				
Net loss for the period	-	-	1,261,738	1,261,738
Other comprehensive income items	-	-	-	-
Total comprehensive income	-	-	1,261,738	1,261,738
<b>Balance as at 31 March 2019</b>	<b>14,453,300</b>	<b>19,658</b>	<b>(50,353,206)</b>	<b>(35,880,248)</b>
<b>Balance as at 1 April 2020</b>	<b>14,453,300</b>	<b>19,658</b>	<b>(50,353,206)</b>	<b>(35,880,248)</b>
<b>Comprehensive income</b>				
Net loss for the period	-	-	(17,461,005)	(17,461,005)
Other comprehensive income items	-	-	-	-
Total comprehensive income	-	-	(17,461,005)	(17,461,005)
Transactions with shareholders				
Adjustments on retained losses	-	-	(1,745,409)	(1,745,409)
Total transactions with shareholders	-	-	(1,745,409)	(1,745,409)
<b>Balance as at 31 March 2020</b>	<b>14,453,300</b>	<b>19,658</b>	<b>(69,559,620)</b>	<b>(55,086,662)</b>

Particular	Issued & paid in capital ₹ Crore	Genral reserve ₹ Crore	Retained earnings ₹ Crore	Total ₹ Crore
<b>Balance as at 1 April 2019</b>	5.78	0.01	(20.65)	(14.86)
<b>Total comprehensive income</b>				
Net loss for the period	-	-	0.50	0.50
Other comprehensive income items	-	-	-	-
Total comprehensive income	-	-	0.50	0.50
<b>Balance as at 31 March 2019</b>	<b>5.78</b>	<b>0.01</b>	<b>(20.15)</b>	<b>(14.36)</b>
<b>Balance as at 1 April 2020</b>	<b>6.92</b>	<b>0.01</b>	<b>(24.11)</b>	<b>(17.18)</b>
<b>Comprehensive income</b>				
Net (loss) for the period	-	-	(8.36)	(8.36)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(8.36)</b>	<b>(8.36)</b>
Transactions with shareholders				
Adjustments on retained losses	-	-	(0.84)	(0.84)
Total transactions with shareholders	-	-	(0.84)	(0.84)
<b>Balance as at 31 March 2020</b>	<b>6.92</b>	<b>0.01</b>	<b>(33.31)</b>	<b>(26.38)</b>

**STATEMENT OF CASH FLOW**

For the financial year ended 31 March, 2020

Particulars	Note No.	From	From	From	From
		1/4/2019 To 31/3/2020 EGP	1/1/2019 To 31/3/2019 EGP	1/4/2019 To 31/3/2020 ₹ Crore	1/1/2019 To 31/3/2019 ₹ Crore
Net (Loss) / Profit for tax		(16 115 746)	1 427 364	(7.72)	0.57
<b>Adjustments for:</b>					
Fixed assets depreciation	(14)	3 988 222	1 018 715	1.91	0.41
Intangible assets amortization	(16)	40 379	10 094	0.02	-
Rights of use amortization	(15)	1 546 561	-	0.74	-
Impairment in fixed assets		(2 946)	(2 625)	0.00	0.00
Capital gain		(215 276)	(156 396)	(0.10)	(0.06)
Claims provision		6 721 833	1 106 371	3.22	0.44
Provisions no longer required		(27 549)	-	(0.01)	-
Write-down/ (Reversal of write-down) on inventories		1 380 871	(3 967 249)	0.66	(1.59)
Return on treasury bills		(2 305 326)	(403 566)	(1.10)	(0.16)
Interest on loan present value		1 084 380	(5 644 356)	0.52	(2.26)
Operating lease debit interest		822 586	-	0.39	-
Other income		(2 300 350)	-	(1.10)	-
<b>Changes In</b>					
Inventories		3 994 161	3 462 356	1.91	1.39
Used from Write-down of inventories		(410 170)	-	(0.20)	-
Trade and other receivables		15 031 140	(6 973 874)	7.20	(2.79)
Prepayments		4 046 984	(1 321 768)	1.94	(0.53)
Operating lease		(2 276 885)	-	(1.09)	-
Trade and other payables		(2 554 737)	3 896 661	(1.22)	1.56
Related parties		949 792	6 652 934	0.45	2.66
Provisions used		(3 318 032)	(92 693)	(1.59)	(0.04)
<b>Cash provided by (used in) operating activities</b>		<b>10 079 892</b>	<b>(988 032)</b>	<b>4.83</b>	<b>(0.40)</b>
<b>Cash Flows From Investing Activities :</b>					
Payments for purchase of fixed assets,Intangible assets and projects under construction		(3 246 558)	(529 719)	(1.55)	(0.21)
Proceeds from fixed assets		311 353	162 414	0.15	0.06
Proceeds from investments held to maturity		11 740 328	-	5.62	-
Payments for purchase of investments held to maturity		(17 013 460)	-	(8.15)	-
<b>Net cash (used in) provided by in investing activities</b>		<b>(8 208 337)</b>	<b>(367 305)</b>	<b>(3.93)</b>	<b>(0.15)</b>
<b>Cash Flows From Financing Activities</b>					
Payments for / proceeds from bank overdraft		(1 755 963)	1 423 925	(0.84)	0.57
<b>Net cash provided by (used in) financing activities</b>		<b>(1 755 963)</b>	<b>1 423 925</b>	<b>(0.84)</b>	<b>0.57</b>
<b>Net change in cash and cash equivalents</b>		<b>115 592</b>	<b>68 588</b>	<b>0.06</b>	<b>0.03</b>
Cash and cash equivalents at the beginning of the year (32-17,22)		272 009	203 421	0.13	0.08
<b>Cash and cash equivalents at the end of the year (32-17,22)</b>		<b>387 601</b>	<b>272 009</b>	<b>0.19</b>	<b>0.11</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**1- General****1-1 Company's background**

The company was incorporated according to the law No (8) year 1997 of investment guarantees and its executive regulations and was registered in the commercial register under No (114) on 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 Partnership company 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 to L.E. 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 of 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 preparation****2-1 Statement of compliance**

These financial statements have been prepared in accordance with the Egyptian Accounting Standard and relevant Egyptian laws and regulations.

These financial statements were authorized by the board of directors for issue on May 20, 2020.

**2-2 Basis of measurement**

These financial statements have been prepared on historical cost basis.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**2-3 Function and presentation currency**

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

**2-4 Use of estimates and judgments**

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

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

**Measurement of Fair Value**

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

**3- Revenues**

Particulars	From	From	From	From
	1/4/2019 To 31/3/2020 EGP	1/1/2019 To 31/3/2019 EGP	1/4/2019 To 31/3/2020 ₹ Crore	1/1/2019 To 31/3/2019 ₹ Crore
Domestic sales	234,504,477	69,969,752	112.30	28.01
Exports sales	3,530,357	486,382	1.69	0.19
Intercompany sales	714,306	-	0.34	-
<b>Less:</b>				
Sales discount	(106,977,068)	(30,327,476)	(51.23)	(12.14)
Sales returns provision	(470,864)	(191,727)	(0.23)	(0.08)
	<b>131,301,208</b>	<b>39,936,931</b>	<b>62.87</b>	<b>15.98</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 4- Cost of sales

Particulars	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 ₹ Crore	From 1/1/2019 To 31/3/2019 ₹ Crore
Raw materials & packing	69,783,634	24,653,250	33.42	9.87
Depreciation	3,533,630	961,342	1.69	0.38
Salaries and wages	4,518,142	1,035,814	2.16	0.41
Outsourcing labor	6,982,323	1,746,082	3.34	0.70
Manufacturing cost	2,870,843	770,261	1.37	0.31
Write-down of inventories	1,380,871	(3,967,249)	0.66	(1.59)
Others expenses	3,554,977	937,886	1.70	0.38
	<b>92,624,420</b>	<b>26,137,386</b>	<b>44.34</b>	<b>10.46</b>
Change in finished goods and work in progress inventory	422,480	762,177	0.20	0.31
	<b>93,046,900</b>	<b>26,899,563</b>	<b>44.54</b>	<b>10.77</b>

### 5- Other income

Particulars	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 ₹ Crore	From 1/4/2019 To 31/3/2020 ₹ Crore
Reversal of impairment in fixed assets	2,946	2,625	0.00	0.00
Reversal of provisions no longer required	27,549	-	0.01	-
Scrap sales	600,979	274,064	0.29	0.11
Capital Gain	215,276	156,396	0.10	0.06
Others	2,301,578	-	1.10	-
	<b>3,148,328</b>	<b>433,085</b>	<b>1.50</b>	<b>0.17</b>

### 6- Selling and distribution expenses

Particulars	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 ₹ Crore	From 1/4/2019 To 31/3/2020 ₹ Crore
Salaries and wages	4,338,533	960,278	2.08	0.37
Advertising and marketing expense	21,372,140	8,664,893	10.24	3.47
Agency Commission	2,202,000	96,240	1.05	0.04
Transportation and freight	2,239,111	499,118	1.07	0.20
Other expenses	2,615,834	1,263,268	1.25	0.51
	<b>32,767,618</b>	<b>11,483,797</b>	<b>15.69</b>	<b>4.59</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**7- General and administrative expenses**

