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# INDEX

## 01 MARICO BANGLADESH LIMITED (MBL)

Company Information .....	1
Independent Auditor's Report .....	2
Statement of Financial Position .....	6
Statement of Profit and Loss and other Comprehensive Income ...	7
Statement of Changes in Equity .....	8
Statement of Cash Flow .....	9
Notes to the Financial Statements .....	10

## 02 MBL INDUSTRIES LIMITED (MBLIL)

Company Information .....	49
Independent Auditor's Report .....	50
Statement of Financial Position .....	52
Statement of Profit and Loss and other Comprehensive Income ..	53
Statement of Changes in Equity .....	54
Statement of Cash Flow .....	55
Notes to the Financial Statements .....	56

## 03 MARICO MIDDLE EAST FZE (MME)

Company Information .....	63
Independent Auditor's Report .....	64
Consolidated Statement of Financial Position .....	66
Consolidated Statement of Profit and Loss and other Comprehensive Income .....	67
Consolidated Statement of Changes in Equity .....	68
Consolidated Statement of Cash Flow .....	69
Notes to the Financial Statements .....	70

## 04 MEL CONSUMER CARE S.A.E. (MELCC)

Company Information .....	91
Independent Auditor's Report .....	92
Separate Statement of Financial Position .....	94
Separate Income Statement .....	95
Statement of Comprehensive Income .....	96
Separate Statement of Changes in Shareholder's Equity .....	97
Statement of Cash Flow .....	98
Notes to the Separate Financial Statements .....	99

## 05 MARICO EGYPT FOR INDUSTRIES S.A.E. (MEIC)

Company Information .....	117
Independent Auditor's Report .....	118
Statement of Financial Position .....	120
Income Statement .....	121
Statement of Comprehensive Income .....	122
Statement of Changes in Equity .....	123
Statement of Cash Flow .....	124
Notes to the Financial Statements .....	125

## 06 MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

Company Information .....	141
Independent Auditor's Report .....	142
Consolidated and Separate Statements of Financial Position .....	145
Consolidated and Separate Statements of Profit and Loss and Other Comprehensive Income .....	146
Consolidated and Separate Statements of Changes in Equity .....	147
Consolidated and Separate Statements of Cash Flow .....	148
Notes to the Consolidated and Separate Annual Financial Statements .....	149

## 07 MARICO SOUTH AFRICA (PTY) LIMITED (MSA)

Company Information .....	184
Independent Auditor's Report .....	185
Statement of Financial Position .....	188
Statement of Profit and Loss and Other Comprehensive Income .....	189
Statement of Changes in Equity .....	190
Statement of Cash Flow .....	191
Notes to the Financial Statements .....	192

## 08 MARICO MALAYSIA SDN. BHD. (MMSB)

Company Information .....	225
Independent Auditor's Report .....	226
Statement of Financial Position .....	228
Statement of Comprehensive Income .....	229
Statement of Changes in Equity .....	230
Statement of Cash Flow .....	231
Notes to the Financial Statements .....	232

## 09 MARICO SOUTH EAST ASIA CORPORATION (MSEA)

Company Information .....	241
Independent Auditor's Report .....	242
Balance Sheet .....	244
Statement of Income .....	246
Statement of Cash Flow .....	247
Notes to the Financial Statements .....	249

<b>10 MARICO INNOVATION FOUNDATION (MIF)</b>		<b>15 APCOS NATURALS PRIVATE LIMITED (ANPL)</b>	
Company Information .....	265	(w.e.f. July 21, 2021)	
Independent Auditors' Report .....	266	Company Information .....	371
Balance Sheet .....	268	Independent Auditor's Report .....	372
Statement of Income and Expenditure .....	269	Balance Sheet .....	379
Cash Flow Statement .....	270	Statement of Profit & Loss .....	380
Notes to the Financial Statements .....	271	Statement of Cash Flow .....	381
		Statement of Changes in Equity .....	382
		Notes to the Financial Statements .....	383
<b>11 MARICO FOR CONSUMER CARE PRODUCTS</b>		<b>16 MARICO GULF LLC (MLLC) (w.e.f. January 17, 2022)</b>	
<b>S.A.E. (MFCC)</b>		Company Information .....	425
Company Information .....	275	Independent Auditor's Report .....	426
Independent Auditor's Report .....	276	Statement of Financial Position .....	428
Statement of Financial Position .....	278	Statement of Profit or Loss and Other	
Income Statement .....	279	Comprehensive Income .....	429
Statement of Comprehensive Income .....	280	Statement of Cash Flow .....	430
Statement of Changes in Equity .....	281	Statement of Changes in Shareholders' Equity .....	431
Statement of Cash Flow .....	282	Notes to the Financial Statements .....	432
Notes to the Financial Statements .....	283		
<b>12 PARACHUTE KALPAVRIKSHA FOUNDATION (PKF)</b>		<b>17 EGYPTIAN AMERICAN INVESTMENT AND</b>	
Company Information .....	309	<b>INDUSTRIAL DEVELOPMENT COMPANY S.A.E.</b>	
Independent Auditor's Report .....	310	<b>(EAIIDC) (under liquidation)</b>	
Balance Sheet .....	314		
Income and Expenditure Statement .....	315		
Statement of Cash Flow .....	316		
Notes to the Financial Statements .....	317		
<b>13 MARICO LANKA (PRIVATE) LIMITED (MSL)</b>			
Company Information .....	323		
Statement of Financial Position .....	324		
Statement of Comprehensive Income .....	325		
Statement of Changes in Equity .....	326		
Statement of Cash Flow .....	327		
Notes to the Financial Statements .....	328		
<b>14 ZED LIFESTYLE PRIVATE LIMITED (ZED)</b>			
Company Information .....	335		
Independent Auditor's Report .....	336		
Balance Sheet .....	344		
Statement of Profit and Loss .....	345		
Statement of Cash Flow .....	346		
Statement of Changes In Equity .....	348		
Notes to the Financial Statements .....	349		

# MARICO BANGLADESH LIMITED (MBL)

<b>BOARD OF DIRECTORS (AS ON MARCH 31, 2022)</b>	Mr. Saugata Gupta Mr. Ashish Goupal Mr. Barrister Ashraful Hadi Mr. Zakir Ahmad Khan Ms. Parveen Mahmud Mr. Sanjay Mishra Mr. Pawan Agrawal	Chairman Managing Director Independent Director Independent Director Independent Director Director Director
<b>MANAGEMENT TEAM</b>	Mr. Ashish Goupal Mr. Elias Ahmed Mr. Md. Saiful Alam Mr. Allen Ebenezer Eric Mr. Shyamal Kishore Mr. Sabbir Al Harun Mr. Zahedur Rahman Ms. Christabel Randolph Mr. Rashed Sarwar	Managing Director Chief Financial Officer Director - Manufacturing Director - Marketing Director - Human Resources Director - Sales Director - Supply Chain Director - Legal & Corporate Affairs Director Sales – Emerging Channels and Sales Strategy
<b>COMPANY SECRETARY</b>	Ms. Christabel Randolph	
<b>REGISTERED OFFICE</b>	House-1, Road-1, Sector-1, Uttara, Dhaka-1230, Bangladesh	
<b>CORPORATE OFFICE</b>	The Glass House, Level-06, Plot. 02, Block. SE (B), Gulshan Avenue, Dhaka - 1212, Telephone: +88 (02) 9897180, Fax: +88 (02) 9897140	
<b>OUR FACTORIES</b>	<b>Factory 1:</b> Mouchak, Kaliakoir, Gazipur <b>Factory 2:</b> Shirirchala, Mahona Bhabanipur, Gazipur	
<b>STATUTORY AUDITORS</b>	A. Qasem & Co.	
<b>HEAD OF INTERNAL AUDIT &amp; COMPLIANCE</b>	Mr. Atiar Rahman	
<b>PRINCIPAL BANKERS</b>	Standard Chartered Bank HSBC Citibank NA	
<b>STOCK INFORMATION</b>	Dhaka Stock Exchange Chittagong Stock Exchange Stock Code: MARICO ISIN: BD0481MRICO6 Sector: Pharmaceuticals & Chemicals	
<b>INVESTOR RELATIONS</b>	Telephone: +88 (02) 9897180, Ext.: 661 Fax: +88 (02) 9897140 Email: <a href="mailto:secretarial.mbl@marico.com">secretarial.mbl@marico.com</a> Website: <a href="http://www.marico.com/bangladesh">www.marico.com/bangladesh</a>	
<b>DATE OF INCORPORATION</b>	September 6, 1999	

## 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 2021, 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 2021, 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) 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.

#### ► Revenue recognition

**Referring to the Note 18 and Note 40.15 to the financial statements,** Revenue of BDT 13,032 million is recognized in the statement of profit or loss of Marico Bangladesh Limited. This material item is subject to considerable inherent risk due to the risk of being overstated at the end of the reporting period on account of variation in the timing of transfer of control by the management in order to meet expectations of the shareholders and also to achieve performance targets. Accordingly, there could be potential misstatements that revenue made during the period end are not recognised in the correct reporting period.

#### **How our audit addressed the key audit matter:**

In light of the fact that the high degree of complexity and high volume of transactions give rise to an increased risk of accounting misstatements, we assessed the Company's processes and controls for recognizing revenue as part of our audit. Our audit approach included testing of the controls and substantive audit procedures.

- Assessed key controls related to the reporting of revenue; starting from the contract approval to the recognition of sales and subsequent balance of the customer and cash receipt.
- Assessed the invoicing and measurement systems up to entries in the general ledger.
- Analysed and tested customer contracts, invoices and receipts on a sample basis.
- Tested the sales transactions at the year-end on a sample basis by reviewing the relevant supporting documents to ensure the completeness of revenue recognition in the current and subsequent accounting period.
- Performed substantive year end cut-off testing by selecting samples of revenue transactions recorded at and after year end, and verified the underlying supporting documents.

## INDEPENDENT AUDITOR'S REPORT

- Scrutinised sales returns and reversals, which were recorded in the general ledger subsequent to year end to identify any significant unusual items.

Furthermore, we assessed the accounting effects of new business and price models. We read and analysed the disclosures made in the financial statements.

### ➤ **Uncertain Tax Position:**

**Referring to Note 26 & Note 29 of the financial statements**, the Company is subject to periodic review by local tax authorities on a range of tax matters during the normal course of business including indirect taxes and transaction related tax matters that could eventually require payments of taxes and possible additional charges. Judgement is required in assessing the level of provisions and disclosure of contingent liabilities, required in respect of uncertain tax position that reflects management's best estimates of the most likely outcome based on the facts available.

This was a key audit matter because of the amounts involved and because of the estimation of the likely impact and the final outcome of these matters.

The Company records provisions for uncertain liabilities, including tax contingencies, when it is more likely than not that a liability has been incurred, and the amount can be reliably estimated.

#### **How our audit addressed the key audit matter:**

In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:

- Obtained a listing of all ongoing tax litigations
- Discussing with the management regarding tax matters, tax jurisdictions and tax communications;
- Evaluated management's judgment regarding the expected resolution of matters
- Sought and obtained confirmations from external legal counsel of the company
- Analysis of responses in letters independently obtained from the tax consultant and external counsels of the Company on various matters
- Obtained and read the disclosures made in the accompanying financial statements

#### **Other matters**

The financial statements of Marico Bangladesh Limited for the year ended as at 31 March 2021, were audited by another auditor who expressed an unmodified opinion on the statement on 02 May 2021.

#### **Other information included in the Company's 2022 Annual Report**

Other information consists of the information included in the Company's 2022 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2022 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 will 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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations 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 judgment and maintain professional scepticism throughout the audit. We also:

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

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

## INDEPENDENT AUDITOR'S REPORT

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 :

- i) 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 do verification thereof;
- ii) 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;
- iii) The 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 and returns; and
- iv) The expenditure incurred was for the purposes of the company's business.

**A. Qasem & Co.**

**Chartered Accountants**

RJSC Firm Registration Number: 2-PC7202

**Akhtar Sanjida Kasem, FCA, FCMA, CFE**

**Partner**

Ebrollment No. 643

DVC : 2204280643AS256935

Place: Dhaka

Date: 27 April 2022



# MARICO BANGLADESH LIMITED (MBL)

## STATEMENT OF FINANCIAL POSITION

As at 31 March, 2022

Particulars	Notes	As at March 31,	
		2022 BDT	2021 BDT
<b>Assets</b>			
Property, plant and equipment	5.A	981,096,486	771,868,265
Intangible assets	6	51,883	226,084
Right-of-use asset	7	292,715,995	164,593,633
Deferred tax asset	26.B	13,850,105	19,167,902
Advances, deposits and prepayments	8	73,743,809	133,405,058
Investment property	5.C	12,825,500	-
Other financial assets	9	726,235	304,664,442
<b>Non-current assets</b>		<b>1,375,010,013</b>	<b>1,393,925,383</b>
Inventories	10	2,332,427,872	1,980,451,778
Advances, deposits and prepayments	8	748,075,043	412,773,542
Other financial assets	9	2,086,909,585	1,574,484,466
Cash and cash equivalents	11	505,194,161	396,404,261
Assets held for sale	5.B	-	35,865,465
<b>Current assets</b>		<b>5,672,606,661</b>	<b>4,399,979,513</b>
<b>Total assets</b>		<b>7,047,616,674</b>	<b>5,793,904,896</b>
<b>Equity</b>			
Share capital	12	315,000,000	315,000,000
Share premium		252,000,000	252,000,000
Retained earnings		2,122,057,310	1,069,572,396
<b>Total equity</b>		<b>2,689,057,310</b>	<b>1,636,572,396</b>
<b>Liabilities</b>			
Employee benefit obligation	14	43,669,953	32,262,856
Lease liabilities	15	78,641,492	122,256,724
<b>Non-current liabilities</b>		<b>122,311,445</b>	<b>154,519,580</b>
Loans and borrowings	13	-	250,000,000
Employee benefit obligation	14	24,414,204	21,018,917
Trade and other payable	16	3,548,037,257	3,082,900,365
Lease liabilities	15	49,476,669	44,634,210
Current tax liabilities	17	614,319,789	604,259,428
<b>Current liabilities</b>		<b>4,236,247,919</b>	<b>4,002,812,920</b>
<b>Total liabilities</b>		<b>4,358,559,364</b>	<b>4,157,332,500</b>
<b>Total equity and liabilities</b>		<b>7,047,616,674</b>	<b>5,793,904,896</b>

- Footnotes:
1. Independent auditor's report in page 1 to 4.
  2. The notes 1 to 40 form an integral part of these financial statements.

### A.Qasem & Co.

Chartered Accountants  
RJSC Firm Registration NO: 2-PC 7202

**Christabel Randolph**  
Company Secretary

**Ashish Goupal**  
Managing Director

**Akhtar Sanjida Kasem,**  
FCA, FCMA, CFE  
Partner

**Parveen Mahmud**  
Director

**Elias Ahmed**  
Chief Financial Officer

Enrolment Number: 643  
DVC: 2204280643AS256935

Place: Dhaka  
Date: 27 April 2022

MARICO BANGLADESH LIMITED (MBL)

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

For the year ended 31 March, 2022

Particulars	Note	For the year ended	
		31 March 2022	31 March 2021
		BDT	BDT
<b>Revenue</b>	<b>18</b>	13,032,188,243	11,306,519,256
Cost of sales	19	(5,960,795,907)	(4,652,260,050)
<b>Gross profit</b>		<b>7,071,392,336</b>	<b>6,654,259,206</b>
<b>Other income</b>	<b>22.1</b>	17,087,007	63,392,805
General and administrative expenses	20	(1,190,388,541)	(1,073,905,421)
Marketing, selling and distribution expenses	21	(1,253,654,958)	(1,358,266,457)
Other expense	22.2	(92,020)	(788,185)
<b>Operating profit</b>		<b>4,644,343,824</b>	<b>4,284,691,947</b>
<b>Finance income</b>	<b>23.1</b>	126,636,587	149,398,274
Finance costs	23.2	(37,014,899)	(18,912,816)
Net finance income		89,621,688	130,485,458
Profit before contribution to workers participation fund & welfare fund		<b>4,733,965,512</b>	<b>4,415,177,405</b>
Contribution to workers participation fund & welfare fund	24	236,698,275	220,758,870
<b>Profit before tax</b>		<b>4,497,267,237</b>	<b>4,194,418,535</b>
<b>Income tax expenses</b>	<b>26</b>	<b>(943,410,886)</b>	<b>(1,085,738,503)</b>
<b>Profit for the year</b>		<b>3,553,856,351</b>	<b>3,108,680,032</b>
<b>Other comprehensive income</b>			
Remeasurements of defined benefit liability	14.3	18,628,563	(13,931,056)
Related tax	26.B	-	(10,856,812)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>18,628,563</b>	<b>(24,787,868)</b>
<b>Total comprehensive income for the year</b>		<b>3,572,484,914</b>	<b>3,083,892,164</b>
<b>Earnings per share</b>			
<b>Basic earnings per share (per value of Tk 10)</b>	<b>25</b>	<b>112.82</b>	<b>98.69</b>

Footnotes: 1. Independent auditor's report in page 1 to 4.  
2. The notes 1 to 40 form an integral part of these financial statements.