Particulars	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 ₹ Crore	From 1/4/2019 To 31/3/2020 ₹ Crore
Salaries and wages	7,870,407	3,801,856	3.77	1.52
Travel expenses	718,843	216,666	0.34	0.09
Consulting services	4,695,716	923,839	2.25	0.37
Insurance expenses	414,619	138,953	0.20	0.06
Medical expenses	708,503	182,212	0.34	0.07
Rents	450,736	546,674	0.22	0.21
Maintenance expense	1,427,354	337,244	0.68	0.13
Other expenses	4,458,546	769,477	2.14	0.31
	<b>20,744,724</b>	<b>6,916,921</b>	<b>9.94</b>	<b>2.76</b>

**8- Other expenses**

Particulars	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 ₹ Crore	From 1/4/2019 To 31/3/2020 ₹ Crore
Provision formed during the year	6,250,969	520,319	2.99	0.21
Other	46,050	30,000	0.02	0.01
	<b>6,297,019</b>	<b>550,319</b>	<b>3.01</b>	<b>0.22</b>

**9- Finance income**

Particulars	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 ₹ Crore	From 1/4/2019 To 31/3/2020 ₹ Crore
Credit interest	2,305,326	403,566	1.10	0.16
Loan present value interest	-	5,644,356	-	2.26
foreign currency translation difference for monetary items	2,252,276	1,000,611	1.08	0.40
	<b>4,557,602</b>	<b>7,048,533</b>	<b>2.18</b>	<b>2.82</b>

**10- Finance cost**

Particulars	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 ₹ Crore	From 1/4/2019 To 31/3/2020 ₹ Crore
Debit interest	2,266,623	140,585	1.09	0.06
	<b>2,266,623</b>	<b>140,585</b>	<b>1.09</b>	<b>0.06</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 11. Income Tax

#### 11-1 Income Tax for the year

Particulars	Note No.	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 EGP	From 1/4/2019 To 31/3/2020 ₹ Crore	From 1/4/2019 To 31/3/2020 ₹ Crore
Deferred tax		(1 035 123)	(238 372)	(0.50)	(0.10)
Treasury bills tax		(310 136)	72 746	(0.15)	0.03
	(8-2)	<b>(1 345 259)</b>	<b>(165 626)</b>	<b>(0.64)</b>	<b>(0.06)</b>

#### 11-2 Reconciliation of effective tax rate

Particulars	Tax Rate	From 1/4/2019 To 31/3/2020 EGP	Tax Rate	From 1/4/2019 To 31/3/2020 EGP	Tax Rate	From 1/4/2019 To 31/3/2020 ₹ Crore	Tax Rate	From 1/4/2019 To 31/3/2020 ₹ Crore
Net profit before income tax		(16,115,746)		1,427,364		(7.72)		0.57
Income tax on accounting profit	22.5%	(3,626,043)	22.5%	321,157	22.5%	(1.74)	22.5%	0.13
Non – deductible expenses		140,392		11,202		0.07		0.00
Treasury bills revenue		(310,136)		(72,745)		(0.15)		(0.03)
Unrecognized tax losses		3,089,423		-		1.48		-
Provisions & impairments		977,401		(665,144)		0.47		(0.27)
Others		1,074,222		571,156		0.51		0.23
<b>Income tax</b>		<b>1,345,259</b>		<b>165,626</b>		<b>0.64</b>		<b>0.06</b>

### 12- (Losses) / Earning per share for the year

The company present the basic earning or losses per share for its ordinary shares. the earning per share calculated by dividing the gain or (loss) of the company after deducting the Employee's share profit and BOD remuneration over the weighted average for the ordinary shares numbers during the year.

Particulars	2020 EGP	2019 EGP	2020 ₹ Crore	2019 ₹ Crore
Net (loss) / profit of the Year (LE)	<b>(17,461,005)</b>	1,261,738	<b>(8.36)</b>	0.50
Less:				
Employees share of profits	-	-	-	-
Board of directors remunerations	-	-	-	-
	<b>(17,461,005)</b>	1,261,738	<b>(8.36)</b>	0.50
Number of shares outstanding during the year (share)	<b>1,445,330</b>	1,445,330	<b>1,445,330</b>	1,445,330
<b>(Losses) / Earning per share (L.E. / Share)</b>	<b>(12.08)</b>	<b>0.87</b>	<b>(12.12)</b>	<b>0.86</b>



**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

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

Particulars	2020		2019		2020		2019	
	Assets EGP	Liabilities EGP	Assets EGP	Liabilities EGP	Assets ₹ Crore	Liabilities ₹ Crore	Assets ₹ Crore	Liabilities ₹ Crore
Fixed assets	-	(1 369 343)	-	(704 469)	-	(0.66)	-	(0.28)
Operating lease liabilities	1 013 571	-	-	-	0.49	-	-	-
Rights of use	-	-	(877 087)	-	-	-	(0.35)	-
<b>Net deferred tax liabilities</b>	-	(1 232 859)	-	(704 469)	-	(0.59)	-	(0.28)
<b>Less:</b>								
Adjustments on beginning balance	506 733	-	-	-	0.24	-	-	-
Deferred tax previously charged	-	(704 469)	-	(466 097)	-	(0.34)	-	(0.19)
Deferred tax charged to the statement of income	-	(1 035 123)	-	(238 372)	-	(0.50)	-	(0.10)

**B- Unrecognized deferred tax assets**

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Write -down of inventories	1,742,437	341,393	0.83	0.14
Provision	559,801	982,781	0.27	0.39
Impairment in fixed assets	318	981	0.00	0.00
	<b>2,302,556</b>	<b>1,325,155</b>	<b>1.10</b>	<b>0.53</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 March, 2020

## 14. Fixed assets (net)

Particular	Land EGP	Buildings & Constructions EGP	Machinery & Equipment EGP	Tools & Equipment EGP	Office Furniture, Equipment EGP	Computers & Software EGP	Lab Equipment EGP	Office Equipment EGP	Motor Vehicles EGP	Total EGP
Cost	578 340	13 243 383	24 363 984	5 343 889	1 488 446	482 945	715 841	136 159	181 350	46 534 337
As at 1 January 2019	-	-	246,770	11,960	29,375	-	-	-	-	288 105
Additions during the year	-	-	(1,978,130)	(96,742)	(92,504)	-	-	-	(31,350)	(2 198 726)
Disposals during the year	-	-								
<b>At 31 March 2019</b>	<b>578 340</b>	<b>13 243 383</b>	<b>22 632 624</b>	<b>5 259 107</b>	<b>1 425 317</b>	<b>482 945</b>	<b>715 841</b>	<b>136 159</b>	<b>150 000</b>	<b>44 623 716</b>
Cost as of 1 April 2019	578 340	13 243 383	22 632 624	5 259 107	1 425 317	482 945	715 841	136 159	150 000	44 623 716
Additions during the year	-	308,805	2,665,209	346,851	39,500	35,807	-	-	100,000	3 496 172
Disposals during the year	-	-	(1,334,459)	(318,411)	(10,745)	(66,501)	(48,868)	(10,740)	-	(1 789 724)
<b>Cost as of 31 March 2020</b>	<b>578 340</b>	<b>13 552 188</b>	<b>23 963 374</b>	<b>5 287 547</b>	<b>1 454 072</b>	<b>452 251</b>	<b>666 973</b>	<b>125 419</b>	<b>250 000</b>	<b>46 330 164</b>
<b>Accumulated depreciation</b>										
Accumulated depreciation as of 1 January 2019	-	6,321,503	12,693,275	2,695,477	553,366	279,638	711,273	120,789	181,348	23 556 669
Depreciation for the year	-	165,465	493,675	230,238	95,176	31,742	1,442	977	-	1 018 715
Accumulated depreciation	-	-	(1,972,150)	(96,736)	(92,473)	-	-	-	(31,349)	(2,192,708)
<b>Accumulated depreciation as of 31 March 2019</b>	<b>-</b>	<b>6 486 968</b>	<b>11 214 800</b>	<b>2 828 979</b>	<b>556 069</b>	<b>311 380</b>	<b>712 715</b>	<b>121 766</b>	<b>149 999</b>	<b>22 382 676</b>
Accumulated depreciation as of 1 April 2019	-	6 486 968	11 214 800	2 828 979	556 069	311 380	712 715	121 766	149 999	22 382 676
Depreciation for the year	-	676,012	1,960,947	895,735	312,844	131,593	935	3,906	6,250	3 988 222
Accumulated depreciation	-	-	(1,307,087)	(249,777)	(10,734)	(66,461)	(48,853)	(10,735)	-	(1 693 647)
<b>Accumulated depreciation as of 31 March 2020</b>	<b>-</b>	<b>7 162 980</b>	<b>11 868 660</b>	<b>3 474 937</b>	<b>858 179</b>	<b>376 512</b>	<b>664 797</b>	<b>114 937</b>	<b>156 249</b>	<b>24 677 251</b>
<b>Impairment of fixed assets</b>										
Impairment of fixed assets at 31/3/2019	-	-	4 358	-	-	-	-	-	-	4 358
Impairment of fixed assets at 31/3/2020	-	-	1 412	-	-	-	-	-	-	1 412
<b>Carrying amount as of 31 March 2019</b>	<b>578 340</b>	<b>6 756 415</b>	<b>11 413 466</b>	<b>2 430 128</b>	<b>869 248</b>	<b>171 565</b>	<b>3 126</b>	<b>14 393</b>	<b>-</b>	<b>22 236 682</b>
<b>Carrying amount as of 31 March 2020</b>	<b>578 340</b>	<b>6 389 208</b>	<b>12 093 302</b>	<b>1 812 610</b>	<b>595 893</b>	<b>75 739</b>	<b>2 176</b>	<b>10 482</b>	<b>93 751</b>	<b>21 651 501</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