**A. Qasem & Co.**

Chartered Accountants  
RJSC Firm Registration NO: 2-PC 7202

**Akhtar Sanjida Kasem,**  
FCA, FCMA, CFE  
Partner  
Enrolment Number: 643  
DVC: 2204280643AS256935

**Christabel Randolph**  
Company Secretary

**Parveen Mahmud**  
Director

**Ashish Goupal**  
Managing Director

**Elias Ahmed**  
Chief Financial Officer

Place: Dhaka  
Date: 27 April 2022

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

Particulars	Note	Attributable to owners of the Company			Total BDT
		Share capital BDT	Share premium BDT	Retained earnings BDT	
<b>Balance at 1 April 2020</b>		315,000,000	252,000,000	820,680,232	1,387,680,232
Total comprehensive income for the period					
Profit for the period					
<b>Profit for the period</b>		-	-	3,108,680,032	3,108,680,032
Other comprehensive income		-	-	(24,787,868)	(24,787,868)
<b>Total comprehensive income for the period</b>		-	-	<b>3,083,892,164</b>	<b>3,083,892,164</b>
<b>Contributions and distributions</b>					
<b>Final dividend for the year 2019-2020</b>					
First interim dividend for the year 2020-2021	32	-	-	(630,000,000)	(630,000,000)
Second interim dividend for the year 2020-2021	32	-	-	(945,000,000)	(945,000,000)
Third interim dividend for the year 2020-2021	32	-	-	(630,000,000)	(630,000,000)
<b>Total transactions with owners of the Company</b>	<b>32</b>	-	-	<b>(630,000,000)</b>	<b>(630,000,000)</b>
Balance at 31 March 2021		-	-	(2,835,000,000)	(2,835,000,000)
<b>Balance at 1 April 2021</b>		315,000,000	252,000,000	1,069,572,396	1,636,572,396
Profit for the period		-	-	3,553,856,351	3,553,856,351
Other comprehensive income		-	-	18,628,563	-
<b>Total comprehensive income for the period</b>		-	-	<b>3,572,484,914</b>	<b>3,553,856,351</b>
<b>Transactions with owners of the Company</b>					
<b>Contributions and distributions</b>					
Final dividend for the year 2020-2021	32	-	-	(630,000,000)	(630,000,000)
First interim for the year 2021-2022	32	-	-	(630,000,000)	(630,000,000)
Second interim for the year 2021-2022	32	-	-	(630,000,000)	(630,000,000)
Third interim for the year 2021-2022	32	-	-	(630,000,000)	(630,000,000)
Total transactions with owners of the Company		-	-	(2,520,000,000)	(2,520,000,000)
<b>Balance at 31 March 2022</b>		<b>315,000,000</b>	<b>252,000,000</b>	<b>2,122,057,310</b>	<b>2,670,428,747</b>

Footnotes: 1. Independent auditor's report in page 1 to 4.

2. The notes 1 to 40 form an integral part of these financial statements.

The notes on pages 9 to 46 are an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

For the year ended 31 March, 2022

Particulars	For the year ended March 31,		
	Note	2022 Taka	2021 Taka
<b>Cash flows from operating activities</b>			
Collection from customers and others		13,062,730,254	11,385,285,072
Payment to suppliers and for operating expenses		(8,604,981,806)	(7,177,510,122)
<b>Cash generated from operating activities</b>		<b>4,457,748,448</b>	<b>4,207,774,950</b>
Interest paid		(8,627,922)	(2,111,958)
Interest received		84,266,200	168,546,826
Income tax paid	17.2	(928,032,728)	(1,069,600,995)
<b>Net cash from operating activities</b>		<b>3,605,353,998</b>	<b>3,304,608,823</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(313,759,008)	(241,574,664)
Acquisition of intangible assets		(1,200,000)	-
Proceeds from disposal of PPE		37,481	459,660
Encashment of/(Investment in) fixed deposits	9.2	(184,197,196)	(447,974,722)
Investment in treasury bond		-	11,334,400
<b>Net cash used in investing activities</b>		<b>(499,118,723)</b>	<b>(677,755,326)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from loans and borrowings		(250,000,000)	250,000,000
Dividend paid	32	(2,520,000,000)	(2,835,000,000)
Payment of lease liability	15	(227,445,375)	(66,040,838)
<b>Net cash used in financing activities</b>		<b>(2,997,445,375)</b>	<b>(2,651,040,838)</b>
Net increase in cash and cash equivalents		108,789,900	(24,187,341)
Effect of exchange rate fluctuations on cash held		-	184,588
Opening cash and cash equivalents	11	396,404,261	420,407,014
<b>Closing cash and cash equivalents</b>	11	<b>505,194,161</b>	<b>396,404,261</b>

Footnotes: 1. Independent auditor's report in page 1 to 4.  
2. The notes 1 to 40 form an integral part of these financial statements.

**A.Qasem & Co.**

Chartered Accountants  
RJSC Firm Registration NO: 2-PC 7202

**Akhtar Sanjida Kasem,**

FCA, FCMA, CFE  
Partner  
Enrolment Number: 643  
DVC: 2204280643AS256935

**Christabel Randolph**  
Company Secretary

**Parveen Mahmud**  
Director

**Ashish Goupal**  
Managing Director

**Elias Ahmed**  
Chief Financial Officer

Place: Dhaka  
Date: 27 April 2022

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 1. Reporting entity

#### 1.1 Company profile

Marico Bangladesh Limited (hereinafter referred to as “MBL”/“the Company”) is a public limited company incorporated on 6 September 1999, vide the certificate of incorporation number C-38527(485)/99 of 1999 in Bangladesh under the Companies Act 1994 and has its registered address at House # 01, Road # 01, Sector # 01, Uttara Model Town, Dhaka-1230. 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 was listed with both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 16 September 2009.

#### 1.2 Nature of business

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

### 2. Basis of preparation

#### 2.1 Statement of compliance

In accordance with the requirement of the gazette notification issued by The Financial Reporting Council (FRC) on 22 November 2020, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

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 Companies Act, 1994;
- iii. The Income Tax Ordinance, 1984; and
- iv. The Value Added Tax and Supplementary Duty Act, 2012;

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.

Details of the Company’s accounting policies including changes during the year, if any, are included in note 40.

#### 2.2 Authorisation for issue

These financial statements are authorised for issue by the Board of Directors in its meeting held on 27 April, 2022.

#### 2.3 Reporting period

The financial period of the Company covers period ended on 31 March 2022.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 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 period financial statements. Comparative figures have been rearranged/ reclassified wherever considered necessary, to ensure better comparability with the current period 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 and presentation currency. All amounts have been rounded off to the nearest integer.

### 4. Use of judgements and estimates

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

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

#### (a) Judgements

Information about judgements 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 40.04 & 40.17

#### (b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2022 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 26B	Deferred tax assets
Note 5A	Property plant equipment
Note 5C	Investment property
Note 6	Intangible assets
Note 10	Inventories
Note 14	Employee benefit obligation
Note 17	Current tax liabilities
Note 29	Contingent liabilities

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

Cost	Reconciliation of carrying amount										Total
	Freehold land BDT	Plant and machinery BDT	Factory building BDT	Office building BDT	Office equipment BDT	Computers BDT	Furniture and fixtures BDT	A, C and refrigerators BDT	Assets under construction BDT	Total BDT	
Balance at 1 April 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	
Additions	-	-	-	-	-	-	-	-	242,364,021	242,364,021	
Transfer from asset under construction	-	79,822,078	-	38,512,790	17,143,100	7,514,418	10,213,098	2,377,323	(155,582,807)	242,364,021	
Disposals/adjustments	-	(3,466,687)	(457,950)	-	(695,700)	-	(464,542)	(304,434)	-	(5,389,313)	
Investment property adjustment	-	-	-	-	-	-	-	-	-	-	
<b>Balance at 31 March 2021</b>	<b>176,749,959</b>	<b>1,064,817,634</b>	<b>231,192,150</b>	<b>207,119,863</b>	<b>73,033,340</b>	<b>35,258,942</b>	<b>84,999,451</b>	<b>24,484,038</b>	<b>112,860,789</b>	<b>2,010,516,166</b>	
Balance at 1 April 2021	176,749,959	1,064,817,634	231,192,150	207,119,863	73,033,340	35,258,942	84,999,451	24,484,038	112,860,789	2,010,516,166	
Asset held for sale adjustments in Opening	-	-	-	136,844,485	-	-	23,356,261	-	-	160,200,746	
Balance	-	-	-	-	-	-	-	-	-	-	
Additions-Other than Mirsharai unit	-	-	-	-	-	-	-	-	311,449,966	311,449,966	
Additions- Mirsharai unit	-	-	-	-	-	-	-	-	40,981,893	40,981,893	
Transfer from asset under construction	-	277,065,906	771,880	26,170,433	28,272,028	4,016,570	1,345,150	3,622,789	(341,264,755)	-	
Transfer to investment property	-	-	-	(138,784,967)	-	-	(23,356,261)	-	-	(162,141,228)	
Disposals	-	(337,654)	(195,702)	-	(963,712)	(100,667)	(1,476,882)	(812,799)	-	(3,887,416)	
<b>Balance at 31 March 2022</b>	<b>176,749,959</b>	<b>1,341,545,886</b>	<b>231,768,328</b>	<b>231,349,814</b>	<b>100,341,657</b>	<b>39,174,844</b>	<b>84,867,719</b>	<b>27,294,028</b>	<b>124,027,893</b>	<b>2,357,120,127</b>	
Accumulated depreciation and impairment loss	-	-	-	-	-	-	-	-	-	-	
Balance at 1 April 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	
Depreciation for the year	-	66,615,174	6,323,743	7,122,203	12,991,453	5,412,363	12,435,524	3,348,042	-	114,248,502	
Impairment loss (reversal of impairment) of PPE	-	1,536,148	-	-	-	-	876,973	-	-	2,413,121	
Disposals	-	(2,705,521)	(457,950)	-	(626,200)	-	(464,542)	(304,434)	-	(4,558,647)	
Balance at 31 March 2021	-	798,686,656	209,299,038	67,176,308	60,752,143	25,842,426	64,110,249	12,779,081	-	1,238,647,901	
Balance at 1 April 2021	-	798,686,656	209,299,038	67,176,308	60,752,143	25,842,426	64,110,249	12,779,081	-	1,238,647,901	
Asset held for sale adjustments in Opening	-	-	-	105,997,772	-	-	18,337,509	-	-	124,335,281	
Balance	-	-	-	-	-	-	-	-	-	-	
Depreciation for the year	-	94,950,572	1,471,719	28,730,638	14,398,317	5,131,611	16,124,499	4,027,715	-	164,835,071	
Impairment loss (reversal of impairment) of PPE	-	5,898,787	-	(4,761,389)	-	-	(23,356,261)	-	-	1,137,398	
Transfer to investment property	-	-	-	(125,959,467)	-	-	(1,396,204)	-	-	(149,315,728)	
Disposals	-	(337,654)	(155,155)	-	(842,276)	(81,180)	(1,396,204)	(803,814)	-	(3,616,283)	
<b>Balance at 31 March 2022</b>	<b>-</b>	<b>899,198,361</b>	<b>210,615,602</b>	<b>75,947,251</b>	<b>69,546,795</b>	<b>30,892,857</b>	<b>73,819,793</b>	<b>16,002,982</b>	<b>-</b>	<b>1,376,023,640</b>	
Carrying amounts	-	-	-	-	-	-	-	-	-	-	
<b>At 31 March 2021</b>	<b>176,749,959</b>	<b>266,130,978</b>	<b>21,893,112</b>	<b>139,941,555</b>	<b>12,281,197</b>	<b>9,416,516</b>	<b>20,889,202</b>	<b>11,704,957</b>	<b>112,860,789</b>	<b>771,865,265</b>	
<b>At 31 March 2022</b>	<b>176,749,959</b>	<b>442,347,525</b>	<b>21,152,726</b>	<b>155,402,563</b>	<b>30,794,861</b>	<b>8,281,987</b>	<b>11,047,926</b>	<b>11,291,046</b>	<b>124,027,893</b>	<b>981,096,486</b>	
Assets held for sale	-	-	-	-	-	-	-	-	-	-	

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

	31 March 2022	31 March 2021
<b>B. Assets held for sale</b>		
Opening balance	BDT 35,865,465.00	BDT 35,865,465.00
Transfer to property, plant and equipment (cost portion)	(160,200,746.00)	-
Transfer to property, plant and equipment (depreciation portion)	124,335,281.00	-
Closing balance	-	35,865,465
Disaggregation of closing balance		
Office building	-	30,846,713
Furniture and fixtures	-	5,018,752
	-	35,865,465
<b>C. Investment property</b>		
See accounting policy in Note 40.05	31 March 2022	31 March 2021
	BDT	BDT
Office building	138,784,967	-
Furniture and fixtures	23,356,261	-
Depreciation for the year (Office building)	(125,959,467)	-
Depreciation for the year (Furniture and fixtures)	(23,356,261)	-
	12,825,500	-

\*\* Due to change of management decision from selling the property (Uttara office building) to rent the property, the relevant assets have been transferred from Asset held for sales category to investment property.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 6. Intangible assets

See accounting policy in Note 40.03

	March 31, 2022 BDT	March 31, 2021 BDT
Cost		
Opening balance	22,061,875	22,061,875
Additions	1,200,000	-
Disposals	-	-
Closing balance	<b>23,261,875</b>	<b>22,061,875</b>
<b>Accumulated amortisation</b>		
Opening balance	21,835,791	20,432,585
Amortisation during the year	1,374,200	1,403,206
Disposals	-	-
Closing balance	<b>23,209,991</b>	<b>21,835,791</b>
Carrying amount	<b>51,884</b>	<b>226,084</b>

\* Others include male grooming, by-product, food and edible oil.