Particular	Land EGP	Buildings & Constructions EGP	Machinery & Equipment EGP	Tools & Equipment EGP	Office Furniture, Equipment EGP	Computers & Software EGP	Lab Equipment EGP	Office Equipment EGP	Motor Vehicles EGP	Total EGP
Cost	0.23	5.30	9.75	2.14	0.60	0.19	0.29	0.05	0.07	18.62
As at 1 January 2019	-	-	0.10	-	0.01	-	-	-	-	0.12
Additions during the year	-	-	(0.79)	(0.04)	(0.04)	-	-	-	(0.01)	(0.88)
Disposals during the year	-	-	9.06	2.10	0.57	0.19	0.29	0.05	0.06	17.86
<b>At 31 March 2019</b>	<b>0.23</b>	<b>5.30</b>	<b>9.06</b>	<b>2.10</b>	<b>0.57</b>	<b>0.19</b>	<b>0.29</b>	<b>0.05</b>	<b>0.06</b>	<b>17.86</b>
Cost as of 1 April 2019	0.28	6.34	10.84	2.52	0.68	0.23	0.34	0.07	0.07	21.37
Additions during the year	-	0.15	1.28	0.17	0.02	0.02	-	-	0.05	1.67
Disposals during the year	-	-	(0.64)	(0.15)	(0.01)	(0.03)	(0.02)	(0.01)	-	(0.86)
<b>Cost as of 31 March 2020</b>	<b>0.28</b>	<b>6.49</b>	<b>11.48</b>	<b>2.53</b>	<b>0.70</b>	<b>0.22</b>	<b>0.32</b>	<b>0.06</b>	<b>0.12</b>	<b>22.19</b>
<b>Accumulated depreciation</b>										
Accumulated depreciation as of 1 January 2019	-	2.53	5.08	1.08	0.22	0.11	0.28	0.05	0.07	9.43
Depreciation for the year	-	0.07	0.20	0.09	0.04	0.01	-	-	-	0.41
Accumulated depreciation	-	-	(0.79)	(0.04)	(0.04)	-	-	-	(0.01)	(0.88)
<b>Accumulated depreciation as of 31 March 2019</b>	<b>-</b>	<b>2.60</b>	<b>4.49</b>	<b>1.13</b>	<b>0.22</b>	<b>0.12</b>	<b>0.29</b>	<b>0.05</b>	<b>0.06</b>	<b>8.96</b>
Accumulated depreciation as of 1 April 2019	-	3.11	5.37	1.35	0.27	0.15	0.34	0.06	0.07	10.72
Depreciation for the year	-	0.32	0.94	0.43	0.15	0.06	-	-	-	1.91
Accumulated depreciation	-	-	(0.63)	(0.12)	(0.01)	(0.03)	(0.02)	(0.01)	-	(0.81)
<b>Accumulated depreciation as of 31 March 2020</b>	<b>-</b>	<b>3.43</b>	<b>5.68</b>	<b>1.66</b>	<b>0.41</b>	<b>0.18</b>	<b>0.32</b>	<b>0.06</b>	<b>0.07</b>	<b>11.82</b>
<b>Impairment of fixed assets</b>										
Impairment of fixed assets at 31/3/2019	-	-	0.00	-	-	-	-	-	-	0.00
Impairment of fixed assets at 31/3/2020	-	-	0.00	-	-	-	-	-	-	0.00
<b>Carrying amount as of 31 March 2019</b>	<b>0.23</b>	<b>2.70</b>	<b>4.57</b>	<b>0.97</b>	<b>0.35</b>	<b>0.07</b>	<b>-</b>	<b>0.01</b>	<b>-</b>	<b>8.90</b>
<b>Carrying amount as of 31 March 2020</b>	<b>0.28</b>	<b>3.06</b>	<b>5.79</b>	<b>0.87</b>	<b>0.29</b>	<b>0.04</b>	<b>-</b>	<b>0.01</b>	<b>0.04</b>	<b>10.37</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**15- Rights of use (Net)**

Particulars	Buildings & Constructions	
	EGP	₹ Crore
<b>Cost as of 1 January 2019</b>	-	-
<b>Cost as of 31 March 2019</b>	-	-
<b>Cost as of 1 April 2019</b>	-	-
Adjustments on beginning balance	9,549,871	3.82
Disposals for the year	(3,867,651)	(1.85)
<b>Cost as of 31 March 2020</b>	<b>5,682,220</b>	<b>2.72</b>
<b>Accumulated amortization as of 1 January 2019</b>	-	-
<b>Accumulated amortization as of 31 March 2019</b>	-	-
<b>Accumulated amortization as of 1 April 2019</b>	-	-
Adjustments on beginning balance	416,914	0.20
Amortization for the year	1,546,561	0.74
<b>Accumulated amortization as of 31 March 2020</b>	<b>1,963,475</b>	<b>0.94</b>
<b>Net rights of use assets at 31 March 2019</b>	-	-
<b>Net rights of use assets at 31 March 2020</b>	<b>3,718,745</b>	<b>1.78</b>

The company signed a lease contract for a warehouse in the fourth industrial zone in Sadat City for a period of 5 years ending in 2024 and the right of use assets have been recorded at the present value of the lease payments according to the contract.

**16- Intangible assets**

Particulars	EGP	₹ Crore
<b>Cost as of 1 January 2019</b>	<b>270,985</b>	<b>0.11</b>
Additions during the year	-	-
<b>Cost as of 31 March 2019</b>	<b>270,985</b>	<b>0.13</b>
<b>Cost as of 1 April 2019</b>	<b>270,985</b>	<b>0.11</b>
Additions during the year	-	-
<b>Cost as of 31 March 2020</b>	<b>270,985</b>	<b>0.13</b>
<b>Accumulated amortization as of 1 January 2019</b>	<b>193,590</b>	<b>0.08</b>
Amortization for the year	10,094	0.00
<b>Accumulated amortization as of 31 March 2019</b>	<b>203,684</b>	<b>0.08</b>
<b>Accumulated amortization as of 1 April 2019</b>	<b>203,684</b>	<b>0.08</b>
Amortization for the year	40,379	0.02
<b>Accumulated amortization as of 31 March 2020</b>	<b>244,063</b>	<b>0.12</b>
<b>Net rights of use assets at 31 March 2019</b>	<b>67,301</b>	<b>0.03</b>
<b>Net rights of use assets at 31 March 2020</b>	<b>26,922</b>	<b>0.01</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**17- Inventories**

Particulars	2020 EGP	2019 EGP	2020 ₹ Crore	2019 ₹ Crore
Raw materials	3,166,145	6,627,552	1.52	2.64
Packing materials	4,367,694	5,461,479	2.08	2.19
Work in process	6,405	36,205	0.01	0.01
Finished goods	8,897,668	9,277,538	4.26	3.72
	<b>16,437,912</b>	<b>21,402,774</b>	<b>7.87</b>	<b>8.57</b>

Inventories were written-down by an amount 2 488 003 for the year ended March 31, 2020 (31/3/2019: L.E. 1 517 302) Note No. (24).

**18- Trade and other receivables**

Particulars	2020 EGP	2019 EGP	2020 ₹ Crore	2019 ₹ Crore
Accounts receivable- local	12,956,089	27,025,070	6.20	10.81
Notes Receivable	-	3,037,203	-	1.22
Deposits with others	699,900	490,650	0.34	0.20
Other debit balances	2,777,451	911,657	1.33	0.36
	<b>16,433,440</b>	<b>31,464,580</b>	<b>7.87</b>	<b>12.59</b>

**19- Prepayments**

Particulars	2020 EGP	2019 EGP	2020 ₹ Crore	2019 ₹ Crore
Prepayments	1,264,005	672,672	0.61	0.27
Suppliers – advance payments	1,297,445	5,935,762	0.62	2.37
	<b>2,561,450</b>	<b>6,608,434</b>	<b>1.23</b>	<b>2.64</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**20- Related parties transactions**

The company transactions with related parties during 2020 represented in MEL Company- Egypt for consumer care products – Egypt (Holding company), Marico Limited company – India (Affiliate company), Marico Middle east company – UAE (Affiliate company) and Marico Egypt company (Affiliate company).