### 7. Right-of-use asset

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
Cost		
Opening balance	241,332,175	212,831,176
Additions-other than Mirsharai unit	6,722,593	53,661,570
Additions-Mirsharai unit	172,800,922	-
Disposal	(792,461)	(25,160,571)
Closing balance	<b>420,063,229</b>	<b>241,332,175</b>
Accumulated depreciation		
Opening balance	<b>76,738,542</b>	<b>37,432,890</b>
Adition/ Adjustment	<b>51,139,195</b>	<b>46,434,480</b>
Disposal	<b>(530,503)</b>	<b>(7,128,828)</b>
Closing balance	<b>127,347,234</b>	<b>76,738,542</b>
Carrying amount	<b>292,715,995</b>	<b>164,593,633</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 8. Advances, deposits and prepayments

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
Advances	57,509,956	53,561,536
Advance for capital goods	737,479,714	459,992,329
Advance to suppliers and others	<b>794,989,670</b>	<b>513,553,865</b>
Deposits	11,125,498	12,359,983
Security deposits	<b>11,125,498</b>	<b>12,359,983</b>
Prepayments	15,703,685	20,264,752
Prepaid expenses	<b>821,818,852</b>	<b>546,178,600</b>

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

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
Current	748,075,043	412,773,542
Non-current	73,743,809	133,405,058
	<b>821,818,852</b>	<b>546,178,600</b>

### 9. Other financial assets

Particulars	Notes	March 31, 2022 BDT	March 31, 2021 BDT
Fixed deposits	9.2	1,942,382,196	1,737,974,722
Trade receivables		52,229,790	65,033,298
Loans to employees		1,537,577	6,814,738
Accrued interest		91,486,259	69,326,150
		<b>2,087,635,821</b>	<b>1,879,148,908</b>

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

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
Current	2,086,909,585	1,574,484,466
Non-current	726,235	304,664,442
	<b>2,087,635,821</b>	<b>1,879,148,908</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 9.2 Fixed deposits

Particulars	Credit rating	March 31, 2022 BDT	March 31, 2021 BDT
BRAC Bank Limited	Ba3	300,000,000	200,000,000
The City Bank Limited	B1	150,000,000	-
IPDC Finance Limited	AA1	309,379,333	200,000,000
IDLC Finance Limited	AAA	394,817,863	280,000,000
Commercial Bank of Ceylon	AAA	388 185 000	557,974,722
Woori Bank	A+	-	500,000,000
Bank Alfalah	AA	400,000,000	-
		<b>1,942,382,196</b>	<b>1,737,974,722</b>

## 10. Inventories

See accounting policy in Note 40.06

Particulars	Notes	March 31, 2022 BDT	March 31, 2021 BDT
Raw materials		1,406,999,188	1,039,689,041
Packing materials		278,205,653	224,187,805
Finished goods		391,631,323	304,234,340
Stores and spares		25,261,419	21,970,493
Materials in transit		230,330,289	390,370,099
		<b>2,332,427,872</b>	<b>1,980,451,778</b>

## 11. Cash and cash equivalents

See accounting policy in Note 40.07

Particulars	Notes	March 31, 2022 BDT	March 31, 2021 BDT
Cash at bank	11.1	497,055,828	380,267,615
Balance with bank for unclaimed dividend		8,138,333	16,136,646
		<b>505,194,161</b>	<b>396,404,261</b>

## 11.1 Cash at bank

Particulars	Credit rating	March 31, 2022 BDT	March 31, 2021 BDT
BRAC Bank Limited	Ba3	44,520,844	53,487,789
Citibank N.A.	A+	1,607,081	903,681
Islami Bank Bangladesh Limited	AA+	6,689,940	10,431,030
Sonali Bank Limited	AAA	2,754,523	5,695,235
Standard Chartered Bank	AAA	425,793,218	169,738,861
The Hongkong and Shanghai Banking Corporation Ltd.	AAA	7,719,415	4,665,448
Eastern Bank Limited	B1	1,071,792	133,664,596
Dutch Bangla Bank Limited	B1	250,000	201,000
The City Bank Limited	B1	6,649,014	1,479,975
		<b>497,055,828</b>	<b>380,267,615</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 12. Share capital

See accounting policy in Note 40.09

Particulars	Notes	March 31, 2022	March 31, 2021
		BDT	BDT
<b>Authorised</b>			
40,000,000 ordinary shares of Tk 10 each		400,000,000	400,000,000
<b>Issued, subscribed and paid up</b>			
Issued for cash		41,500,000	41,500,000
Issued for consideration other than cash		273,500,000	273,500,000
		<b>315,000,000</b>	<b>315,000,000</b>

#### 12.1 Cash at bank

Particulars	For the year ended		% of Holding	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Marico Limited, India	28,350,000	28,350,000	90.00%	90.00%
Institutions	2,534,052	2,790,979	8.04%	8.86%
General Shareholders	615,948	359,021	1.96%	1.14%
	<b>31,500,000</b>	<b>31,500,000</b>	<b>100.00%</b>	<b>100.00%</b>

#### 12.2 Classification of shareholders by holding

Particulars	For the year ended		% of Holding	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Less than 500 shares	3055	3190	0.59%	0.33%
500 to 5,000 shares	205	206	0.99%	0.46%
5,001 to 10,000 shares	42	38	0.92%	0.33%
10,001 to 20,000 shares	23	15	0.68%	0.66%
20,001 to 30,000 shares	8	8	0.66%	0.53%
30,001 to 40,000 shares	6	5	0.54%	0.32%
40,001 to 50,000 shares	5	4	0.58%	0.72%
50,001 to 100,000 shares	10	9	2.03%	1.27%
100,001 to 1,000,000 shares	4	5	3.01%	5.38%
Over 1,000,000 shares		1	90.00%	90.00%
	<b>3358</b>	<b>3481</b>	<b>100.00%</b>	<b>100.00%</b>

#### 12.3 Share premium

Particulars	No. of share	
	March 31, 2022	March 31, 2021
Holdings	252,000,000	252,000,000
Share premium on paid up share capital	252,000,000	252,000,000
	<b>821,818,852</b>	<b>546,178,600</b>

#### 12.4 Dividends

The following dividend was declared and paid by the Company in the year

	No. of share	
	March 31, 2022	March 31, 2021
	(2,520,000,000)	(2,520,000,000)
	<b>(2,520,000,000)</b>	<b>(2,520,000,000)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

After the reporting date, the following dividend was proposed/declared/recommended by the board of directors. The dividend has not been recognised as liabilities in accordance with IAS 10.

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
BDT 20 per qualifying ordinary share (2021: BDT 20)	630,000,000	630,000,000
	<b>630,000,000</b>	<b>630,000,000</b>

## 13. Loans and borrowings

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
Short term loan		250,000,000
	-	<b>250,000,000</b>

## 14. Employee benefit obligation

See accounting policy in Note 40.11

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
Provision for gratuity	41,704,423	28,672,978
Provision for leave encashment	26,379,735	24,608,795
	<b>68,084,157</b>	<b>53,281,773</b>
Current	24,414,204	21,018,917
Non-Current	43,669,953	32,262,856
	<b>68,084,157</b>	<b>53,281,773</b>

## 14.1 Employee benefits - gratuity

	March 31, 2022 BDT	March 31, 2021 BDT
Net defined benefit asset	(56,847,711)	(77,216,166)
<b>Total employee benefit asset</b>	<b>(56,847,711)</b>	<b>(77,216,166)</b>
Net defined benefit liability	98,552,133	105,889,144
<b>Total employee benefit liability</b>	<b>98,552,133</b>	<b>105,889,144</b>
<b>Total employee benefit liability</b>	<b>155,399,844</b>	<b>28,672,978</b>

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

	March 31, 2022 BDT	March 31, 2021 BDT
Current	21,276,959	19,484,302
Non-Current	20,427,463	9,188,676
	<b>41,704,422</b>	<b>28,672,978</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 14.3 Movement in net defined benefit (asset) liability

	Defined benefit obligation		Fair value of plan assets		Net defined (asset) liability	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>Balance at 1 April</b>	105,889,144	76,253,851	-	-	105,889,144	76,253,851
<b>Included in Profit or Loss</b>						
Interest expense/ (Income)	7,941,686	7,669,619	(5,806,797)	-	2,134,889	7,669,619
Current Service Cost	29,732,911	21,204,091	-	-	29,732,911	21,204,091
	<b>143,563,741</b>	<b>28,873,710</b>	<b>(5,806,797)</b>	<b>-</b>	<b>137,756,944</b>	<b>28,873,710</b>
<b>Included in OCI</b>						
Actuarial (gain)/loss arising from:						
-Demographic assumption	(10,398,351)	-	-	-	(10,398,351)	-
-Financial assumption	(4,088,673)	18,742,524	-	-	(4,088,673)	18,742,524
-Experience adjustment	(9,357,403)	(4,644,021)	-	-	(9,357,403)	(4,644,021)
Return on plan asset excluding interest income	-	-	5,215,864	(167,447)	5,215,864	(167,447)
	<b>(23,844,427)</b>	<b>14,098,503</b>	<b>5,215,864</b>	<b>(167,447)</b>	<b>(18,628,563)</b>	<b>13,931,056</b>
<b>Other</b>						
Contribution paid by the employer	-	(3,813,104)	(77,423,959)	(86,572,535)	(77,423,959)	(90,385,639)
Benefits paid	(21,167,181)	(9,523,816)	21,167,181	9,523,816	-	-
	<b>(21,167,181)</b>	<b>(13,336,920)</b>	<b>(56,256,778)</b>	<b>(77,048,719)</b>	<b>(77,423,959)</b>	<b>(90,385,639)</b>
<b>Balances as at 31 March</b>	<b>98,552,133</b>	<b>105,889,144</b>	<b>(56,847,711)</b>	<b>(77,216,166)</b>	<b>41,704,422</b>	<b>28,672,978</b>

### 14.4 Defined benefit obligation

#### (i) Actuarial assumption

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

Particulars	March 31, 2022	March 31, 2021
Discount rate	7.5%	7.5%
Salary increase rate	11.4%	12.0%
Employee turnover rate	14.5%	11.0%

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

### 14.5 Provision for leave encashment

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
Opening balance	24,608,796	16,124,365
Provision for leave encashment	11,064,487	14,802,279
Payment during the period	(9,293,548)	(6,317,848)
	<b>26,379,735</b>	<b>24,608,796</b>

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
Current	3,137,245	1,534,615
Non-current	23,471,221	23,074,180
	<b>26,608,466</b>	<b>24,608,795</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**15. Lease liabilities**

See accounting policy in Note 40.17

The Company leases many assets, including properties, warehouses, depots sales offices and land. Total number of lease assets is twenty and average terms of period of lease is four to fifty years. The incremental borrowing rate (IBR) ranges from 3.90% to 10.40%. The factory leases were entered into many years ago as combined leases of land and buildings. The following table sets out a maturity analysis of lease payables, showing the undiscounted lease payments to be paid after the reporting date.

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
Less than one year	49,476,673	44,634,210
One to two years	53,963,404	48,886,907
Two to three years	8,149,986	52,280,711
Three to four years	11,144,568	5,873,811
Three to four years	5,383,534	9,831,760
More than five years		5,383,535
	<b>128,118,165</b>	<b>166,890,934</b>

**Lease liabilities included in the statement of financial position**

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
Current	49,476,669	44,634,210
Non-current	78,641,492	122,256,724
	<b>128,118,165</b>	<b>166,890,934</b>

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
<b>Amounts recognised in profit or loss</b>	9,411,049	11,787,340
Interest on lease liabilities	-	8,554,647
<b>Amounts recognised in the statement of cash flows</b>		
Lease rental	227,445,375	53,040,839
Security deposit	-	13,000,000
Total cash outflow for lease liabilities and interest payments	<b>227,445,375</b>	<b>66,040,839</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 16. Trade and other payables

Particulars	Note	March 31, 2022 BDT	March 31, 2021 BDT
Trade payables	16.1	1,320,963,934	937,295,045
Other payables	16.2	2,227,073,322	2,145,605,320
		<b>3,548,037,257</b>	<b>3,082,900,365</b>

#### 16.1 Trade payables

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
Intercompany trade payable		
Payable against raw material	468,683,405	441,206,707
Payable against packing material	3,330,329	7,151,743
	<b>472,013,734</b>	<b>448,358,450</b>
Third party trade payable		
Payable against raw material	154,777,317	73,916,649
Payable against services	579,892,305	290,128,764
Payable against packing material	113,941,766	119,247,904
Payable against finished goods	338,813	5,643,278
	<b>848,950,200</b>	<b>488,936,595</b>
	<b>1,320,963,934</b>	<b>937,295,045</b>

#### 16.2 Other payables

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
<b>Intercompany other payable</b>		
Royalty payable	122,503,570	107,135,382
General and technical assistance fees payable	175,229,505	86,039,653
Payable against capital goods	<b>3,396,608</b>	<b>14,593,598</b>
	301,129,683	207,768,633
Third party other payable	501,301,644	565,367,923
Payable against expenses	789,221,105	824,676,798
Payable against business promotion expense	183,188,039	115,589,691
Import duty and related charges payable	6,692,649	37,518,458
Withholding tax and VAT payable	236,698,275	220,758,871
Workers' profit participation and welfare fund	8,226,709	5,533,485
Festival bonus	108,859,723	106,211,149
Advance from customers	45,290,470	7,474,338
Payable against capital goods	8,138,333	16,136,646
Unclaimed dividend	850,000	1,400,000
Audit fees payable	-	<b>892,072</b>
Interest accrued on loans	<b>37,476,693</b>	<b>36,277,256</b>
Supplementary duty	<b>1,925,943,640</b>	<b>1,937,836,687</b>
	<b>2,227,073,322</b>	<b>2,145,605,320</b>



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**17. Current tax liabilities**

Particulars		March 31, 2022 BDT	March 31, 2021 BDT
Provision for income tax	17.1	6,755,639,460	5,817,546,371
Advance income tax	17.2	(6,141,319,670)	(5,213,286,943)
		<b>614,319,789</b>	<b>604,259,428</b>

**17.1 Provision for income tax**

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
Opening balance	5,817,546,371	4,749,128,795
Provision for current period/year	1,041,906,778	1,068,417,576
Provision for prior year:		
Assessment year 2021-2022	(103,813,689)	-
	<b>6,755,639,460</b>	<b>5,817,546,371</b>

**17.2 Advance income tax**

Particulars	March 31, 2022 BDT	March 31, 2021 BDT
Opening balance	5,213,286,943	4,143,685,948
Payment during the year:		
Payment for current period/year	640,883,657	656,592,012
Payment for prior year:		
Assessment year 2015-2016	826,880	42,515,295
Assessment year 2016-2017	-	1,972,778
Assessment year 2017-2018	14,120,614	-
Assessment year 2020-2021	-	368,520,910
Assessment year 2021-2022	272,201,577	-
	<b>6,141,319,670</b>	<b>5,213,286,943</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**17.3 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
31 March 2022	2022-23	1,041,906,778	640,883,657	
31 March 2021	2021-22	964,603,887	928,793,589	Return submitted
31 March 2020	2020-21	908,685,698	859,770,282	Return submitted
31 March 2019	2019-20	715,903,898	714,242,632	At High Court
31 March 2018	2018-19	603,956,939	560,411,195	Open at DCT level
31 March 2017	2017-18	511,139,076	496,953,399	Open at DCT level
31 March 2016	2016-17	536,229,894	518,801,912	Open at CT level
31 March 2015	2015-16	502,672,641	482,334,513	Open at CT level
31 March 2014	2014-15	475,304,697	468,166,315	At High Court
31 March 2013	2013-14	279,549,372	234,442,800	At TAT*
31 March 2012	2012-13	206,588,040	236,519,377	At TAT*
30 September 2008	2009-10	9,098,540	-	At TAT*
		6,755,639,460	6,141,319,670	

**18. Revenue**

See accounting policy in Note 40.15

Particulars	For the year ended	
	March 31, 2022 BDT	March 31, 2021 BDT
Parachute coconut oil	8,035,153,541	6,989,061,972
Value added hair oil (VAHO)	3,788,084,915	3,217,578,897
Color	45,498,638	59,956,898
Health & Beauty	420,450,050	394,293,853
Baby Segment	228,307,108	167,018,736
Others	514,693,992	478,608,900
	<b>13,032,188,243</b>	<b>11,306,519,256</b>

\*Others include male grooming, byproduct &amp; others

**18.1 Breakup of local/export revenue**

Particulars	For the year ended	
	March 31, 2022 BDT	March 31, 2021 BDT
Revenue from domestic operation	12,798,159,091	11,204,414,624
Revenue from export	234,029,152	102,104,632
	<b>13,032,188,243</b>	<b>11,306,519,256</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 19. Cost of sales

Particulars	Notes	For the year ended	
		March 31, 2022 BDT	March 31, 2021 BDT
Opening stock of finished goods	19.1	304,234,340	204,518,577
Cost of goods manufactured		6,048,192,890	4,751,975,812
		6,352,427,230	4,956,494,389
Closing stock of finished goods		(391,631,323)	(304,234,340)
		<b>5,960,795,907</b>	<b>4,652,260,050</b>

## 19.1 Cost of goods manufactured

Particulars	Notes	For the year ended	
		March 31, 2022 BDT	March 31, 2021 BDT
Materials consumed	19.1.1	5,650,524,138	4,413,812,216
Factory overhead	19.1.2	397,668,752	338,163,596
		<b>6,048,192,890</b>	<b>4,751,975,812</b>

## 19.1.1 Materials consumed

Particulars	For the year ended	
	March 31, 2022 BDT	March 31, 2021 BDT
Opening stock of raw materials, packing materials and others	1,676,217,439	1,427,583,748
Purchases during the period	5,915,103,248	4,662,445,906
Closing stock of raw materials, packing materials and others	<b>(1,940,796,549)</b>	<b>(1,676,217,438)</b>
	<b>5,650,524,138</b>	<b>4,413,812,216</b>

## 19.1.2 Factory overhead

Particulars	For the year ended	
	March 31, 2022 BDT	March 31, 2021 BDT
Communication expenses	486,688	538,298
Cost of outsourced human resources	96,494,547	89,744,207
Depreciation	<b>103,983,953</b>	<b>76,519,076</b>
Entertainment	9,441,400	6,790,880
Power expenses	74,690,325	68,309,362
Printing and stationery	945,875	1,461,912
Repairs and maintenance	19,710,098	18,316,910
Salaries and allowances	68,690,696	56,280,402
Security charges	7,842,239	6,349,264
Travelling and conveyance	5,893,249	5,298,638
Warehouse rent	9,489,683	8,554,647
	<b>397,668,752</b>	<b>338,163,596</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 20. General and administrative expenses

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
	BDT	BDT
Salaries and allowances	568,704,447	525,638,034
Gratuity	31,660,008	28,873,710
Rent, rates and taxes	<b>11,247,572</b>	<b>8,381,941</b>
Professional and legal charges	26,886,850	35,442,134
Security charges	1,800,846	1,565,877
Stamp and license fees	11,652,170	12,021,425
Directors' remuneration and fees	35,086,351	30,544,174
Repair and maintenance	20,509,289	14,701,731
Communication expenses	3,015,348	4,879,625
Subscription to trade association	235,220	527,095
Entertainment	29,464,244	20,562,533
Printing and stationery	4,142,835	2,727,234
Vehicle running expenses	33,779,238	19,736,649
Travelling and conveyance	18,353,362	8,104,928
Audit fees	1,487,500	1,300,000
Insurance premium	21,467,541	22,208,026
Bank charges	3,716,484	7,737,860
AGM and public relation	8,269,536	7,958,380
Conference and training	12,749,964	6,059,731
Electricity and gas charges	860,237	503,495
Amortisation	1,374,200	1,403,206
Royalty	122,503,570	107,135,381
Depreciation	60,851,114	37,729,427
Depreciation on right-of-use asset	51,139,195	46,434,480
General and technical assistance fees	87,142,865	86,547,962
CSR expense	22,288,555	32,767,263
(Reversal of) impairment of property, plant and equipment	-	2,413,121
	<b>1,190,388,541</b>	<b>1,073,905,421</b>

### 21. Marketing, selling and distribution expenses

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
	BDT	BDT
Advertisement, travelling and communication expense	999,384,284	1,076,441,043
Business promotion expenses	20,411,085	24,288,337
Other selling & distribution expenses	67,922,456	63,821,099
Entertainment-Mkt	1,398,620	4,864,870
Free sample	10,302,808	14,294,598
Freight- outward	86,703,702	90,198,969
Market research expenses	67,532,002	84,357,541
	<b>1,253,654,958</b>	<b>1,358,266,457</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 22 Other expense/(income)

Particulars	Notes	For the year ended	
		March 31, 2022 BDT	March 31, 2021 BDT
Other income	22.1	(17,087,007)	(63,392,805)
Other expenses	22.2	92,020	788,185
		<b>(16,994,987)</b>	<b>(62,604,620)</b>

## 22.1 Other income

Particulars	For the year ended	
	March 31, 2022 BDT	March 31, 2021 BDT
Gain on sale of PPE	(129,503)	(417,179)
Gain on lease modification	-	(23,065,477)
Gain on cessation of liability	-	<b>(1,590,874)</b>
Refund from insurance	(1,029,983)	-
Gain on disposal of T Bond	-	(11,334,400)
Insurance claim	(1,867,578)	(17,086,621)
Sale of RM PM	(473,179)	(33,060)
Rental income	(1,025,000)	-
Scrap sales	(12,561,763)	(9,865,194)
	<b>(17,087,007)</b>	<b>(63,392,805)</b>

## 22.2 Other expenses

Particulars	For the year ended	
	March 31, 2022 BDT	March 31, 2021 BDT
Loss on sale of PPE	92,020	788,185
	<b>92,020</b>	<b>788,185</b>

## 23. Net finance income

Particulars	For the year ended	
	March 31, 2022 BDT	March 31, 2021 BDT
Finance income	126,636,587	149,398,274
Finance costs	(37,014,899)	(18,912,816)
	<b>(89,621,688)</b>	<b>(130,485,458)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 23.1 Finance income

See accounting policy in Note 40.16

Particulars	For the year ended	
	March 31, 2022 BDT	March 31, 2021 BDT
Interest on fixed deposits	106,201,332	125,251,890
Interest on call deposits	20,435,254	23,795,137
Interest on staff loan	-	146,700
Good borrower rebate	-	204,547
<b>Total</b>	<b>126,636,587</b>	<b>149,398,274</b>

## 23.2 Finance costs

See accounting policy in Note 40.16

Particulars	For the year ended	
	March 31, 2022 BDT	March 31, 2021 BDT
Interest on overdraft and loans	7,735,850	2,962,773
Foreign exchange (gain)/loss	19,868,000	4,162,703
Interest on lease	9,411,049	11,787,340
<b>Total</b>	<b>37,014,899</b>	<b>18,912,816</b>

## 24. Contribution to WPPF

Particulars	For the year ended	
	March 31, 2022 BDT	March 31, 2021 BDT
Profit before contribution to WPPF	4,733,965,512	4,415,177,405
Applicable contribution rate	5%	5%
<b>Total</b>	<b>236,698,276</b>	<b>220,758,870</b>

The Company operates a fund for workers as workers' profit participation and welfare fund and provides 5% of its profit before workers' profit participation fund (WPPF) and tax as per provision of the Bangladesh Labour Act 2006.

## 25. Earnings per share

See accounting policy in Note 40.20

## 25.1 Basic earnings per share

Particulars	For the year ended	
	March 31, 2022 BDT	March 31, 2021 BDT
Profit attributable to ordinary shareholders (net profit after tax)	3,553,856,351	3,108,680,032
Weighted average number of ordinary shares outstanding during the period	31,500,000	31,500,000
<b>Earnings per share (EPS) in Taka</b>	<b>112.82</b>	<b>98.69</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 25.2 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 and hence reporting of diluted earning per share is not applicable.

## 26 Income tax expenses

See accounting policy in Note 40.14

Particulars	For the year ended	
	March 31, 2022 BDT	March 31, 2021 BDT
Current tax expense	1,041,906,778	1,068,417,576
Current period	(103,813,689)	-
Adjustment for prior periods	<b>938,093,089</b>	<b>1,068,417,576</b>
Deferred tax expense	5,317,797	17,320,927
	<b>943,410,886</b>	<b>1,085,738,503</b>

## A. Reconciliation of effective tax rate

Particulars	%	For the year ended	
		March 31, 2022 BDT	March 31, 2021 BDT
Profit before income tax		4,497,267,237	4,194,418,534
Income tax using the corporate tax rate	22.5%	1,011,885,128	1,048,604,634
Factors affecting the tax charge for current period:			
Short/(higher) fiscal depreciation and amortisation over that of accounting	0.02%	966,022	(3,689,161)
Disallowance for excess perquisites	0.29%	13,099,251	12,128,937
Short/(higher) of gratuity payment over gratuity provision	0.00%	-	(15,428,416)
Short/(higher) of leave encashment payment over provision	0.01%	398,462	2,121,108
Disallowance for contribution to CSR project	0.06%	2,786,069	4,915,089
Impairment loss of property, plant and equipment	0.01%	255,915	603,280
Allowance for exemption of export income	-0.21%	(9,517,369)	(4,860,969)
Short/(higher) of lease rent payment over depreciation on RoJA	0.03%	1,565,666	
Other inadmissible expenses	0.46%	20,467,633.84	21,687,153
Foreign exchange loss	-	-	1,040,676
Depreciation on leased assets	-	-	11,608,620
Interest on lease liabilities	-	-	2,946,835
Actual rent on leased assets	-	-	(13,260,210)
Adjustment for prior years	-2.31%	(103,813,689)	-
Deferred tax expense	0.12%	5,317,796.95	17,320,927
Total income tax expense	20.98%	943,410,885	1,085,738,503

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### B. Movement in deferred tax balances

31 March 2022					Balance as at 31 March	
	Net balance	Recognised	Recognised in OCI		Deferred tax	Deferred tax
	at 1 April	in profit /loss		Net	assets	liabilities
	BDT	BDT	BDT	BDT	BDT	BDT
Property, plant and equipment	(12,069,256)	9,150,288	-	(2,918,968)	(2,918,968)	-
Provision for leave encashment	(6,152,199)	216,759	-	(5,935,440)	(5,935,440)	-
RoU assets and lease liability under IFRS 16	(946,447)	(4,049,249)	-	(4,995,696)	-	(4,995,696)
Net deferred tax (assets)/liabilities	(19,167,902)	5,317,798	-	(13,850,104)	(8,854,408)	(4,995,696)

  

31 March 2021					Balance as at 31 March	
	Net balance	Recognised	Recognised in OCI		Deferred tax	Deferred tax
	at 1 April	in profit /loss		Net	assets	liabilities
	BDT	BDT	BDT	BDT	BDT	BDT
Property, plant and equipment	(10,351,960)	552,090	-	(9,799,870)	(9,799,870)	-
Intangible assets	(2,177,019)	(92,367)	-	(2,269,386)	(2,269,386)	-
Provision for gratuity	(21,993,959)	11,137,147	10,856,812	-	-	-
Provision for leave encashment	(4,031,091)	(2,121,108)	-	(6,152,199)	(6,152,199)	-
RoU assets- Impact of IFRS 16	43,849,572	(3,073,286)	-	40,776,286	-	40,776,286
Lease liabilities- Impact of IFRS 16	(52,641,184)	10,918,451	-	(41,722,733)	41,722,733	-
Net deferred tax (assets)/liabilities	(47,345,641)	17,320,927	10,856,812	(19,167,902)	(59,944,188)	40,776,286

### 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	Notes	For the year ended	
		March 31, 2022	March 31, 2021
		BDT	BDT
Directors' remuneration and fees		35,086,351	30,544,174
		<b>35,086,351</b>	<b>30,544,174</b>

Compensation for the Company's key management personnel includes salaries & meeting fees. These expenses are included in 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 2022

### 27.3.1 Transactions with parent company

Name of the related parties	Relationship	Nature of transaction	Transaction amount		Balance as at	
			31 March 2022	31 March 2021	31 March 2022	31 March 2021
			BDT	BDT	BDT	BDT
Marico Limited, India	Parent company	Purchase of raw materials, packing materials and finished goods	223,593,328	69,327,054	166,408,080	25,404,308
		Asset	3,199,425	60,393,486	3,396,608	14,593,597
		Sales of FG and SFG	-	384,841	-	-
		Royalty	122,503,570	107,135,381	122,503,570	107,135,381
		Dividend	2,268,000,000	2,551,500,000	-	-
		General and technical assistance fees	86,284,739	86,547,962	175,229,505	86,039,654
		Sales of RM	880,373	-	-	-

### 27.3.2 Transactions with other related parties

Name of the related parties	Relationship	Nature of transaction	Transaction amount		Balance as at	
			31 March 2022	31 March 2021	31 March 2022	31 March 2021
			BDT	BDT	BDT	BDT
Marico Middle East FZE	Associated company	Purchase of raw materials (RM)	2,046,223,062	2,302,086,094	305,605,654	422,954,142
Marico South East Asia	Associated company	Purchase of FG	-	1,246,188	-	-
		Reimbursement of expenses	-	55,730	-	-
		Sales of RM	2,599,715	-	-	-

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

### 28.1 Calculation of net asset value per share

Particulars	As at	
	March 31, 2022 BDT	March 31, 2021 BDT
Net asset	2,689,057,310	1,636,572,396
Number of shares	31,500,000	31,500,000
Net asset value (NAV) per share	<b>85.37</b>	51.95

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

Particulars	As at	
	March 31, 2022 BDT	March 31, 2021 BDT
Net cash from operating activities	3,605,353,998	3,304,608,823
No. of shares	31,500,000	31,500,000
Net operating cash flow per share (NOCFPS)	<b>114.46</b>	<b>104.91</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Particulars	Notes	As at	
		March 31, 2022 BDT	March 31, 2021 BDT
Profit after tax		3,553,856,351	3,108,680,032
Adjustment for:			
Depreciation		215,974,262	160,682,982
Amortisation		1,374,200	1,403,206
Interest expense		7,735,850	2,962,773
Effect of exchange rate fluctuations on cash held		-	(184,588)
Interest on lease		9,411,049	11,787,340
Gain on lease modification and cancelation		-	(23,065,477)
(Reversal of) impairment expense		-	2,413,121
Interest income		(126,636,587)	(149,398,274)
Gain on sale of PPE		(37,484)	371,006
Tax expense		943,410,886	1,085,738,503
Gain on disposal of treasury bond		-	(11,334,400)
		<b>4,605,088,528</b>	<b>4,190,056,224</b>
Changes in operating assets and liabilities:			
Inventories		(351,976,096)	(348,349,453)
Advances, deposits and prepayments		(271,691,833)	(26,218,662)
Other financial assets		18,080,670	82,101,469
Employee benefit obligation		33,430,948	(53,027,499)
Trade and other payable		424,816,228	363,212,871
Cash generated from operating activities		<b>4,457,748,448</b>	<b>4,207,774,950</b>
Interest paid		(8,627,922)	(2,111,958)
Interest received		84,266,200	168,546,826
Income tax paid		(928,032,728)	(1,069,600,995)
<b>Net cash flows from operating activities</b>		<b>3,605,353,998</b>	<b>3,304,608,823</b>

## 29. Contingent liabilities

The Company has contingent liability of approximately BDT 1,131,100,000 as on 31 March 2022 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 amount of Taka 18,768,345.38 Standard Chartered Bank and Taka 3,000,000 with CITI Bank NA. Shipping guarantee of Taka 1,470,359.23 with Standard Chartered Bank, Taka 528,447.17 with Hongkong and Shanghai Banking Corporation and Taka 3,000,000 with CITI Bank NA.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 30. Production Capacity

Main product	Unit of measure	Installed capacity	
		March 31, 2022 BDT	March 31, 2021 BDT
Parachute Coconut Oil (PCNO)	KL	36,500	36,500
Copra Crushing	MT	72,000	36,000
Copra Crushing	MT	18,000	18,000
Value Added Hair Oil (VAHO)	MT	17,160	15,600
Water based product	MT	12,000	12,000
Edible Oil	MT	4,000	4,000

## 31. Commitment

Particulars	Notes	As at	
		March 31, 2022 BDT	March 31, 2021 BDT
i) Capital commitment		326,364,655	281,606,861
ii) Other commitment		1,180,256,797	1,127,506,863

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

## 32. Dividends declared and 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.

The company remitted following amounts, net of tax in foreign currency to Marico Ltd. India, a non resident shareholder of the Company.

Particulars	Dividends declared BDT	Dividends remitted	
		March 31, 2022	March 31, 2021
Final dividend for FY 2019-2020	(630,000,000)	-	510,300,000
First interim dividend for FY 2021-2021	(945,000,000)	-	765,450,000
Second interim dividend for FY 2020-2021	(630,000,000)	-	510,300,000
Third interim dividend for FY 2020-21	(630,000,000)	-	510,300,000
Final dividend for the year 2020-2021	(630,000,000)	510,300,000	-
First interim for the year 2021-2022	(630,000,000)	510,300,000	-
Second interim for the year 2021-2022	(630,000,000)	510,300,000	-
Third interim for the year 2021-2022	(630,000,000)	510,300,000	-
		<b>2,041,200,000</b>	<b>2,296,350,000</b>

## 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 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 383 (previous year:417), among them 83 employees left Marico and 300 (Previous year: 311) existed at 31 March 2022.

### 36. Subsequent events

The Board of Directors of Marico Bangladesh Limited at its 118<sup>th</sup> meeting held on 27 April, 2022 has declared 200% final cash dividend. i.e. Tk 20 per share, amount to total Taka 630,000,000 for the period ended at 31 March 2022 (i.e. Total 800% Cash Dividend including 600% interim Cash Dividend which has been payed out).