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

Related party	Country	Type of transactions	Significant transactions during the year 2020	Significant transactions during the year 2019	Significant transactions during the year 2020	Significant transactions during the year 2019
			EGP	EGP	₹ Crore	₹ Crore
-Mel Company-Egypt	- Egypt	- Finance	4,495,376	6,900,761	2.15	2.76
-Marico Middle east Company	- UAE	- Paying expenses on behalf of the company	3,642,855	331,632	1.74	0.13
-Marico Middle east Company	- UAE	- Loan present value interest	1,084,380	5,644,356	0.52	2.26
-Marico Limited Company	- India	- Royalty expense	652,887	200,132	0.31	0.08
-Marico Limited Company	- India	- Payments	(4,585,706)	-	(2.20)	-
- Marico Limited Company	- India	- Others	(101,325)	-	(0.05)	-
-Marico Middle east Company	- UAE	- Others	(2,137,576)	-	(1.02)	-
-Marico Middle east Company	- UAE	- Debt payment	(2,337,917)	-	(1.12)	-
-Marico Middle east Company	- UAE	- Payment of expenses on behalf of the company	1,321,200	779,589	0.63	0.31

Those transactions resulted in the following balances as at March 31, 2020:

**A) Due to related parties:**

Particulars	2020 EGP	2019 EGP	2020 ₹ Crore	2019 ₹ Crore
Marico Middle East Company-UAE	21,692,133	23,762,047	10.39	9.51
Marico Limited-India	1,615,559	2,006,848	0.77	0.80
MEL Consumer Care Company	57,342,956	52,847,581	27.46	21.15
	<b>80,650,648</b>	<b>78,616,476</b>	<b>38.62</b>	<b>31.46</b>

The balance as of 31 March 2020 includes an amount of USD 1 442 434 after scheduling the repayment of the loan for 2029. The present value for an amount USD 1 700 000. represented in the value of the loan granted from Marico Middle East Company – UAE without interest (against USD 1 374 340 balance at March 31,2019).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 21- Investments held to maturity-Treasury Bills

Bank Name	2020						Maturity Date
	Total	Accrued Interest	Paid Amount	Total	Accrued Interest	Paid Amount	
	EGP	EGP	EGP	₹ Crore	₹ Crore	₹ Crore	
QNB Bank	1,762,160	14,656	1,776,816	0.84	0.01	0.85	March 2, 2021
QNB Bank	4,702,400	14,171	4,716,571	2.25	0.01	2.26	September 8, 2020
QNB Bank	2,616,180	173,098	2,789,278	1.25	0.08	1.34	October 13, 2020
QNB Bank	50,000	1,110	51,110	0.02	0.00	0.02	November 12, 2020
HSBC Bank	1,739,180	238,950	1,978,130	0.83	0.11	0.95	April 28, 2020
HSBC Bank	4,400,800	13,042	4,413,842	2.11	0.01	2.11	March 2, 2021
HSBC Bank	1,742,740	116,414	1,859,154	0.83	0.06	0.89	October 13, 2020
	<b>17,013,460</b>	<b>571,441</b>	<b>17,584,901</b>	<b>8.13</b>	<b>0.28</b>	<b>8.42</b>	

### 22- Cash and cash equivalents

Particulars	2020	2019	2020	2019
	EGP	EGP	₹ Crore	₹ Crore
Banks-current accounts	387,601	272,009	0.19	0.11
	<b>387,601</b>	<b>272,009</b>	<b>0.19</b>	<b>0.11</b>

### 23- Share capital

A. Authorized capital of the company is L.E. 50 million.

B. The issued and fully paid capital of the company is L.E. 14 453 300 represented in 1 445 330 shares, at par value L.E. 10. The share capital of the company is 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	Share value
		EGP	₹ Crore
MEL Consumer Care Company (S.A.E.)	1,430,878	14,308,780	6.86
Mr. Padmanabhsuresh Maydeo	7,226	72,260	0.03
Mr. Durgesh Chugh	7,226	72,260	0.03
<b>Total</b>	<b>1,445,330</b>	<b>14,453,300</b>	<b>6.92</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**24- Provisions and impairment in assets and written-down of inventories**

Particulars	Balance at 31/3/2019	Formed during the year	Used during the year	Provisions no longer required	Balance at 31/3/2020
	EGP	EGP	EGP	EGP	EGP
Claims provision	1,695,463	6,100,058	(1,591,161)	-	6,204,360
Other provision	914,915	150,911	(937,366)	(27,549)	100,911
Sales Returns provision	1,757,536	470,864	(789,505)	-	1,438,895
<b>Total</b>	<b>4,367,914</b>	<b>6,721,833</b>	<b>(3,318,032)</b>	<b>(27,549)</b>	<b>7,744,166</b>
Write-down of inventories	1,517,302	1,380,871	(410,170)	-	2,488,003
Impairment in fixed assets	4,359	-	-	(2,947)	1,412

Particulars	Balance at 31/3/2019	Formed during the year	Used during the year	Provisions no longer required	Balance at 31/3/2020
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Claims provision	0.68	2.92	(0.76)	-	2.97
Other provision	0.37	0.07	(0.45)	(0.01)	0.05
Sales Returns provision	0.70	0.23	(0.38)	-	0.69
<b>Total</b>	<b>1.75</b>	<b>3.22</b>	<b>(1.59)</b>	<b>(0.01)</b>	<b>3.71</b>
Write-down of inventories	0.61	0.66	(0.20)	-	1.19
Impairment in fixed assets	0.00	-	-	(0.00)	0.00

**25- Operating lease liabilities**

The following is a statement of the operating lease obligations until the end of contracts:

Particulars	2021	2022	2023	More than 3 years	Total
	EGP	EGP	EGP	EGP	EGP
Operating lease liabilities	1,160,082	1,250,918	1,338,482	2,713,348	6,462,830
	<b>1,160,082</b>	<b>1,250,918</b>	<b>1,338,482</b>	<b>2,713,348</b>	<b>6,462,830</b>

Particulars	2021	2022	2023	More than 3 years	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Operating lease liabilities	0.56	0.60	0.64	1.30	3.10
	<b>0.56</b>	<b>0.60</b>	<b>0.64</b>	<b>1.30</b>	<b>3.10</b>

The company signed a lease contract for a warehouse in the fourth industrial zone in Sadat City for a period of 5 years ending in 2024 and the right of use assets have been recorded at the present value of the lease payments according to the contract.

**26- Bank overdraft**

Particulars	2020 EGP	2019 EGP	2020 ₹ Crore	2019 ₹ Crore
*QNB Bank	78,579	3,298,924	0.04	1.32
HSBC Bank	3,319,222	1,854,840	1.59	0.74
	<b>3,397,801</b>	<b>5,153,764</b>	<b>1.63</b>	<b>2.06</b>

\*Guaranteed by treasury bills



**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**27- Trade and other payables**

Particulars	2020 EGP	2019 EGP	2020 ₹ Crore	2019 ₹ Crore
Suppliers	22,629,739	22,363,840	10.84	8.95
Notes payable	341,301	2,411,642	0.16	0.97
Accrued expenses	9,726,002	9,735,903	4.66	3.90
Salaries & bonus of expats	729,401	732,704	0.35	0.29
Tax authority	3,299,968	2,541,414	1.58	1.02
Social insurance authority	374,450	253,802	0.18	0.10
Other credit balance	-	1,306,157	-	0.52
	<b>37,100,861</b>	<b>39,345,462</b>	<b>17.77</b>	<b>15.75</b>

**28- Tax position****a) Corporate Tax:****Years from commencement of operation till 2018**

- 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) Value added tax****Years from commencement of operation till 31/12/2016:**

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

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

**Years 2017 and 2019 :**

These years are under inspection

**c) Payroll tax:****Years from commencement of operation till 2012**

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

**Years from 2013 to 2019:**

These years are under inspection

**d) Stamp duty tax:****Years from commencement till 31/12/2015:**

The inspection was done for this period and the resulting differences were paid.

**Years from 2016 till 2019:**

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**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. (32) of the notes to the financial statements includes the major accounting policies used in recording and measurement of the significant financial instruments and the related revenues and expenses.

**A) Credit risk**

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

**B) Foreign exchange risk**

This risk is represented in the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the translation of its monetary foreign currency assets and liabilities. As of the balance sheet date the company has monetary, foreign currency, assets and liabilities equivalent to L.E. 649 775 and L.E. 23 358 372 respectively.

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

<b>Foreign Currency</b>	<b>(deficit)</b>
US Dollars	(1,440,123)
Euro	(1,543)

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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

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
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	EGP	EGP	₹ Crore	₹ Crore
Trade and other creditors	37,100,861	39,345,462	17.77	15.75
Due to related parties	80,650,648	78,616,476	38.62	31.46
Bank facilities	3,397,801	5,153,764	1.63	2.06
	<b>121,149,310</b>	<b>123,115,702</b>	<b>58.02</b>	<b>49.27</b>

**30- Going concern**

The company incurred cumulative losses amounting to L.E 69 559 620 till the year ended 31 March 2020 which exceeded the half of it's entity. Most of the company's long and short-term liabilities are represented in the amounts due to the Holding company, which amounted to L.E. 57 342 956, 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.

**31- Comparative figures**

The comparative figures are for 3 months due to the amendment of the company's fiscal year to become March 31, instead of December 31 at the prior year, therefore the comparative figures included in the financial statements are incomparable.

**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).

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

- 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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

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

**2- Subsequent expenditure**

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

**3- Depreciation**

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

<b>Asset</b>	<b>Periods</b>
Building and constructions	20
Machinery and equipment	8
Tools and equipment	4
Office furniture and equipment	4
Computer & software	2
Lab equipment	4
Office equipment	2
Motor Vehicles	4

**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.

**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 Rights of use Assets**

Rights of use assets that are represented at the present value of operating lease liabilities and shown in the balance sheet and deducted from it the accumulated amortization and any impairment in their value, and it is amortized using the straight-line method over the number of years of the contract.

**32-10 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 FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

- 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**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.

**32-11 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".

**32-12 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;



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

- 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.

### 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

**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.

**32-13 Operating lease**

The rights of use policy is recognized as well as an liability which represents the present value of the unpaid operating lease liabilities within the company's liabilities.

**32-14 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.

**32-15 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.

**32-16 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.

**32-17 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

### 32-18 Payables, due to related parties ,creditors and credit balances

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

### 32-19 Cash flow statement

Cash flow statement is prepared according to the indirect method.

### 32-20 Cash dividends

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

### 33- Significant events after the end of the financial period and do not require amendments to the financial statements

The impact of the recent outbreak of the virus (Covid-19) on the global economy and markets continues. And its negative impact on several aspects, including supplies, workforce, operations and the demand for our products and the liquidity available to the company. Accordingly, the company's management has formed a working group to develop and implement contingency plans to meet these exceptional circumstances. And we are currently closely monitoring and evaluating all developments related to the spread of the emerging virus. As all necessary procedures will be taken to keep our operations up and running. and, most importantly to protect our employees, suppliers, customers of the company and all stakeholders associated with the company.

According to our current knowledge and available information, we do not expect the emerging (Covid-19) virus to have an impact on the company's ability to continue for the foreseeable future.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
1- The new Egyptian Accounting Standard No. (47) "Financial Instruments"	<p>1- The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</p> <p>2- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p> <p>3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos. (1), (25), (26) and (40) are to be simultaneously applied.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
<p>The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"</p>	<p>4- based on the requirements of this standard the following standards were amended :</p> <ul style="list-style-type: none"> <li>- Egyptian Accounting Standard No. (1)"Presentation of Financial Statements" as amended in 2019]</li> <li>2- Egyptian Accounting Standard No. (4) -"Statement of Cash Flows".</li> <li>3- Egyptian Accounting Standard No. (25)- "Financial Instruments: Presentation.</li> <li>4- Egyptian Accounting Standard No. (26)- "Financial Instruments: Recognition and Measurement".</li> <li>5- Egyptian Accounting Standard - EAS "Financial Instruments: Disclosures "</li> </ul> <p>1. The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void:</p> <ul style="list-style-type: none"> <li>2. Egyptian Accounting Standard No. (8) - Construction Contracts as amended in 2015.</li> <li>3. Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015.</li> <li>4. For revenue recognition, Control Model is used instead of Risk and Rewards Model.</li> <li>5. incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met</li> </ul>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<ul style="list-style-type: none"> <li>- These amendments are effective as of the date of implementing Standard No. (47) Standard No(48) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted</li> </ul>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	<p>6. the standard requires that contract must have a commercial substance in order for revenue to be recognized</p> <p>7. Expanding in the presentation and disclosure requirements</p> <p>1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (38) as amended " Employees Benefits "	<p>2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts .</p> <p>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p> <p>4- As for the finance lease , the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract .</p> <p>5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.</p> <p>A number of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans</p>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
<p>Egyptian Accounting Standard No. (42) as amended " Consolidated Financial Statements"</p> <p>Issuance of</p>	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were ammended are as follows:</p> <ul style="list-style-type: none"> <li>- (ESA 15) Related Party Disclosures</li> <li>- (ESA 17) Consolidated and Separate Financial Statements</li> <li>- (ESA 18) Investments in Associates</li> <li>- (ESA 24) Income Taxes</li> <li>- (ESA 29) Business Combinations</li> <li>- ESA( 30) Periodical Financial Statements</li> <li>- EAS (44) Disclosure of Interests in Other Entities.</li> </ul> <p>This interpretation provides guidance on the accounting by operators of public service privileges arrangements from a public entity to a private entity for the construction, operation and maintenance of the infrastructure for public utilities such as roads, bridges, tunnels, hospitals, airports, water supply facilities, power supplies and communications networks. ... etc</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p> <p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p> <p>-The new or amended paragraphs pertaining to the ammended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as ammended and issued in 2019</p> <p>Interpretation No.(1) applies to financial periods beginning on or after January 1st, 2019,</p>



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Interpretation No.(1)"Public Service Privileges Arrangements" ...	This interpretation gives the option of continuing to apply the prior treatment of public service privileges arrangements that prevailed prior to January 1st,2019 on entities that used to recognize and measure the assets of these arrangements as fixed assets in accordance with Egyptian Accounting Standard No. 10 "Fixed Assets and Depreciation"until their useful lives are expired .		
Egyptian Accounting Standard No. (22) as amended " Earnings per Share	The scope of implementaion of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The Management implemented the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (34) as amended " Real Estate Investment	The Fair Value Model option for all enterprises is no longer used when the subsequent measurement of their real estate investments is made and compliance shall apply only to the Cost Model. while only real estate investment funds are obliged to use the Fair Value Model, upon the subsequent measurement of all their real estate assets. Based on this amendment, the following standards were amended : - Egyptian Accounting Standard No. (32) Non-current Assets Held for Sale and Discontinued Operation - Egyptian Accounting Standard No. (31) Impairment of Assets	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (4) as amended " Statemnet of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .	The Management implemented the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.

## PARACHUTE KALPAVRIKSHA FOUNDATION

**BOARD OF DIRECTORS  
(AS ON MARCH 31, 2020)**

Mr. Saugata Gupta  
Mr. Jitendra Mahajan  
Mr. Udayraj Prabhu

**REGISTERED OFFICE**

7th Floor, Grande Palladium, 175, CST Road,  
Kalina, Santa Cruz (East), Mumbai 400 098

**AUDITORS**

V. P. Raju & Associates

**BANKERS**

Standard Chartered Bank

# PARACHUTE KALPAVRIKSHA FOUNDATION

To

## **The Members.**

### **M/s. PARACHUTE KALPAVRIKSHA FOUNDATION**

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

##### **Opinion**

We have audited the financial statements ***M/s PARACHUTE KALPAVRIKSHA FOUNDATION*** (“the Company”), which comprise the balance sheet as at 31st March 2020, the statement of Income and Expenditure, statement of cash flows for the year ended 31st March 2020 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information .

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, Income and Expenditure and its cash flows for the year ended on that date.

##### **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

##### **Key Audit Matters**

Being a section 8 company and not fulfilling the criteria prescribed, key audit matters, (if any), are not been highlighted.

##### **Responsibility of Management for the 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 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the company’s financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in

- (i) planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

## **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, is not applicable as none of the conditions are satisfied

As required by Section 143(3) of the Act, we report that:

## PARACHUTE KALPAVRIKSHA FOUNDATION

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.

- (a) 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.
- (b) The Balance Sheet, the Statement of Income and Expenditure, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (c) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (d) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (e) The company has an internal financial control system in place. Such financial control system is adequate in the context of the size of the company and the nature of industry and such control is operating effectively;
- (f) The requirement under section 197(16) is not applicable, being a section 8 company; and
- (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 has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company .