### 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 2022

Particulars	Notes	Carrying amount							Total
		Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities		
		BDT	BDT	BDT	BDT	BDT	BDT	BDT	
Financial assets measured at fair value		-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	
<b>Financial assets not measured at fair value</b>									
Fixed deposits	9	-	-	-	-	1,942,382,196	-	1,942,382,196	
Loan to employees	9	-	-	-	-	1,537,577	-	1,537,577	
Trade receivables	9	-	-	-	-	52,229,790	-	52,229,790	
Cash and cash equivalents	11	-	-	-	-	505,194,161	-	505,194,161	
		-	-	-	-	<b>2,501,343,723</b>	-	<b>2,501,343,723</b>	
<b>Financial liabilities measured at fair value</b>									
Financial liabilities not measured at fair value									
Loans and borrowings	13	-	-	-	-	-	-	-	
Trade and other payables	16	-	-	-	-	-	3,548,037,257	3,548,037,257	
Lease liabilities	15	-	-	-	-	-	128,118,165	128,118,165	
		-	-	-	-	-	<b>3,676,155,417</b>	<b>3,676,155,417</b>	

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

31 March 2021

Particulars	Notes	Carrying amount							
		Fair value hedging instruments	Mandatorily at fair value	FVOCI-debt instruments	FVOCI-equity instruments	Financial assets at amortized cost	Other financial liabilities	Total	
		BDT	BDT	BDT	BDT	BDT	BDT	BDT	
Financial assets measured at fair value		-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	
<b>Financial assets not measured at fair value</b>									
Fixed deposits	9	-	-	-	-	1,737,974,722	-	1,737,974,722	
Loan to employees	9	-	-	-	-	6,814,738	-	6,814,738	
Trade receivables	9	-	-	-	-	65,033,298	-	65,033,298	
Cash and cash equivalents	11	-	-	-	-	396,404,261	-	396,404,261	
		-	-	-	-	<b>2,206,227,019</b>	-	<b>2,206,227,019</b>	
<b>Financial liabilities measured at fair value</b>		-	-	-	-	-	-	-	
<b>Financial liabilities not measured at fair value</b>									
Loans and borrowings	13	-	-	-	-	-	250,000,000	250,000,000	
Trade and other payables	16	-	-	-	-	-	3,082,900,365	3,082,900,365	
Lease liabilities	15	-	-	-	-	-	166,890,934	166,890,934	
		-	-	-	-	-	<b>3,499,791,299</b>	<b>3,499,791,299</b>	

### 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:

financial assets

Financial assets	Notes	As at	
		March 31, 2022	March 31, 2021
		BDT	BDT
Fixed deposits	9	1,942,382,196	1,737,974,722
Loans to employees	9	1,537,577	6,814,738
Trade receivables	9	52,229,790	65,033,298
Cash and cash equivalents	11	505,194,161	396,404,261
<b>Total</b>		<b>2,501,343,723</b>	<b>2,206,227,019</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 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:

Particulars	Notes	Carrying amount	Expected cash flow	6 months or less	6-12 months	1- 2 years	2- 5 years	More than 5 years
		BDT	BDT	BDT	BDT	BDT	BDT	BDT
<b>31 March 2022</b>								
Loans and borrowings	13	-	-	-	-	-	-	-
Trade and other payables	16	3,548,037,257	3,548,037,257	3,548,037,257	-	-	-	-
Lease liabilities	15	128,118,165	128,118,165	27,628,104	28,352,033	57,413,676	14,724,352	-
		<b>3,676,155,422</b>	<b>3,676,155,422</b>	<b>3,575,665,360</b>	<b>28,352,033</b>	<b>57,413,676</b>	<b>14,724,352</b>	<b>-</b>
<b>31 March 2021</b>								
Loans and borrowings	13	250,000,000	250,000,000	250,000,000	-	-	-	-
Trade and other payables	16	3,082,900,365	3,082,900,365	513,816,727	2,569,083,638	-	-	-
Lease liabilities	15	166,890,934	166,890,934	7,232,159	37,402,052	48,886,907.00	67,986,282.00	5,383,534
		<b>3,499,791,299</b>	<b>3,499,791,299</b>	<b>771,048,886</b>	<b>2,606,485,690</b>	<b>48,886,907</b>	<b>67,986,282</b>	<b>5,383,534</b>

### 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 2022 are as follows:

Particulars	As at	
	March 31, 2022 USD	March 31, 2021 USD
Import of goods and services	(4,335,687)	(771,798)
<b>Bank balance</b>	<b>2,179,283</b>	<b>508,702</b>
	<b>(2,156,404)</b>	<b>(263,096)</b>

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

Particulars	Average rate		Year-end spot rate	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Exchange rate (USD/BDT)	85.37	84.82	86.22	84.71

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Particulars	Profit/(loss)		Equity	
	Strengthening	Weakening	Strengthening	Weakening
	BDT	BDT	BDT	BDT
<b>31 March 2022</b>				
USD (1% movement)	(1,859,165)	1,859,165	(1,859,165)	1,859,165
<b>31 March 2021</b>				
USD (1% movement)	(222,869)	222,869	(222,869)	222,869

### 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 2022, the interest rate profile of the Company's interest bearing financial instruments was:

Particulars	As at	
	March 31, 2022 BDT	March 31, 2021 BDT
<b>Fixed rate instruments</b>		
Financial assets		
Fixed deposit receipts	1,942,382,196	1,737,974,722
Financial liabilities		
<b>Variable rate instruments</b>		
Financial assets		
Financial liabilities		

### 38. 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 40.11.

### 39. Standards issued but not yet effective

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

A number of new standards are effective for annual periods beginning after 1 April 2020 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 effective from 1 April 2020.

- Amendments To References To Conceptual Framework in IFRS Standards.
- IFRS 17: Insurance Contracts.
- IAS 1 and IAS 8: Definition of Material

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

- IAS 1: Classification of Liabilities as Current or Non-current
- IAS 16: Proceeds before Intended Use
- IAS 37: Costs of Fulfilling a Contract
- IFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41: Taxation in fair value measurements
- IAS 8: Definition of Accounting Estimates

### 40. 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>
40.01	Foreign currency transactions
40.02	Property, plant and equipment
40.03	Intangible assets
40.04	Right of use asset
40.05	Investment Property
40.06	Inventories
40.07	Cash and cash equivalent
40.08	Financial instruments
40.09	Share capital
40.10	Dividend to the equity holders
40.11	Employee benefits
40.12	Accruals
40.13	Provisions
40.14	Income tax
40.15	Revenue
40.16	Finance income and finance cost
40.17	Lease liabilities
40.18	Impairment
40.19	Contingencies
40.20	Earnings per share
40.21	Events after the reporting period

#### 40.01 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 2022

**40.02 Property, plant and equipment**

## i) Recognition and measurement

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

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

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

## ii) Subsequent cost

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

## iii) Depreciation

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

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

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

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

## iv) Derecognition

**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 March 2022**

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.

**40.03 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 40.04 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.

### 40.05 Investment Property

Investment property is land or a building (including part of a building) or both that is:

- held to earn rentals or for capital appreciation or both;
- not owner-occupied;
- not used in production or supply of goods and services, or for administration; and
- not held for sale in the ordinary course of business.

Investment property may include investment property that is being redeveloped.

An investment property is measured initially at cost. For subsequent measurement an entity must adopt either the fair value model or the cost model as its accounting policy for all investment properties.

Under the cost model, investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. Fair value is disclosed. Gains and losses on disposal are recognised in profit or loss.

### 40.06 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.

### 40.07 Cash and cash equivalent

Cash and cash equivalents comprise cash balances and call deposits with maturity of three months or less from the date of acquisition 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.

### 40.08 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### ii. Classification and subsequent measurement

#### Financial assets – policy applicable from 1 April 2018

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

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

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

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

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

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

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

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

#### Financial assets – business model assessment: policy applicable from 1 April 2018

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

Financial assets – subsequent measurement and gains and losses: policy applicable from 1 April 2018

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

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

(a) Cash and cash equivalents

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

(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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

(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.

**40.09 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.

**40.10 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**40.11 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.

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

## iii) Leave encashment

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

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

## iv) Workers' profit participation and welfare fund

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

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

**40.12 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 40.13 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.

### 40.14 Income tax

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

#### i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Provision for corporate income tax is made following the rate applicable for companies as per Finance Act 2022 i.e 22.5%.

#### 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.

### 40.15 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;



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

- 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).

### 40.16 Finance income and finance cost

#### i) Finance income

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

#### ii) Finance cost

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

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

### 40.17 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.

### 40.18 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

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

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

### 40.19 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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.

### 40.20 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.

### 40.21 Events after the reporting period

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

## MBL INDUSTRIES LIMITED (MBLIL)

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2022)**

Mr. Ashish Goupal  
Mr. Elias Ahmed  
Mr. Sabbir Al Harun  
Mr. Md. Saiful Alam

**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 financial statements of MBL INDUSTRIES LIMITED, (the Company) which comprise the statement of financial position as at 31 March 2022, 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 true and fair view of financial position of the Company as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with IESBA Code and the Institute of the Chartered Accountants of Bangladesh (ICAB) Bye Laws. 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 of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations 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 charge 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 (MBLIL)

- 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 gives a true and fair view.

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 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 27, 2022**  
**Dhaka**

**Ahmed Mashuque & Co.**  
**Chartered Accountants**  
Mashuque Ahmed FCA  
Senior Partner & CEO  
Enrolment number: 690  
DVC: 2204300690AS520214

## STATEMENT OF FINANCIAL POSITION

As at 31 March, 2022

Particulars	Note	31-Mar-22	31-Mar-21
		Taka	Taka
<b>Assets</b>			
<b>Non current assets</b>		-	-
<b>Current assets</b>			
Cash and cash equivalents	5	6,506,791	6,834,419
<b>Total current assets</b>		<b>6,506,791</b>	<b>6,834,419</b>
<b>Total assets</b>		<b>6,506,791</b>	<b>6,834,419</b>
<b>Equity &amp; Liabilities</b>			
<b>Equity</b>			
Share capital	6	1,000,000	1,000,000
Retained earnings		3,382,131	3,563,607
<b>Total equity</b>		<b>4,382,131</b>	<b>4,563,607</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>		-	-
<b>Current liabilities</b>			
Payable for expenses	7	1,247,346	1,393,498
Current tax liabilities	8	877,314	877,314
<b>Total current liabilities</b>		<b>2,124,660</b>	<b>2,270,812</b>
<b>Total liabilities</b>		<b>2,124,660</b>	<b>2,270,812</b>
<b>Total equity and liabilities</b>		<b>6,506,791</b>	<b>6,834,419</b>

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

As per our annexed report of same date.

Dated, April 27, 2022  
Dhaka

**Ahmed Mashuque & Co.**  
**Chartered Accountants**  
Mashuque Ahmed FCA  
Senior Partner & CEO  
Enrolment number: 690  
DVC: 2204300690AS520214

## STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 01 April 2021 to 31 March 2022

Particulars	Note	01 April 2021	01 April 2020
		to 31 March 2022	to 31 March 2021
		Taka	Taka
Revenue		-	-
Less: Cost of sales		-	-
<b>Gross profit</b>		-	-
Less: Operation expenses			
General and administrative expenses	9	(181,476)	(334,701)
<b>Net profit/(loss) before income tax</b>		<b>(181,476)</b>	<b>(334,701)</b>
Less: Income tax expense		-	-
<b>Net profit/(loss) after income tax</b>		<b>(181,476)</b>	<b>(334,701)</b>
Add: Other comprehensive income		-	-
<b>Total comprehensive income/(loss)</b>		<b>(181,476)</b>	<b>(334,701)</b>

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

As per our annexed report of same date.

Dated, April 27, 2022  
Dhaka

**Ahmed Mashuque & Co.**  
**Chartered Accountants**  
Mashuque Ahmed FCA  
Senior Partner & CEO  
Enrolment number: 0690  
DVC: 2204300690AS520214



MBL INDUSTRIES LIMITED (MBLIL)

**STATEMENT OF CHANGES IN EQUITY**

For the period from 01 April 2021 to 31 March 2022

Particulars	Share capital	Amount in Taka	
		Retained earnings	Total
Balance as at 1 April 2020	1,000,000	3,898,308	4,898,308
Total comprehensive income/(loss)	-	(334,701)	(334,701)
<b>Balance as at 31 March 2021</b>	<b>1,000,000</b>	<b>3,563,607</b>	<b>4,563,607</b>
Balance as at 01 April 2022	1,000,000	3,563,607	4,563,607
Total comprehensive income/(loss)	-	(181,476)	(181,476)
<b>Balance as at 31 March 2021</b>	<b>1,000,000</b>	<b>3,382,131</b>	<b>4,382,131</b>

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

As per our annexed report of same date.

Dated, April 27, 2022

Dhaka

## STATEMENT OF CASH FLOWS

For the year ended 31 March, 2022

Particulars	Amount in Taka	
	01 April 2021 to 31 March 2022	01 April 2021 to 31 March 2022
<b>Cash flows from operating activities</b>		
Net profit/(loss) before income tax	(181,476)	(334,701)
(Decrease)/Increase in payable for expenses	(146,152)	331,701
<b>Cash generated from/(used in) operating activities</b>	<b>(327,628)</b>	<b>(3,000)</b>
Income tax paid	-	(1,192,598)
<b>Net cash generated from/(used in) operating activities</b>	<b>(327,628)</b>	<b>(1,195,598)</b>
<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>(327,628)</b>	<b>(1,195,598)</b>
Opening cash and cash equivalents	6,834,419	8,030,017
<b>Closing cash and cash equivalents</b>	<b>6,506,791</b>	<b>6,834,419</b>

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

As per our annexed report of same date.

Dated, April 27, 2022

Dhaka

## NOTES TO THE FINANCIAL STATEMENTS

As at end and for the year ended 31st March 2022

### 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 27 April 2022.

#### 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 2021 to 31 March 2022.

#### 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.

#### 2.8 Going concern

The financial statements have been prepared on a going concern basis, which means the Company will be able to

## NOTES TO THE FINANCIAL STATEMENTS

As at end and for the year ended 31st March 2022

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.

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS

As at end and for the year ended 31st March 2022

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 2020 to 31 March 2021) 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-22 Taka	31-Mar-21 Taka
Cash at banks:		
Citibank, N.A.	6,506,791	6,834,419
	<b>6,506,791</b>	<b>6,834,419</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at end and for the year ended 31st March 2022

### 6 Share capital

Particulars	31-Mar-22	31-Mar-21
	Taka	Taka
<b>Authorised</b>		
1,000,000 Ordinary shares of Tk 10 each	10,000,000	10,000,000
<b>Issued, subscribed and paid-up</b>		
100,000 Ordinary shares of Tk 10 each fully paid up in cash	1,000,000	1,000,000
<b>Shareholding position of the Company is as follows</b>		
Marico Middle East FZE (MME)	999,960	999,960
Directors (as joint holders with MME)	40	40
	<b>1,000,000</b>	<b>1,000,000</b>

### 7 Payable for expenses

Particulars	31-Mar-22	31-Mar-21
	Taka	Taka
Payable for Audit fees & other services	1,247,346	1,393,498
	<b>1,247,346</b>	<b>1,393,498</b>

### 8 Current tax liabilities

Particulars	31-Mar-22	31-Mar-21
	Taka	Taka
Provision for income tax (Note 8.1)	5,438,646	5,438,646
Advance income tax (Note 8.2)	(4,561,332)	(4,561,332)
	<b>877,314</b>	<b>877,314</b>
<b>8.1 Provision for tax</b>		
Opening balance	5,438,646	5,438,646
Add: Provision made during the period	-	-
Less: Adjustment for completed assessments	-	-
	<b>5,438,646</b>	<b>5,438,646</b>
<b>8.2 Advance income tax</b>		
Opening balance	4,561,332	3,368,734
Add: Advance income tax paid during the period	-	1,192,598
Less: Adjustment for completed assessments	-	-
	<b>4,561,332</b>	<b>4,561,332</b>

### 9 General and administrative expenses

Particulars	From 01 April 2021 to 31 March 2022	From 01 April 2020 to 31 March 2021
	Taka	Taka
Professional charges	86,250	226,250
Govt. fees and others	33,576	33,576
Statutory audit fees	57,500	71,875
Bank charges	4,150	3,000
	<b>181,476</b>	<b>334,701</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at end and for the year ended 31st March 2022

### 10 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.

#### 10.1 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	31-Mar-22 Taka	31-Mar-21 Taka
Cash and cash equivalents	5	6,506,791	6,834,419
		<b>6,506,791</b>	<b>6,834,419</b>

#### 10.2 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 2022		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	1,247,346	(1,247,346)	-	-	(1,247,346)	-	-
		<b>1,247,346</b>	<b>(1,247,346)</b>	-	-	<b>(1,247,346)</b>	-	-
As at 31 March 2021		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	1,393,498	(1,393,498)	-	-	(1,393,498)	-	-
		<b>1,393,498</b>	<b>(1,393,498)</b>	-	-	<b>(1,393,498)</b>	-	-

## NOTES TO THE FINANCIAL STATEMENTS

As at end and for the year ended 31st March 2022

### 10.3 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.

### 10.4 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 2022.

### 10.5 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.

## 11 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.

## 12 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 2022		As at 31 March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
<b><u>Financial assets</u></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	6,506,791	6,506,791	6,834,419	6,834,419
<b>Available for sale financial assets</b>	-	-	-	-
<b><u>Financial liabilities</u></b>				
<b>Liabilities carried at fair value through profit or loss</b>	-	-	-	-
<b>Liabilities carried at amortised costs</b>				
Payable for expenses	1,247,346	N/A*	1,393,498	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.