For **V P RAJU AND ACCOIATES**  
**Chartered Accountants**  
**(FRN : 015701S)**

**V P Raju**  
**Proprietor**  
**Membership No. 224604**

Place : Coimbatore

Date : 08.06.2020

# PARACHUTE KALPAVRIKSHA FOUNDATION

## BALANCE SHEET

As at 31 March, 2020

Particulars	Notes No.	As at March 31,	
		2020	2019
		₹	₹
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
Share Capital		-	-
Reserves and Surplus	1	170,860	677,101
<b>2 Non-current liabilities</b>		-	-
		<b>170,860</b>	<b>677,101</b>
<b>3 Current Liabilities</b>			
Due to Others	2	30,000	20,000
Other Current Liabilities	3	29,65,690	-
		<b>2,995,690</b>	<b>20,000</b>
<b>TOTAL</b>		<b>3,166,550</b>	<b>697,101</b>
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	4	628,978	695,061
		<b>628,978</b>	695,061
<b>2 Current assets</b>			
Cash and Cash Equivalents	5	2,200,235	2,040
Other Current Assets	6	337,336	-
		<b>2,537,571</b>	2,040
<b>Total</b>		<b>3,166,550</b>	<b>697,101</b>

See accompanying notes to the financial statements

As per Our report of even date attached

For V P RAJU AND ASSOCIATES

Chartered Accountants  
(FRN : 015701S)

V P Raju

Proprietor

Memb. No. 224604

Place: Coimbatore

Date: 08.06.2020

For and on behalf of the Board of Directors

**PARACHUTE KALPAVRIKSHA FOUNDATION**

**Saugata Gupta**

Director

DIN.05251806

**Jitendra Ananda Mahajan**

Director

DIN.02602356

**Udayraj Vijay Prabhu**

Director

DIN.08315364

PARACHUTE KALPAVRIKSHA FOUNDATION

**INCOME AND EXPENDITURE STATEMENT**

For the year ended 31 March, 2020

Particulars	Note No.	For the year ended March 31	
		2020	2019
		₹	₹
<b>I INCOME</b>			
Other Income	7	29,984,512	1,352,370
<b>TOTAL REVENUE</b>		<b>29,984,512</b>	<b>1,352,370</b>
<b>II EXPENSES/APPLICATION OF INCOME</b>			
Depreciation and Amortization Expenses	4	66,082	543
Other Expenses	8	30,424,671	674,726
<b>TOTAL EXPENSES</b>		<b>30,490,753</b>	<b>675,269</b>
<b>III Net Income/Transferred to Reserve</b>		<b>(506,241)</b>	<b>677,101</b>
<b>IV Company is seeking exemption under income tax hence no tax provision</b>		-	-
<b>V Net Income/Transferred to Reserve</b>		<b>(506,241)</b>	<b>677,101</b>
<b>VI Earnings per Equity Share</b>		<b>Not Applicable</b>	<b>Not Applicable</b>

See accompanying notes to the financial statements

As per Our report of even date attached

For V P RAJU AND ASSOCIATES

Chartered Accountants  
(FRN : 015701S)

V P Raju  
Proprietor  
Memb. No. 224604  
Place: Coimbatore  
Date: 08.06.2020

For and on behalf of the Board of Directors  
PARACHUTE KALPAVRIKSHA FOUNDATION

Saugata Gupta  
Director  
DIN.05251806

Jitendra Ananda Mahajan  
Director  
DIN.02602356

Udayraj Vijay Prabhu  
Director  
DIN.08315364

PARACHUTE KALPAVRIKSHA FOUNDATION

**STATEMENT OF CASH FLOWS**

For the year ended 31 March, 2020

Particulars	For the year ended March 31			
	2020	2020	2019	2019
	₹	₹	₹	₹
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Excess /(Deficit) of Expenditure over Income		(506,241)		677,101
Adjustments for:				
Depreciation	66,082		543	
		<b>66,082</b>		<b>543</b>
Operating profit before working capital changes		(440,158)		677,644
Adjustments for				
Increase/(Decrease) in Other Current Liabilities	2,975,690		20,000	
(Increase)/Decrease in Other Current Assets	(337,336)			
		<b>2,638,354</b>		<b>20,000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		<b>2,198,195</b>		<b>697,644</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	-		(695,604)	
		-		(695,604)
		<b>2,198,195</b>		<b>2,040</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Net increase in cash and cash equivalents-A-B+C		<b>2,198,195</b>		<b>2,040</b>
<b>Opening balance of cash and cash equivalents</b>		<b>2,040</b>		<b>-</b>
<b>Closing balance of cash and cash equivalents</b>		<b>2,200,235</b>		<b>2,040</b>

See accompanying notes to the financial statements

As per Our report of even date attached

For **V P RAJU AND ASSOCIATES**

Chartered Accountants

(FRN : 015701S)

**V P Raju**

Proprietor

Memb. No. 224604

Place: Coimbatore

Date: 08.06.2020

For and on behalf of the Board of Directors

**PARACHUTE KALPAVRIKSHA FOUNDATION**

**Saugata Gupta**

Director

DIN.05251806

**Jitendra Ananda Mahajan**

Director

DIN.02602356

**Udayraj Vijay Prabhu**

Director

DIN.08315364



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 1 Reserves and Surplus

Particulars	As at March 31	
	2020	2019
	₹	₹
<b>Balance in Income and Expenditure Statement</b>		
Opening Balance	677,101	-
Add: Surplus /(Deficit) of Income over Expenditure for the year	(506,241)	677,101
<b>Total</b>	<b>170,860</b>	<b>677,101</b>

### 2. Trade Payables

Particulars	As at March 31	
	2020	2019
	₹	₹
Due to Micro and Small Enterprises	-	-
Due to Others	30,000	20,000
<b>Total</b>	<b>30,000</b>	<b>20,000</b>

### 3 Other Current Liabilities

Particulars	As at March 31	
	2020	2019
	₹	₹
Other Payables	2,684,438	-
<b>Statutory Dues</b>		
TDS on Professional Charges	196,478	
TDS Payable on Contractors	68,624	
TDS on Rentals	10,548	
GST - RCM Payable	5,602	-
	<b>281,252</b>	
<b>Total</b>	<b>2,965,690</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 4 Fixed Assets

Particulars	Gross Block		Depreciation		Net Block	
	Opening Balance	Additions during the year	Closing Balance	Opening Balance	Depreciation for the year	Closing Balance
	1.4.2019	31.3.2020	01.04.2019	31.3.2020	31.3.2020	31.3.2019
Power Tiller	367,136	-	367,136	287	34,878	331,971
Cultivator	35,000	-	35,000	27	3,325	31,648
Rotavator Shredder	293,468	-	293,468	229	27,879	265,359
<b>Total</b>	<b>695,604</b>	<b>-</b>	<b>695,604</b>	<b>543</b>	<b>66,082</b>	<b>628,978</b>

As per Our report of even date attached

**For V P RAJU AND ASSOCIATES**  
Chartered Accountants  
(FRN : 015701S)

**V P Raju**  
Proprietor  
Memb. No. 224604  
Place: Coimbatore  
Date: 08.06.2020

For and on behalf of the Board of Directors  
**PARACHUTE KALPAVRIKSHA FOUNDATION**

**Saugata Gupta**  
Director  
DIN.05251806

**Jitendra Ananda Mahajan**  
Director  
DIN.02602356

**Udayraj Vijay Prabhu**  
Director  
DIN.08315364

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 5 Cash and Cash Equivalents

Particulars	As at March 31	
	2020	2019
	₹	₹
Balances with Bank	2,200,235	2,040
<b>Total</b>	<b>2,200,235</b>	<b>2,040</b>

### 6 Other Current Assets

Particulars	As at March 31	
	2020	2019
	₹	₹
Other Advances	337,336	-
<b>Total</b>	<b>337,336</b>	<b>-</b>

### 7 Other income

Particulars	For the year ended March 31	
	2020	2019
	₹	₹
<b>Other income</b>		
Donations Received	29,919,526	1,350,500
Interest Received	13,514	1,870
Other Misc Income	51,472	-
<b>Total</b>	<b>29,984,512</b>	<b>1,352,370</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 8 Other Expenses

Particulars	For the year ended March 31	
	2020	2019
	₹	₹
<b>Project Expenses</b>		
Agri Extension	17,326,565	
Water Conservation	4,556,143	
Thanjavur relief work	3,032,418	
Kalpavriksha knowledge center	1,802,728	
Others (i.e. Agri Business center, workshops, etc.)	2,687,657	
	<b>29,405,511</b>	
Power and Fuel	6,869	
Rent for office building	316,242	-
Repairs & Maintenance Others	13,610	-
Internet Charges	7,721	
Telephone Charges	1,035	
Travelling & Conveyance	297,249	
Professional Charges	276,970	
Legal Charges for Others	45,675	
<b>Auditors Remuneration</b>		
For Statutory Audit	30,000	20,000
Root feedings	-	419,376
Coconut seedlings	-	160,600
Banana Saplings	-	74,750
Fees For Company Laws	3,026	
Round off	1	
Foreign Exchange Loss	10,267	
Mis. Interest	8,241	
Bank Charges	2,254	
<b>Total</b>	<b>30,424,671</b>	<b>674,726</b>

### 9 Related Party Transactions

During the year the Company has entered into following related party transactions:

Name of the Related Party	Nature of Relationship	Nature of Transaction	2019-20	2018-19
			₹	₹
Marico Ltd	Holding Company	Donation received	29,919,526	1,350,500

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 10 Background:

**PARACHUTE KALPAVRIKSHA FOUNDATION(PKF)** is a wholly owned subsidiary of Marico Limited, incorporated in India, a not-for-profit institution, established in 2018, registered as a Section 8 company under the Companies Act 2013, to undertake, assist aid, support and promote development of Farmer community.

PKF works closely with Farmers, social organisations, social entrepreneurs to promote Farmer Community, environmental sustainability, ecological balance and conservation of natural resources by performing social activities including awareness campaigns, undertaking education for crop yield improvement and deployment of farm techniques, implementing best farm practices..

### 11 Significant Accounting Policies

The financial statements have been prepared on accrual basis under the historical cost convention in accordance with the Generally Accepted Accounting Principles (Indian GAAP) and the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. The financial statements are prescribed in the Indian rupees.