## NOTES TO THE FINANCIAL STATEMENTS

As at end and for the year ended 31st March 2022

### 13 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.

### 14 Capital expenditure commitment

There is no such commitment as at 31 March 2022.

### 15 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 (MME)

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2022)**

Mr. Pawan Agrawal  
Mr. Saugata Gupta  
Mr. Binjit Kadakapcedlikayal  
Mr. Jitendra Mahajan  
Mr. Tarun Aggarwal  
Mr. Ashish Goupal

**SECRETARY & MANAGER**

Mr. Venkata Sivaramakrishna

**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

## Report on the Audit of the Consolidated 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 2022, 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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and its financial performance and its 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (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

- 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: June 23, 2022

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2022

	Notes	2022 AED	2021 AED
<b>Non-current assets</b>			
Property, plant and equipment	9	3,312,667	4,386,574
Right-of-use-assets	10	1,262,405	2,082,468
		<b>4,575,072</b>	<b>6,469,042</b>
<b>Current assets</b>			
Inventories	11	6,923,799	3,641,909
Trade and other receivables	12	30,319,524	25,091,994
Due from a related party	13	13,122,512	18,336,667
Cash in hand and at bank	14	4,275,077	6,528,703
		<b>54,640,912</b>	<b>53,599,273</b>
<b>Current liabilities</b>			
Trade and other payables	15	35,880,041	40,756,616
Due to a related party	13	13,313,263	38,639,019
Lease liabilities	19	665,980	1,031,902
Bank borrowings	16	111,991,559	86,832,760
		<b>161,850,843</b>	<b>167,260,297</b>
<b>Net current liabilities</b>			
		(107,209,931)	(113,661,024)
<b>Non-current liabilities</b>			
Lease liabilities	19	(852,969)	(1,343,175)
Provision for staff terminal benefits	17	(1,857,803)	(1,744,945)
		<b>(105,345,631)</b>	<b>(110,280,102)</b>
<b>Net liabilities</b>			
<b>Represented by:</b>			
Share capital	18(a)	22,000,000	22,000,000
Legal reserve	18(b)	886,635	886,635
Foreign currency translation reserve	18(c)	5,901,759	(968,662)
Accumulated losses		(134,134,025)	(132,198,075)
<b>Total deficit</b>		<b>(105,345,631)</b>	<b>(110,280,102)</b>

The notes on pages 8 to 32 are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on June 22, 2022 and signed on their behalf by:

\_\_\_\_\_  
Director

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

MARICO MIDDLE EAST FZE (MME)

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

For the year ended 31 March, 2022

	Notes	2022 AED	2021 AED
<b>Revenue</b>	5	256,792,324	200,339,367
Cost of sales		(199,745,027)	(152,629,939)
Gross profit		57,047,297	47,709,428
Administrative, selling and general expenses	6	(55,371,418)	(50,980,435)
Finance expense	7	(3,786,070)	(2,717,495)
Other income	8	459,398	2,124,047
<b>Loss for the year before tax</b>		<b>(1,650,793)</b>	<b>(3,864,455)</b>
Income tax		(285,157)	24,910
<b>Other comprehensive loss</b>			
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		6,870,421	(485,232)
<b>Total comprehensive income/(loss) for the year</b>		<b>4,934,471</b>	<b>(4,324,777)</b>
<b>Loss for the year attributable to:</b>			
Owners of the Company		(1,935,950)	(3,839,545)
<b>Total comprehensive income/(loss) attributable to:</b>			
<b>Owners of the Company</b>		<b>4,934,471</b>	<b>(4,324,777)</b>

The notes on pages 8 to 32 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March, 2022

	Share capital	Legal reserve	Foreign currency translation Reserve	Accumulated losses	Total
	AED	AED	AED	AED	AED
At 1 April 2021	22,000,000	886,635	(483,430)	(128,358,530)	(105,955,325)
Total comprehensive loss for the year	-	-	-	(3,839,545)	(3,839,545)
Loss for the year	-	-	(485,232)	-	(485,232)
Other comprehensive loss for the year	-	-	(485,232)	-	(485,232)
<b>Total comprehensive loss for the year</b>	-	-	<b>(485,232)</b>	<b>(3,839,545)</b>	<b>(4,324,777)</b>
As at 31 March 2021	22,000,000	886,635	(968,662)	(132,198,075)	(110,280,102)
At 1 April 2021	22,000,000	886,635	(968,662)	(132,198,075)	(110,280,102)
<b>Total comprehensive loss for the year</b>	-	-	-	(1,935,950)	(1,935,950)
Loss for the year	-	-	6,870,421	-	6,870,421
Other comprehensive income for the year	-	-	6,870,421	-	6,870,421
<b>Total comprehensive loss for the year</b>	-	-	<b>6,870,421</b>	<b>(1,935,950)</b>	<b>4,934,471</b>
<b>As at 31 March 2022</b>	<b>22,000,000</b>	<b>886,635</b>	<b>5,901,759</b>	<b>(134,134,025)</b>	<b>(105,345,631)</b>

The notes on pages 8 to 32 are an integral part of these consolidated financial statements

MARICO MIDDLE EAST FZE (MME)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 March, 2022

	2022	2021
	AED	AED
<b>Operating activities</b>		
Loss for the year before tax	(1,650,793)	(3,864,455)
<b>Adjustments for:</b>		
Depreciation on property and equipment	1,194,354	937,803
Depreciation on right-of-use assets	820,063	485,996
Provision for staff terminal benefits	251,936	327,180
Gain on disposal of property, plant and equipment	(94,778)	(3,934)
Interest on lease liabilities	198,098	261,786
Interest on bank borrowings	601,526	1,382,684
	<b>1,320,406</b>	<b>(472,940)</b>
<b>Changes in inventories</b>	(3,281,890)	774,872
Changes in trade and other receivables	(5,227,530)	3,210,421
Changes in due from a related party	5,214,155	(9,747,077)
Changes in trade and other payables	(4,991,290)	(3,839,236)
Changes in due to a related party	4,054,244	2,676,213
Staff terminal benefits paid	(139,078)	(98,283)
Tax paid	(170,443)	(203,273)
Net cash used in operating activities	(3,221,426)	(7,699,303)
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(123,727)	(94,339)
Proceeds from disposal of property, plant and equipment	98,058	122,304
Movement in foreign currency translation reserve	6,870,422	(485,232)
Net cash from / (used in) in investing activities	6,844,753	(457,267)
<b>Financing activities</b>		
Advance received from a related party	-	29,380,000
Repayment of advance to a related party	(29,380,000)	
Repayment of bank borrowings	-	667
Interest paid on bank borrowings	(601,526)	(1,382,684)
Payment of lease liabilities	(1,054,226)	(497,177)
Net cash (used in) / from financing activities	(31,035,752)	27,500,806
<b>Net (decrease) / increase in cash and cash equivalents</b>	(27,412,425)	19,344,236
Cash and cash equivalents at the beginning of the year	(1,345,307)	(20,689,543)
<b>Cash and cash equivalents at the end of the year</b>	<b>(28,757,732)</b>	<b>(1,345,307)</b>
<i>These comprise:</i>		
Cash in hand	10,572	6,187
Cash at bank	4,264,505	6,522,516
Bank overdraft	(33,032,809)	(7,874,010)
	<b>(28,757,732)</b>	<b>(1,345,307)</b>

The notes on pages 8 to 32 are an integral part of these consolidated financial statements.



## 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 2022 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 22.

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 notwithstanding the fact that the Group incurred a loss of AED 1,935,950 during the year ended 31 March 2022 (2021: AED 3,839,545), had net current liabilities amounting to AED 107,209,931 (2021: AED 113,661,024), accumulated losses of AED 134,134,025 (2021: AED 132,198,075) and net liabilities amounting to AED 105,345,631 (2021: AED 110,280,102) as at that date. The continuation of the Group’s operations is dependent upon continued financial support of the Parent Company 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. 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”).

#### 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.

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

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

policies that have most significant effect on the amounts recognised in the consolidated financial statements are described in note 23.

#### 3 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.

##### **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
- 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.

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

### 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 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

#### 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.

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

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 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.

### **Finance expenses**

The Group's finance expenses include foreign exchange loss, interest on bank borrowings, bank charges and interest on lease liabilities.

Foreign exchange gain or loss is presented on a net basis.

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

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

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

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

#### 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:

	<b>Years</b>
Buildings	20
Plant and machinery	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

##### Financial assets - 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.

##### Financial assets - classification and subsequent measurement

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").

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

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.

#### **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.

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.

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

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.

### 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.

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

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

'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 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.



## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

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 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

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

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.

#### 4 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.

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.

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

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 a related party**

Amount due from a related party is 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.

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

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

#### 5 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.

	2022	2021
	AED	AED
Revenue from contracts with customers	<b>256,792,324</b>	200,339,367

##### 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.

	2022	2021
	AED	AED
<b>Primary geographical markets</b>		
Asia	217,158,365	169,575,265
Others	39,633,959	30,764,102
	<b>256,792,324</b>	<b>200,339,367</b>

	2022	2021
	AED	AED
<b>Timing of revenue recognition</b>		
Products transferred at a point in time	256,792,324	200,339,367

#### 6 Administrative, selling and general expenses

	2022	2021
	AED	AED
Advertising and promotion	26,510,245	24,872,723
Staff costs	15,714,647	14,352,663
Freight, clearing and forwarding expenses	3,003,873	2,711,973
Legal and professional fees	2,611,184	2,511,227
Royalty (refer note 13)	2,481,524	1,918,429
Repair and maintenance	1,563,003	1,427,821
Depreciation on property, plant and equipment (refer note 9)	1,194,354	937,803
Depreciation on right of use assets (refer note 10)	820,063	485,996
Insurance	408,529	415,312
Printing and stationery	404,038	409,171
Travel expenses	453,899	269,799
Others	206,059	667,518
	<b>55,371,418</b>	50,980,435

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

#### 7 Finance expenses

	2022	2021
	AED	AED
Foreign exchange loss – net	1,940,322	20,170
Bank charges	1,046,124	1,052,855
Interest on bank borrowings	601,526	1,382,684
Interest on lease liabilities (refer note 19)	198,098	261,786
	<b>3,786,070</b>	<b>2,717,495</b>

#### 8 Other income

	2022	2021
	AED	AED
Marketing fee income* (refer note 13)	16,078	1,633,665
Gain on disposal of property, plant and equipment	94,778	3,934
Miscellaneous income	348,542	486,448
	<b>459,398</b>	<b>2,124,047</b>

\* This represents amounts received from the Parent Company against sales support services provided by the Group.

#### 9 Property, plant and equipment

	Land and buildings	Plant and machinery	Equipment, fixture and fittings	Motor vehicles	Total
	AED	AED	AED	AED	AED
<b>Cost</b>					
At 1 April 2020	2,946,995	6,933,714	1,199,047	142,712	11,222,468
Additions	-	-	25,065	69,274	94,339
Disposals	-	(103,699)	(14,671)	(47,545)	(165,915)
<b>At 31 March 2021</b>	<b>2,946,995</b>	<b>6,830,015</b>	<b>1,209,441</b>	<b>164,441</b>	<b>11,150,892</b>
At 1 April 2021	2,946,995	6,830,015	1,209,441	164,441	11,150,892
Additions	-	-	48,108	75,619	123,727
Disposals	-	-	(3,809)	(40,626)	(44,435)
<b>At 31 March 2022</b>	<b>2,946,995</b>	<b>6,830,015</b>	<b>1,253,740</b>	<b>199,434</b>	<b>11,230,184</b>
<b>Depreciation</b>					
At 1 April 2020	1,507,073	3,455,470	790,685	120,832	5,874,060
Charge for the year	158,131	573,983	196,043	9,646	937,803
On disposals	-	-	-	(47,545)	(47,545)
<b>At 31 March 2021</b>	<b>1,665,204</b>	<b>4,029,453</b>	<b>986,728</b>	<b>82,933</b>	<b>6,764,318</b>
At 1 April 2021	1,665,204	4,029,453	986,728	82,933	6,764,318
Charge for the year	150,949	836,533	187,115	19,757	1,194,354
On disposals	-	-	(529)	(40,626)	(41,155)
<b>At 31 March 2022</b>	<b>1,816,153</b>	<b>4,865,986</b>	<b>1,173,314</b>	<b>62,064</b>	<b>7,917,517</b>
<b>Net book value</b>					
<b>At 31 March 2022</b>	<b>1,130,842</b>	<b>1,964,029</b>	<b>80,426</b>	<b>137,370</b>	<b>3,312,667</b>
At 31 March 2021	1,281,791	2,800,562	222,713	81,508	4,386,574

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

#### 10 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 19). Movement in these is as follows:

	Office and warehouse	
	2022	2021
	AED	AED
<b>Cost</b>		
As at 1 April	2,892,202	1,873,634
Additions	-	1,018,568
At 31 March	<b>2,892,202</b>	<b>2,892,202</b>
<b>Accumulated depreciation</b>		
As at 1 April	(809,734)	(323,738)
Depreciation for the year (refer note 6)	(820,063)	(485,996)
	<b>(1,629,797)</b>	<b>(809,734)</b>
<b>Carrying amount at 31 March</b>	<b>1,262,405</b>	<b>2,082,468</b>

#### 11 Inventories

	2022	2021
	AED	AED
Finished goods	2,991,911	1,068,413
Consumables	1,819,805	1,212,078
Raw materials	2,096,602	1,343,237
Semi-finished goods	15,481	18,181
	<b>6,923,799</b>	<b>3,641,909</b>

#### 12 Trade and other receivables

	2022	2021
	AED	AED
Trade receivables	27,136,253	20,952,675
Prepayments	591,245	491,560
Advances to suppliers	2,190	38,846
Other receivables	2,589,836	3,608,913
	<b>30,319,524</b>	<b>25,091,994</b>

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

#### 13 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:

	2022	2021
	AED	AED
Sales of goods	125,505,778	99,698,133
Purchase of goods	43,864,922	26,756,810
Royalty expense (refer note 6)	2,481,524	1,918,429
Marketing fee income (refer note 8)	<b>16,078</b>	<b>1,633,665</b>
Compensation to key management personnel:		
Salaries and other benefits	<b>1,968,022</b>	<b>1,905,247</b>

	2022	2021
	AED	AED
<b>Due from a related parties</b>		
Marico Bangladesh Limited	13,122,512	18,336,667
	<b>13,122,512</b>	<b>18,336,667</b>
<b>Due to related parties</b>		
Marico Limited	13,313,263	38,639,019
	<b>13,313,263</b>	<b>38,639,019</b>

#### 14 Cash at bank and in hand

	2022	2021
	AED	AED
Cash in hand	10,572	6,187
Cash at bank	4,264,505	6,522,516
	<b>4,275,077</b>	<b>6,528,703</b>

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

	2022	2021
	AED	AED
Cash and bank balances	4,275,077	6,528,703
Bank overdrafts (refer note 16)	(33,032,809)	(7,874,010)
	<b>(28,757,732)</b>	<b>(1,345,307)</b>

#### 15 Trade and other payables

	2022	2021
	AED	AED
Trade payables	6,697,545	6,701,265
Provision for income tax	371,484	175,554
Deferred tax liabilities	137,725	218,941
Other payables and accruals	28,673,287	33,660,856
	<b>35,880,041</b>	<b>40,756,616</b>

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

#### 16 Bank borrowings

	2022	2021
	AED	AED
Term loans	78,958,750	78,958,750
Bank overdrafts	33,032,809	7,874,010
	<b>111,991,559</b>	<b>86,832,760</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 SOFR+0.85% to SOFR+ 0.9 % per annum (2021: LIBOR+0.8% to LIBOR+1% per annum). These bank borrowings are secured by way of corporate guarantee from the Parent Company.