### 12 Uses 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.

### 13 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.

### 14 Provisions

A provision is recognized when the company has present obligations as a result of past events and it is probable that an outflow of resources will be required to settle the obligations in respect of which a reliable estimate can be made. Provisions are not discounted at their present value and are determined based on the best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

### 15 Cash Flow Statements

Cash Flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### 16 Revenue Recognition

Donations received are accounted on the date of receipt. All donations received during the year are towards the objectives of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2020

### 17 Income Tax

The Company is seeking exemption from Income Tax under section 12AA of the Income Tax Act, 1961

Particular	(Amount in ₹)
18 Expenditure in Foreign Currency	1220645
19 Earning in Foreign Currency	NIL
20 Micro Small and Medium Enterprises Development Act 2006: Based on the intimations received from the Suppliers regarding their status under the MSMED Act 2006, the following information is furnished. Payment to MSME suppliers is as per the terms of purchase. <b>Principal amount and interest due thereon remaining unpaid :</b> Principal amount and the interest due thereon remaining unpaid as at the end of accounting year Amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of payment made to the supplier beyond the appointed day during each accounting year Amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED ACT, 2006 not paid) Amount of interest accrued and remaining unpaid at the end of accounting year Amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of dis allowance as a deductible expenditure u/s 23.	NIL NIL NIL NIL NIL
21 Transaction with related parties ( Related parties as identified by the management)	
(a) Key Management Personnel	Saugata Gupta Director Jitendra Ananda Mahajan Director Udayraj Vijay Prabhu Director
(b) Relatives of Key Management Personnel	NIL

Particulars	₹
Total	NIL
Outstanding payable	NIL
Outstanding receivable	NIL

22 Previous year figures has been regrouped wherever necessary.

See accompanying notes to the financial statements

As per Our report of even date attached

For and on behalf of the Board of Directors

**PARACHUTE KALPAVRIKSHA FOUNDATION**

For V P RAJU AND ASSOCIATES

Chartered Accountants  
(FRN : 015701S)

**Saugata Gupta**  
Director  
DIN.05251806

**V P Raju**  
Proprietor  
Memb. No. 224604

**Jitendra Ananda Mahajan**  
Director  
DIN.02602356

**Udayraj Vijay Prabhu**  
Director  
DIN.08315364

Place: Coimbatore

Date: 08.06.2020

## MARICO LANKA (PRIVATE) LIMITED

**BOARD OF DIRECTORS  
(AS ON MARCH 31, 2020)**

Mr. Jitendra Mahajan  
Mr. Manav Sahni  
Mr. Gaurav Sarda  
Mr. Weerasekara Mudiyanseelage Jayantha Weerasekara

**REGISTERED OFFICE**

36 - 3/1, Haig Road, Bambalapatiya,  
Colombo - 04, Sri Lanka

**AUDITORS**

Deloitte  
SJMS Associates

**BANKERS**

Standard Chartered Bank

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MARICO LANKA (PVT) LTD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Marico Lanka (Pvt) Ltd ("the Company") which comprise the statement of financial position as at 31st March 2020, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Other Information

The management is responsible for the other information. The other financial and non-financial information were not provided to us to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

Management is responsible for the preparation and fair presentation of financial statements in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka.

Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



## MARICO LANKA (PRIVATE) LIMITED

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### **Report on Other Legal and Regulatory Requirements**

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as it appears from our examination, proper accounting records have been kept by the Company.

### **SJMS ASSOCIATES**

Chartered Accountants

1st May 2020

Note: The exchange rate use to convert LKR to ₹ 0.400.

## STATEMENT OF FINANCIAL POSITION

As at 31 March, 2020

Particulars	Note	2020 LKR	2020 ₹ Crore
<b>ASSETS</b>			
<b>Current assets</b>			
Security deposit		300,000	0.01
Inventories	10	11,561,945	0.46
Trade receivables	11	33,357,733	1.33
Cash & cash equivalents	12	13,521,841	0.54
<b>Total current assets</b>		<b>58,741,519</b>	<b>2.35</b>
<b>Total assets</b>		<b>58,741,519</b>	<b>2.35</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	13	24,942,526	1.00
Reserves & surplus		(39,135,610)	(1.57)
		<b>(14,193,084)</b>	<b>(0.57)</b>
<b>Current liabilities</b>			
Trade payables		17,661,007	0.71
Amounts due to related parties	14	54,873,594	2.19
Other current liabilities	15	400,002	0.02
<b>Total liabilities</b>		<b>72,934,603</b>	<b>2.92</b>
<b>Total equity and liabilities</b>		<b>58,741,519</b>	<b>2.35</b>

I certify that these financial statements comply with the requirements of the Companies Act No. 07 of 2007.

\_\_\_\_\_  
Finance manager

The board of directors is responsible for the presentation and preparation of these financial statements.

Signed for and on behalf of the Board of directors by the following on 1st May 2020.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

The accounting policies and notes from 01 to 19 form an integral part of these financial statements.

Note: The exchange rate use to convert LKR to ₹ 0.400.

# MARICO LANKA (PRIVATE) LIMITED

## STATEMENT OF PROFIT OR LOSS

FOR THE THIRTEEN MONTHS PERIOD ENDED 31<sup>ST</sup> MARCH 2020

Particular	Note	For the period from	For the period from
		03rd March 2019 to 31st March 2020	03rd March 2019 to 31st March 2020
		LKR	₹ Crore
Revenue	3	28,571,927	1.14
Cost of sales	4	(29,879,989)	(1.20)
<b>Gross profit</b>		<b>(1,308,062)</b>	<b>(0.05)</b>
Other income	5	3,318,732	0.13
Administration expenses	6	(5,699,065)	(0.23)
Selling & distribution expenses	7	(35,353,575)	(1.41)
Finance cost	8	(93,640)	(0.00)
<b>Profit before taxation</b>		<b>(39,135,610)</b>	<b>(1.57)</b>
Income tax expense	9	-	-
<b>Profit for the year</b>		<b>(39,135,610)</b>	<b>(1.57)</b>

The accounting policies and notes from 01 to 19 form an integral part of these financial statements.

Note: The exchange rate use to convert LKR to ₹ 0.400.

MARICO LANKA (PRIVATE) LIMITED

**STATEMENT OF CHANGES IN EQUITY**

FOR THE THIRTEEN MONTHS PERIOD ENDED 31<sup>ST</sup> MARCH 2020

Particulars	Stated capital	Accumulated profit/ loss	Total Equity	Stated capital	Accumulated profit/ loss	Total Equity
	LKR	LKR	LKR	₹ Crore	₹ Crore	₹ Crore
<b>Balance as at 03rd March 2019</b>	-	-	-	-	-	-
Share issue during the period	24,942,526	-	24,942,526	1.00	-	1.00
Loss for the period	-	(39,135,610)	(39,135,610)	-	(1.57)	(1.57)
Currency translation	-	-	-	-	-	-
<b>Balance as at 31st March 2020</b>	<b>24,942,526</b>	<b>(39,135,610)</b>	<b>(14,193,084)</b>	<b>1.00</b>	<b>(1.57)</b>	<b>(0.57)</b>

The accounting policies and notes from 01 to 19 form an integral part of these financial statements.

Note: The exchange rate use to convert LKR to ₹ 0.400.

**STATEMENT OF CASH FLOWS**FOR THE THIRTEEN MONTHS PERIOD ENDED 31<sup>ST</sup> MARCH 2020

Particulars	Year ended	
	31.03.2020	31.03.2020
	₹ LKR	₹ Crore
<b>Cash flows from operating activities</b>		
<b>Net profit before taxation for the period/year</b>	<b>(39,135,610)</b>	<b>(1.57)</b>
<b>Changes in working capital</b>		
Increase / (decrease) in inventories	(11,561,945)	(0.46)
Increase / (decrease) in trade and other receivables	(33,357,733)	(1.33)
Increase / (decrease) in trade and other payables	17,661,007	0.71
Increase / (decrease) in other current liabilities	400,002	0.02
Increase / (decrease) in amounts due to related parties	54,873,594	2.19
<b>Cash generated from operations</b>	<b>(11,120,685)</b>	<b>(0.44)</b>
Tax paid	-	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(11,120,685)</b>	<b>(0.44)</b>
<b>Cash flows from investing activities</b>		
Proceeds from share issue	24,942,526	1.00
<b>Net cash flows used in investing activities</b>	<b>24,942,526</b>	<b>1.00</b>
<b>Cash flows from financing activities</b>		
Security deposit paid	(300,000)	(0.01)
<b>Net cash flows (used in)/ from financing activities</b>	<b>(300,000)</b>	<b>(0.01)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>13,521,841</b>	<b>0.54</b>
Cash and cash equivalents, at the beginning of the year	-	-
Cash and cash equivalents, at the end of the year	<b>13,521,841</b>	<b>0.54</b>
<b>Cash and cash equivalents at the end of the year comprise:</b>		
Cash at bank	13,521,841	0.54
	<b>13,521,841</b>	<b>0.54</b>

The accounting policies and notes from 01 to 19 form an integral part of these financial statements.

Note: The exchange rate use to convert LKR to ₹ 0.400.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE THIRTEEN MONTHS PERIOD ENDED 31<sup>ST</sup> MARCH 2020

### 1. General information

Marico Lanka (Pvt) Ltd is a Private limited Company incorporated in Sri Lanka on 3rd March 2019.

Under the Companies Act. No 07 of 2007.

The registered office of the company is located at No. 68/5, Elvitigala Mawatha, Colombo 08.

#### 1.2. Principal activities & nature of operations

The company is carrying on the business of manufacturing and distribution of Consumer Goods on a wholesale basis, within the permitted legal framework of Sri Lanka.

#### 1.3. Date of authorization for issue

The financial statements were authorized for issue by the Board of Directors on 1st May 2020.

### 2. Basis of preparation

#### 2.1 Statement of compliance

The financial statements of the company (statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement together with accounting policies and notes) are prepared in accordance with Sri Lanka Accounting Standard (SLFRS) as issued by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No.07 of 2007.

#### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise stated in the financial statements.

#### 2.3 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the company's functional currency and presentation currency. All financial information presented in Sri Lanka Rupees is rounded to the nearest rupee unless otherwise stated.

#### Summary of significant accounting policies

##### 2.4.1 Revenue

The company recognizes sales and revenues on delivery of merchandise to its customers when the goods are transferred at an agreed price, and significant risks and rewards have been transferred and no effective ownership control is retained. Sales are net of discounts and sales returns. Sales tax and Value added tax are deducted from turnover. Other income is recognized on an accrual basis.

##### 2.4.2 Expenditure recognition

Expenses are recognized in the statement of comprehensive income on an accrual basis. All expenditure incurred in the running of the business and in maintaining the property and equipment in a state of efficiency has been charged to revenue in arriving at the profit/ (loss) for the year.

Inventories are valued at lower of cost and net realizable value. Cost includes all applicable expenses incurred in bringing the goods till their first location in the company and is determined on weighted average basis. Inventories are stated net of write down or allowance for damaged or defective items, if any.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE THIRTEEN MONTHS PERIOD ENDED 31<sup>ST</sup> MARCH 2020**2.4.3 Cash and cash equivalents**

Cash and cash equivalents comprise balances with banks.

**2.4.4 Stated capital**

Ordinary shares are classified as equity.

**2.4.5 Liabilities and provisions**

All known liabilities as at the reporting date have been included in the financial statements and adequate provisions are recognized when the company has a present obligation as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**2.4.6 Use of estimates and judgments**

The preparation of financial statements in conformity with SLFRS for SMEs 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 recognized in the period in which the estimates are revised and in future periods affected.

**3 Revenue**

Particulars	For the period from	For the period from
	03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020	03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020
	LKR	₹ Crore
Revenue from manufacturing activities	24,195,965	0.97
Revenue from trading activities	4,375,962	0.18
	<b>28,571,927</b>	<b>1.14</b>

**4 Cost of sales**

Particulars	For the period from	For the period from
	03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020	03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020
	LKR	₹ Crore
<b>Opening stock at the beginning of the year</b>		
Cost of materials consumed	-	-
Cost of raw materials	2,077,367	0.08
Cost of packing materials	859,319	0.03
	<b>2,936,686</b>	<b>0.12</b>
Inventory - Finished goods	(2,029,159)	(0.08)
Cost of goods sold	13,164,597	0.53
	<b>14,072,124</b>	<b>0.56</b>
Freight forwarding charges	<b>14,966,545</b>	<b>0.60</b>
Processing and other manufacturing cost	841,320	0.03
	<b>29,879,989</b>	<b>1.20</b>

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE THIRTEEN MONTHS PERIOD ENDED 31<sup>ST</sup> MARCH 2020**5 Other income**

Particulars	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 LKR	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 ₹ Crore
Income write off	3,318,732	0.13

**6 Administration expenses**

Particulars	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 LKR	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 ₹ Crore
Audit fee	192,500	0.01
Rent & storage charges	175,598	0.01
Legal & professional charges	4,216,659	0.17
Taxes and duties	350,002	0.01
Royalty	714,306	0.03
Director's remuneration	50,000	0.00
	5,699,065	0.23

**7 Selling & distribution expenses**

Particulars	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 LKR	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 ₹ Crore
Advertisements & sales promotions	26,398,662	1.06
Distribution expenses	8,954,913	0.36
	35,353,575	1.41

**8 Finance cost**

Particulars	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 LKR	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 ₹ Crore
Bank charges	93,640	0.00



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE THIRTEEN MONTHS PERIOD ENDED 31<sup>ST</sup> MARCH 2020

## 9 Income tax expense

Particulars	For the period from	For the period from
	03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020	03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020
	LKR	₹ Crore
Income tax charge for the year (note 9.1)	-	-
Under/ (over) provision of prior year taxes	-	-
Deferred tax expense for the year	-	-
Income tax expense for the year	-	-
	-	-

## 9.1 Reconciliation between accounting profit and taxable profit/ (loss)

Particulars	For the period from	For the period from
	03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020	03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020
	LKR	₹ Crore
Accounting profit before tax	(39,135,610)	(1.57)
Aggregate disallowed items	-	-
Aggregate allowable expenses	-	-
Adjusted taxable profit/ (loss)	(39,135,610)	(1.57)
Interest income	-	-
Total statutory income	(39,135,610)	(1.57)
Loss claimed	-	-
Taxable income	(39,135,610)	(1.57)
Income tax @ 14%	-	-

## 10 Inventories

Particulars	For the period from	For the period from
	03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020	03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020
	LKR	₹ Crore
Raw materials	1,000,739	0.04
Packing materials	340,764	0.01
Finished goods	26,909	0.00
	<b>1,368,412</b>	<b>0.05</b>
Goods in transit	10,193,533	0.41
	<b>11,561,945</b>	<b>0.46</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE THIRTEEN MONTHS PERIOD ENDED 31<sup>ST</sup> MARCH 2020

## 11 Trade receivables

Particulars	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 LKR	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 ₹ Crore
A. Bours & Co. (Pvt) Ltd	33,357,733	1.33

## 12 Cash &amp; cash equivalents

Particulars	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 LKR	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 ₹ Crore
Standard Chartered Bank	13,521,841	0.54

## 13 Stated capital

Particulars	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 LKR	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 ₹ Crore
Issued and fully paid ordinary shares of Rs. 10	24,942,526	1.00

## 14 Amounts due to related parties

Particulars	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 LKR	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 ₹ Crore
Marico India	18,566,017	0.74
Marico Industries Limited	36,307,577	1.45
	<b>54,873,594</b>	<b>2.19</b>

## 15 Other current liabilities

Particulars	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 LKR	For the period from 03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020 ₹ Crore
Director's remuneration payable	50,000	0.00
Statutory dues	350,002	0.01
	<b>400,002</b>	<b>0.02</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE THIRTEEN MONTHS PERIOD ENDED 31<sup>ST</sup> MARCH 2020

## 16 Income tax payable/ (receivable)

Particulars	For the period from	For the period from
	03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020	03 <sup>rd</sup> March 2019 to 31 <sup>st</sup> March 2020
	LKR	₹ Crore
Balance at the beginning of the year	-	-
Tax expense for the year	-	-
(Over)/ under provision of prior year taxes	-	-
Payments made during the year	-	-
WHT receivables	-	-
Balance at the end of the year	-	-
	-	-

## 17 Related party disclosures

## 17.1 Transactions with related parties

## Identification of related parties

Related parties includes key management personnel defined as having authority and responsibility for planning directing and controlling the activities of the company.

During the year Mr. Jithendra Ananda, Mr. Manav Sahini, Mr. Gaurav Sarda and Mr. Jayantha Weerasekara were the Directors of the company.

Company's Name	Nature of the relationships	Nature of transaction	Transaction value	Outstanding value	Transaction value	Outstanding value
			LKR	LKR	₹ Crore	₹ Crore
Marico India Limited	Parent	Purchases	21,442,836	54,873,594	0.86	2.19
		Royalty expense	714,307	-	0.03	-
		Sales manager's salary	35,593,271	-	1.42	-

## 17.2 Transactions with the key management personnel

Key management personnel include members of the Board of Directors of the company and other employees having authority and responsibility for planning, directing and controlling the activities of the company.

There were no compensations paid to key management personnel during the year other than the following:

## 17.3 Compensation to key management personnel during the period are as follows.

	2019/20	
	LKR	₹ Crore.
Short term employee benefits	50,000	0.00

## 18 Capital commitment and contingent liabilities

There were no material capital commitments outstanding as at the reporting date .

## 19 Events after the reporting period

There were no significant contingent liabilities and capital commitments as at the financial position date that would require adjustments to or disclosure in the financial statements.




marico  
make a difference


**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  
7<sup>th</sup> floor, Grande Palladium  
175, CST Road, Kalina, Santacruz (East)  
Mumbai 400 098

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