#### 17 Provision for staff terminal benefits

The movement in provision staff terminal benefits was as follows:

	2022	2021
	AED	AED
As at 1 April	1,744,945	1,516,048
Provision made during the year	251,936	327,180
Payments during the year	(139,078)	(98,283)
As at 31 March	<b>1,857,803</b>	<b>1,744,945</b>

#### 18 (a) Share capital

	2022	2021
	AED	AED
Authorised, issued and fully paid up:		
22 shares of AED 1,000,000	22,000,000	22,000,000

#### (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)

#### 19 Lease liabilities

See accounting policy in note 3.

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.

	2022	2021
	AED	AED
At 1 April	2,375,077	1,591,900
Additions	-	1,018,568
Interest expense for the year (refer note 7)	198,098	261,786
Payment against lease liabilities	(1,054,226)	(497,177)
Balance at 31 March	<b>1,518,949</b>	<b>2,375,077</b>
Less: current portion of lease liabilities	(665,980)	(1,031,902)
Non-current portion of lease liabilities	<b>852,969</b>	<b>1,343,175</b>

Details of lease payments are as follows

	2022			2021		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	AED	AED	AED	AED	AED	AED
Less than one year	872,902	206,922	665,980	1,269,214	237,311	1,031,903
Between one and five years	1,151,958	298,989	852,969	1,686,445	343,271	1,343,174
	<b>2,024,860</b>	<b>505,911</b>	<b>1,518,949</b>	<b>2,955,659</b>	<b>580,582</b>	<b>2,375,077</b>

Amounts recognised in profit or loss

Leases under IFRS 16

	2022	2021
	AED	AED
Interest on lease liabilities (refer note 7)	198,098	261,786
Depreciation charge for the year – right-of-use assets (refer note 6)	820,063	485,996

Amounts recognised in statement of cash flows in AED

Total cash outflow for leases		
— Payment towards principal amounts	856,128	235,391
— Payment towards interest	<b>198,098</b>	<b>261,786</b>

## NOTES

### (FORMING PART OF THE FINANCIAL STATEMENTS)

#### 20 Contingent liabilities and capital commitments

	2022	2021
	AED	AED
Financial guarantees	50,000	50,000

The Group did not have any significant capital commitments at 31 March 2022 (2021: Nil).

#### 21 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:

	2022	2021
	AED	AED
Trade receivables	27,136,253	20,952,675
Other receivables	2,589,836	3,608,913
Due from a related party	13,122,512	18,336,667
Cash at bank	4,264,505	6,522,516
	<b>47,113,106</b>	<b>49,420,771</b>

The ageing of trade receivables at the reporting date was:

	2022	2021
	AED	AED
Not past due	26,405,394	20,737,379
Past due (0-60 days)	730,859	215,296
	<b>27,136,253</b>	<b>20,952,675</b>

At 31 March 2022, the Group does not have any provision for impairment loss on its trade receivables (2021: 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

	31 March, 2022			
	in AED			
	Carrying amount	Contractual cash flow	Less than 1 year	More than 1 year
Trade and other payables	35,370,832	35,370,832	35,370,832	-
Due to a related party	13,313,263	13,313,263	13,313,263	-
Bank borrowings	111,991,559	112,551,517	112,551,517	-
Lease liabilities	1,518,949	2,024,860	872,902	1,151,958
	<b>162,194,603</b>	<b>163,260,472</b>	<b>162,108,514</b>	<b>1,151,958</b>

#### Non-derivative financial liabilities

	31 March, 2021			
	in AED			
	Carrying amount	Contractual cash flow	Less than 1 year	More than 1 year
Trade and other payables	40,362,121	40,362,121	40,362,121	-
Due to related parties	38,639,019	38,639,019	38,639,019	-
Bank borrowings	86,832,760	87,155,383	87,155,383	-
Lease liabilities	2,375,077	2,955,659	1,269,214	1,686,445
	<b>168,208,977</b>	<b>169,112,182</b>	<b>167,425,737</b>	<b>1,686,445</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

	2022	2021
	AED	AED
Bank borrowings	111,991,559	86,832,760

#### Cash flow sensitivity analysis for variable rate instruments

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

## NOTES

(FORMING PART OF THE FINANCIAL STATEMENTS)

	Profit or loss	
	100 bp	100 bp
	Increase	Decrease
	AED	AED
<b>31 March 2022</b>		
Bank borrowings	111,992	111,992
<b>31 March 2021</b>		
Bank borrowings	86,833	86,833

### 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.

## 22 List of subsidiaries

Name of the subsidiaries	Ownership interest	Legal status and principal activities
Egypt American Investment and Industrial Development Company (EAIIDC) (refer (i) and (ii) below)	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 (refer (ii) below)	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 (refer (ii) below)	100%	The entity is registered a company in Bangladesh. Principal activity of the entity is trading of hair oil.
MEL Consumer Care Company (refer (i) and (ii) below)	100%	The entity is a registered company in 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 (refer (i) below)	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 (refer (i) and (ii) below)	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.
Marico Gulf LLC (refer (iii) below)	100%	The entity is a registered company in United Arab Emirates. Principal activities of the Company is general trading.

- (i) Shares of these entities are held by certain individuals in their personal name for the beneficial interest of the Company.
- (ii) These entities were not operational as at 31 March 2022.
- (iii) Marico Gulf LLC was newly incorporated during the year.

## NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

### 23 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 a related party 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.

## MEL CONSUMER CARE S.A.E. (MELCC)

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2022)**

Mr. Binjit Kadakapedlikayal  
Mr. Mohamed El-Arabi  
Ms. Marwa Hussein (representing MME)  
Mr. Ayman Sameh Zaki (representing MME)

**REGISTERED OFFICE**

Unit No. 31, 3<sup>rd</sup> Floor, Tower No. 4, Bavaria Town, Plot 10 A,  
Katameya Investment Area, Ring Road, El Basateen, Cairo.

**AUDITORS**

KPMG Hazem Hassan

**BANKERS**

HSBC

## 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, 2022, 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, 2022, 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.

#### 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 agreement thereto.

## INDEPENDENT AUDITOR'S REPORT

As explained in note No. (20) of the notes to the financial statements which indicate that the company incurred loss amounted to LE 4 246 627 for the year ended March 31, 2022, and cumulative losses reached to LE 133 742 067 as of March 31, 2022 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 15, 2022

**KPMG Hazem Hassan**

Public Accountants & Consultants



**SEPARATE STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2022

	Note No.	As at March 31,	
		2022 EGP	2021 EGP
<b>Non current assets</b>			
Fixed assets	(21-6),(10)	9	9
Investments in subsidiaries	(21-12),(11)	1,506,718	1,506,718
<b>Total Non current assets</b>		<b>1,506,727</b>	<b>1,506,727</b>
<b>Current assets</b>			
Debit balances	(21-13),(12)	556,897	556,445
Cash and cash equivalents	(21-14),(14)	1,430	2,250
<b>Total current assets</b>		<b>558,327</b>	<b>558,695</b>
<b>Total Assets</b>		<b>2,065,054</b>	<b>2,065,422</b>
<b>Equity</b>			
Issued & paid-up capital	(15)	250,000	250,000
Legal reserve	(21-11)	204,310	204,310
Retained losses		(133,742,067)	(129,495,440)
<b>Total Equity</b>		<b>(133,287,757)</b>	<b>(129,041,130)</b>
<b>Current liabilities</b>			
Credit balances	(21-15),(17)	62,748	71,959
Due to related parties	(21-15),(13B)	134,632,805	130,377,335
Provisions	(21-10),(16)	657,258	657,258
<b>Total current liabilities</b>		<b>135,352,811</b>	<b>131,106,552</b>
<b>Total liabilities</b>		<b>135,352,811</b>	<b>131,106,552</b>
<b>Total equity and liabilities</b>		<b>2,065,054</b>	<b>2,065,422</b>

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

Head of Finance  
**Mohamed El-Arabi**

Chairman  
**Binjit Kumar Kadakapedlikayal**

**SEPARATE INCOME STATEMENT**

For the financial year ended 31 March 2022

	Note No.	For the year ended March 31,	
		2022 EGP	2021 EGP
Other income	(3)	456 258	661 247
General and administrative expenses	(4)	( 135 755)	( 194 769)
Other expenses	(5)		( 689 894)
<b>Operating Income/losses</b>		<b>320,503</b>	<b>( 223 416)</b>
Finance income	(21-4),(6)		34,115
Finance expense	(21-4),(7)	(4,567,130)	(2,077,373)
<b>Net finance income</b>		<b>( 4 567 130)</b>	<b>(2 043 258)</b>
<b>Loss for the year</b>		<b>(4 246 627)</b>	<b>(2 266 674)</b>
<b>Losses per share</b>	(8)	<b>( 16 987)</b>	<b>( 9 067)</b>

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

**STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 March 2022

	For the year ended March 31,	
	2022	2021
	EGP	EGP
Net loss for the year	(4 246 627)	(2 266 674)
<b>Comprehensive income items:</b>		
Other comprehensive income	-	-
<b>Total Comprehensive losses for the year</b>	<b>(4,246,627)</b>	<b>(2,266,674)</b>

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

## SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the financial year ended 31 March 2022

Description	Share capital	Legal reserve	Retained (losses)	Total
	EGP	EGP	EGP	EGP
<b>Balance as at 1 April 2020</b>	<b>250 000</b>	<b>204 310</b>	<b>(127 228 766)</b>	<b>(126 774 456)</b>
Total comprehensive income				
Net loss for the year	-	-	(2 266 674)	(2 266 674)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(2 266 674)</b>	<b>(2 266 674)</b>
Total transactions with shareholders	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>250 000</b>	<b>204 310</b>	<b>(129 495 440)</b>	<b>(129 041 130)</b>
<b>Balance as at 1 April 2021</b>	<b>250 000</b>	<b>204 310</b>	<b>(129 495 440)</b>	<b>(129 041 130)</b>
<b>Total comprehensive income</b>				
Net loss for the year	-	-	(4 246 627)	(4 246 627)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(4 246 627)</b>	<b>(4 246 627)</b>
Total transactions with shareholders	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>250 000</b>	<b>204 310</b>	<b>(133 742 067)</b>	<b>(133 287 757)</b>

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

**STATEMENT OF CASH FLOWS**

For the financial year ended 31 March 2022

	Note No.	Year ended March 31,	
		2022 EGP	2021 EGP
<b>Cash Flows From Operating Activities :</b>			
Net (Loss) for the year		(4,246,627)	(2,266,674)
<b>Adjustments for:</b>			
Debit interest		282,611	2,077,373
Credit balances		(9,211)	2,431
<b>Debit Balances</b>		(452)	-
Due to related parties		3,972,859	(271,065)
Used from provisions			459,435
<b>Net Cash (used in) operating activities</b>		<b>(820)</b>	<b>1,500</b>
<b>Net cash (used in) operating activities</b>		<b>(820)</b>	<b>1,500</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(820)</b>	<b>1,500</b>
Cash and cash equivalents at the beginning of the year	(21-14,14)	2,250	750
<b>Cash and cash equivalents at the end of the year</b>	(21-14,14)	<b>1,430</b>	<b>2,250</b>

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 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

Plot No. 3 - Square No. 1141 - Sheraton - El Nozha Department - Cairo.

The headquarter is changed and mentioned in the commercial register to be Tower 4 - Bavarian Town – Maadi-Ring Road - Cairo.

### 2- Basis of accounting

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

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

These separate financial statements were authorized by the board of directors for issue on the May 9, 2022.

#### 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.

#### 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.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

- 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

### 2-5 Changes in the general Egyptian accounting policies

The Company has applied the following Egyptian Accounting Standard:

1. Egyptian Accounting Standard No. "47" "Financial Instruments" - (Paragraph A) at April 1, 2021.
2. Egyptian Accounting Standard No. "48" "Revenue from Contracts with Customers" – early adopted in April 2019 (Paragraph B).
3. Egyptian Accounting Standard No. "49" "Leasing Contracts" – early adopted in April 2019 (Paragraph C).

Considering the method of adopting the changes in the accounting policies, the company has chosen to recognize differences resulted from the implementation of the above-mentioned new standards "if any" in retained earnings at January 1 at the year of adopting the standard. Comparative information was not restated to reflect the requirements of the new standards, the effect of adopting those standards are primarily attributable to the increase in financial assets impairment losses (see A), the effect of contracts with customers (see B) and the effect of lease contracts (see C).

#### A- Egyptian Accounting Standard No. (47) – Financial Instruments

Egyptian Accounting Standard No. 47 sets out requirements for recognition and measuring financial assets & liabilities, and certain contracts for buying and selling non-financial items. This standard replaces the Egyptian Accounting Standard No.25 Financial instruments: presentation and disclosure, Egyptian Accounting Standard No. 26 Financial instruments: recognition and measurement and, Egyptian Accounting Standard No. 40 Financial instruments: disclosures applied to the disclosure for year 2021.

#### Classification and measurement of financial assets and financial liabilities

Egyptian Accounting Standard No. 47 contains major classifications of financial assets: measurement at amortized cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets under Egyptian Accounting Standard No. 47 is generally based on the business model in which the financial asset is managed and the contractual cash flow characteristics.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

Egyptian Accounting Standard No. 47 eliminates the previous Egyptian Accounting Standard No. 26 categories from held-to-maturity, loans, debtors, and available for sale. Under Egyptian Accounting Standard No. 47, derivatives embedded in contracts in where the host is a financial asset in the scope of the standard are never separated. Instead, hybrid financial instrument as a whole is assessed for classification.

Egyptian Accounting Standard No. 47 largely retains the existing requirements in EAS No. 26 for the classifications and measurement of financial liabilities.

The adoption Egyptian Accounting Standard No. 47 has not had significant effect on the company's accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the company classifies financial instruments and accounts, and their measurement of related profits or losses under Egyptian Accounting Standard No. 47.

The effect of adopting of Egyptian Accounting Standard No. 47 on the carrying amounts of financial assets on January 1, 2021 relates solely to the new impairment requirements. The following table and the accompanying notes below explain the original classifications and measurement categories according to the Egyptian Accounting Standard No. 26 and the new classifications and measurement according to the Egyptian Accounting Standard No. 47 for each categories of the company's financial assets and financial liabilities as of April 1, 2021.

There is no significant effect from applying the standard on the retained earnings from the beginning of April 1, 2021.

EGP	Classification under EAS No. 26	Classification under EAS No. 47	Carrying amount under EAS 26	Carrying amount under EAS No. 47
<b>Financial Assets</b>				
Cash & Cash Equivalent	Loans & debtors	Amortized cost	2,250	2,250
Debtors and other debit balances	Loans & debtors	Amortized cost	556,445	556,445
<b>Total financial assets</b>			<b>558,695</b>	<b>558,695</b>
<b>Financial Liabilities</b>				
Creditors & other credit balances	Other financial liabilities	Other financial liabilities	71,959	71,959
Due to related parties	Other financial liabilities	Other financial liabilities	130,377,335	130,377,335
<b>Total financial liabilities</b>			<b>130,449,294</b>	<b>130,449,294</b>

### B – Egyptian Standard number (48) – Revenue from Contracts with Customers

Egyptian Accounting Standard No. (48) establishes a comprehensive framework for determining whether, how much and when revenue is recognized, It replaced the following EASs (EAS No. (11) "Revenue" and EAS No. (8) "Construction Contracts"), Revenue is recognized when a customer obtains control of the goods or services. Also, determining the timing of control transfer of control at a point of time or over time - requires personal judgment.

The company has adopted Standard No. (48) using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application on April 1, 2019.



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### C- Egyptian Accounting Standard No. (49) - Lease contracts

Egyptian Accounting Standard No. (49) "Lease Contracts" introduces a single accounting model for the lessor and the lessee where a lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts. There are optional exemptions for short-term lease contracts and low-value lease contracts

As for a lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.

As for the finance lease, a 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.

As for operating leases, a 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.

EAS No. (49) replaces EAS No. (20) – "Accounting Rules and Standards related to Financial Leasing"

On transition to Egyptian Accounting Standard No. (49), the company elected to apply the practical method to exclude the evaluation according to which the transactions represent lease contracts. The company adopted Egyptian Accounting Standard No. (49) only to contracts that were previously identified as lease contracts. contracts that were not identified as lease contracts under Egyptian Accounting Standard No. (20) were not reassessed. Therefore, the definition of a lease contract under Egyptian Accounting Standard No. (49) was applied only to contracts entered into or changed on January 1, 2021 or after that date. The company used a number of the following practical incentives when applying Egyptian Accounting Standard No. (49) to lease contracts previously classified as operating lease contracts under Egyptian Accounting Standard No. (20):

- Apply a single discount rate to a company of lease contracts with identical characteristics to a reasonable extent.
- Apply the exemption by not recognizing the assets and liabilities of the right of use asset which expire during year 2021.
- Excluded the initial direct cost from the measurement of the right of use asset on the date initial adoption.

The company also elected to use recognition' exemptions for lease contracts that do not exceed lease terms 12 months or less from the first application date and do not include the option to purchase "short-term lease contracts" as well as low-value lease contracts "low-value assets".

#### Short-term lease contracts

The company applies the exemption granted to the short-term lease contract on the short-term lease contracts (i.e. lease contracts with a lease term of 12 months or less from the start date and do not include a purchase option). Lease payments on short-term lease contracts are recognized as expenses on a straight-line basis over the lease term.

#### The significant judgments in determining the term of the lease for contracts that includes renewal options

The company defines the term of the lease contract as the irrevocable period of the lease contract. In addition to any periods covered by the option to extend the lease contract if this right can be exercised in a reasonable degree, or any periods covered by the option to terminate the lease contract, if it is certain to exercise this right.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

The company has the option for certain lease contracts to lease assets for additional periods, the company applies judgment in assessing whether it is certain and reasonable to exercise the option of renewal, this means that all relevant factors that create an economic incentive to practice renewal are taken into consideration, after the start date, the company edits the lease term if there is a major event or change in conditions under its control and affects its ability to exercise (or not exercise) the renewal option (for example) a change in business strategy.

### 3- Other Income

	2022	2021
	EGP	EGP
Impairment on related parties	456,258	661,247
	<b>456,258</b>	<b>661,247</b>

### 4- General and administrative expenses

	2022	2021
	EGP	EGP
Salaries and wages	56,314	60,760
Legal expenses	17,013	53,911
Consulting services	60,000	73,945
Other expenses	2,428	6,153
	<b>135,755</b>	<b>194,769</b>

### 5- Other expenses

	2022	2021
	EGP	EGP
Provisions	-	689,894
	<b>-</b>	<b>689,894</b>

### 6- Finance income

	2022	2021
	EGP	EGP
Foreign Currency exchange difference	-	34,115
	<b>-</b>	<b>34,115</b>

### 7- Finance expense

	2022	2021
	EGP	EGP
Debit interest	282,611	2,077,373
Foreign Currency exchange difference	4,284,519	-
	<b>4,567,130</b>	<b>2,077,373</b>

### 8- 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.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

	2022	2021
Net losses for the year (EGP)	(4,246,627)	(2,266,683)
<b>Less:</b>	-	-
Employee's share profit	-	-
BOD remuneration	-	-
	(4,246,627)	(2,266,683)
The outstanding number of shares during the year	250	250
<b>Losses per share for the year (EGP/share)</b>	<b>(16,987)</b>	<b>(9,067)</b>

### 9- Reconciliation of effective tax rate

	Tax Rate	31/03/2022 EGP	Tax Rate	31/03/2021 EGP
Net loss before income tax		(4,246,627)		(2,266,674)
Income tax on accounting loss	22.50%	(955,491)	22.50%	(510,001)
Unrecognized carry forward taxes		30,545		(45,408)
others		1,027,604		459,733
Provision and impairment		(102,658)		(45,408)
<b>Income tax</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 10- Fixed Assets

	Computers & Software	Total
	EGP	EGP
Cost as at 1/4/2020	342,867	342,867
<b>Cost as at 31/3/2021</b>	<b>342,867</b>	<b>342,867</b>
Cost as at 1/4/2021	342,867	342,867
<b>Cost as at 31/3/2022</b>	<b>342,867</b>	<b>342,867</b>
Accumulated depreciation as at 1/4/2020	342,858	342,858
<b>Accumulated depreciation as at 31/3/2021</b>	<b>342,858</b>	<b>342,858</b>
Accumulated depreciation as at 1/4/2021	342,858	342,858
<b>Accumulated depreciation as at 31/3/2022</b>	<b>342,858</b>	<b>342,858</b>
<b>Impairment in fixed assets as at 31/3/2021</b>	-	-
<b>Impairment in fixed assets as at 31/3/2022</b>	-	-
<b>Net book Value at 31/3/2021</b>	<b>9</b>	<b>9</b>
<b>Net book Value at 31/3/2022</b>	<b>9</b>	<b>9</b>

### 11- Investments in subsidiaries

	2022	2021
	EGP	EGP
Marico Egypt for Industries Company	1,506,718	1,506,718
Marico for Consumer Care Products	56,078,015	56,078,015
(Less):-	<b>57,584,733</b>	<b>57,584,733</b>
Impairment on investments in subsidiaries	(56,078,015)	(56,078,015)
	<b>1,506,718</b>	<b>1,506,718</b>

\* The percentage of ownership in Marico Egypt for Industries Company is 99 %.

\* 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 EGP 55 018 560.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 12- Debit Balance

	2022	2021
	EGP	EGP
Due From Board of Directors	556,445	556,445
Other Debtors	452	
	<b>556,897</b>	<b>556,445</b>

### 13- Related parties transactions

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

Related party	Nature of Relationship	Type of transactions	Significant transactions during the year ended 31/03/2022	Significant transactions during the year ended 31/03/2021
			EGP	EGP
Marico for Consumer Care Products	Affiliated Company	Others	(456,258)	(661, 246)
Marico Middle East Company-MME	Affiliated Company	Present value loan interest	282,611	2,077,373
Marico Middle East Company-MME	Affiliated Company	Others	4,284,530	(34,116)
Marico Egypt for Industries Company	Affiliated Company	Finance	(311,671)	236,949

Those transactions resulted in the following balances as at 31 March 2022:

#### A) Due from related parties:

	Note no	31/03/2022	31/03/2021
		EGP	EGP
Marico for Consumer Care Products		56,225,452	56,681,710
Egyptian American Company for investment and industrial development		3,529,683	3,529,683
		<b>59,755,135</b>	<b>60,211,393</b>
(Less):-			
Impairment on related parties	(16)	(59,755,135)	(60,211,393)
		-	-

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### B) Due to related parties:

	31/03/2022	31/03/2021
	EGP	EGP
Marico Middle East Company-MME	31,333,293	26,766,152
Marico Egypt for Industries Company	103,299,512	103,611,183
	<b>134,632,805</b>	<b>130,377,335</b>

### 14- Cash and cash equivalents

	2022	2021
	EGP	EGP
Banks - current accounts	1,430	2,250
	<b>1,430</b>	<b>2,250</b>

### 15- Share capital

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

Name	No of shares	Share value	Percentage
Mr. Saugata Gupta	1	1,000	0.004
Mr. Vivek Anant Karve	1	1,000	0.004
Mr. Vijay Sankar	1	1,000	0.004
Marico Middle east co	247	247 000	0.988
Total	250	250 000	1

### 16- Provisions and impairment in assets

	Balance as at 1/4/2021	No longer Required	Balance at 31/03/2022
	EGP	EGP	EGP
Claims provision	657,258		657,258
	<b>657,258</b>	-	<b>657,258</b>
Impairment in investment in subsidiaries	56,078,015	-	56,078,015
Impairment in related parties	<b>60,211,393</b>	<b>(456,258)</b>	<b>59,755,135</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

**17- Credit balances**

	31/03/2022	31/03/2021
	EGP	EGP
Accrued expenses	61,381	56,381
Social insurance authority	1,367	15,474
Other credit balances	-	104
	<b>62,748</b>	<b>71,959</b>

**18- Tax position****a) Corporate Tax:****Years from commencement of operation till 31/3/2021**

- The tax inspection has not been done for this period and no tax claims were received.
- The company submits declarations on legal dates.

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

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

**Period from 1 September 2013 to 2021**

- The tax inspection has not been done for this period and no tax claims were received.
- The company submits declarations on legal dates.

**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.

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

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

**Years from 1/04/2008 till 2021**

- The tax inspection has not yet been done for this period and no tax claims were received.
- The company submits declarations on legal dates.

**d) Stamp duty tax:****Years from commencement till 31/3/2020:**

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

**Years from 1/4/2020 till 31/3/2021:**

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 19- Financial instruments and management of risk related to them

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

#### a) Credit risk

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

#### b) Foreign exchange risk

This risk is represented in the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the translation of its monetary foreign currency assets and liabilities. As of the balance sheet date the company has monetary, foreign currency, assets and liabilities equivalent to EGP 73 and L.E 31,333, 293 respectively.

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

<u>Foreign Currency</u>	<u>Deficit</u>
US Dollars	1,718,678

And as stated in note (21-1) "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:

	Book value	
	31/03/2022	31/03/2021
	EGP	EGP
Credit balances	62,748	71,959
Due to related parties	134,632,805	130,377,336
	<b>134,695,553</b>	<b>130,449,295</b>



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 20- Going concern

The company achieved a net loss for the fiscal year ending on March 31, 2022, an amount of EGP 4 246 627. Thus, the accumulated losses on the same date amounted to EGP 133 742 067, exceeding half of the Paid in capital according to the company's last annual financial statements, amounting to EGP 227 155. Most of the company's liabilities are concentrated in the amount due to the parent company, which at the date of the balance sheet amounted to EGP 31 333 293. The company's management relies on its continued practice of the activity on the support of the parent company. According to the Companies Law No. 159 of 1981, its implementing regulations, and the articles of association of the company, the company's management must invite the extraordinary general assembly to consider the liquidation or continuity of the company.

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

### 21- Significant accounting policies

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

#### 21-1 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.

#### 21-2 Revenue

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.

#### 21-3 Employees Benefits

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 21-4 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.

### 21-5 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.

#### 1. 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.

#### 2. Deferred tax

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

- The initial recognition of good will,
- Or the initial recognition of assets and liabilities for the operations that:
  - 1) Are not business combination
  - 2) And don't affect the net accounting profit nor taxable profit (taxable loss).

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

- 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.

### 21-6 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:-

<u>Asset</u>	<u>Years</u>
Computer & software	2

#### 4- Construction contracts in progress

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

### 21-7 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 SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

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.

### 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.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 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.

### 21-8 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".

### 21-9 Impairment

#### 1) Non-derivative financial assets

- Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.
- Objective evidence that financial assets are impaired includes:
  - default or delinquency by a debtor;
  - restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
  - indications that a debtor or issuer will enter bankruptcy;
  - adverse changes in the payment status of borrowers or issuers;
  - the disappearance of an active market for a security because of financial difficulties; or
  - observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.
- For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

#### Financial assets measured at amortized cost

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

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

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

### Available-for-sale financial assets

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

### Equity-accounted investees

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

## 2) Non-financial assets

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

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

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

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

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

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 21-10 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.

### 21-11 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.

### 21-12 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.

### 21-13 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.

### 21-14 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.

### 21-15 Due to related parties ,creditors and credit balances

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

### 21-16 Cash flow statement

Cash flow statement is prepared according to the indirect method.

### 21-17 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.

### 21-18 Cash dividends

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

## 22- Significant events

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 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 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.

## MARICO EGYPT FOR INDUSTRIES S.A.E. (MEIC)

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2022)**

Mr. Binjit Kadakapedlikayal  
Mr. Mohamed El-Arabi  
Ms. Marwa Hussein (representing MME)  
Mr. Ayman Sameh Zaki (representing MME)

**REGISTERED OFFICE**

Unit No. 31, 3<sup>rd</sup> Floor, Tower No. 4, Bavaria Town - Plot 10 A,  
Katameya Investment Area, Ring Road, El Basateen, Cairo

**AUDITORS**

KPMG Hazem Hassan

**BANKERS**

HSBC  
QNB Al-Ahly



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Marico Egypt For Industries

### Report on the Financial Statements

We have audited the accompanying financial statements of Marico Egypt For Industries -An Egyptian Joint Stock Company - which comprise the financial position as at 31 March 2022, and the statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies applied as declared in Note (21) from 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 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 as of 31 March 2022 and its financial performance and its cash flows for the year then ended in accordance with the Accounting Policies described in note 21.

### Without qualifying our opinion

The combined losses on March 31, 2022 amounted to 21,478,655 Egyptian pounds, which exceeds half of the equity according to the company's latest annual financial statements The amount of 8,614,669 Egyptian pounds. Also The company's activity has been transferred to a Associate company and the nature of its activity has been reconsidered, restructuring or adding a new activity to it, and accordingly it has stopped the activity at the present time. The company is not going in the near future and accordingly the financial statements have been prepared in accordance with the accounting policies.

## INDEPENDENT AUDITOR'S REPORT

### 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 agreement thereto.

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

**KPMG Hazem Hussan**

**Cairo 15 May 2022.**

**Public Accountants and Consultants**

**STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2022

	Notes No.	As at March 31,	
		2022 EGP	2021 EGP
<b>Assets</b>			
<b>Current assets</b>			
Debit balances	(21-11),(11)	467 473	469 629
Cash and cash equivalent	(21 -12),(13)	13 338	10 351
<b>Current assets</b>		<b>480 811</b>	<b>479 980</b>
<b>Total Assets</b>		<b>480 811</b>	<b>479 980</b>
<b>Equity</b>			
Issued & paid-up capital	(14)	12 287 690	12 287 690
Legal reserve	(21-10)	4 941 647	4 941 647
Retained losses		(21 478 655)	(21 516 743)
<b>Total equity</b>		<b>(4 249 318)</b>	<b>(4 287 406)</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Banks overdraft	(16)	-	17 600
Trade & Other Payable	(21-13),(17)	777 399	774 679
Provisions	(21-9),(15)	3 952 730	3 975 107
<b>Total current liabilities</b>		<b>4 730 129</b>	<b>4 767 386</b>
<b>Total liabilities</b>		<b>4 730 129</b>	<b>4 767 386</b>
<b>Total equity and liabilities</b>		<b>480 811</b>	<b>479 980</b>

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

Head of Finance  
Mohamed El-Arabi

Chairman  
Binjit Kumar Kadakapcedlikayal

**INCOME STATEMENT**

For the financial year ended 31 March, 2022

Particulars	Notes No	For the year ended March 31,	
		2022 EGP	2021 EGP
<b>Other income</b>	(3)	329 776	236 949
General & Administrative expenses	(4)	(291 887)	(266 893)
Other expenses	(5)	-	(56 393)
<b>Operating profit/(loss)</b>		<b>37 889</b>	<b>(86 337)</b>
Finance income	(21-4),(6)	199	1 619
Finance cost	(21-4),(7)	-	(299 050)
<b>Net finance income / (loss)</b>		<b>199</b>	<b>( 297 431)</b>
<b>Net Income / (loss) before tax</b>		<b>38 088</b>	<b>(383 768)</b>
Income tax expense	(21 -5),(8)	-	( 363)
<b>Net income / (loss) after tax</b>		<b>38 088</b>	<b>(384 131)</b>
Profits / (loss)es per share	(14-21)	<b>0.03</b>	<b>(0.31)</b>

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

**STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 March, 2022

Particulars	2022 EGP	2021 EGP
Net loss after tax	38,088	(384,131)
<b>Comprehensive income items:</b>		
Other comprehensive income	-	-
<b>Total Comprehensive Profit/ losses income for the year</b>	<b>38,088</b>	<b>(384,131)</b>

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

**STATEMENT OF CHANGES IN EQUITY**

For the financial year ended 31 March, 2022

Description	Issued & paid-in- capital EGP	Legal reserve EGP	Retained Losses EGP	Total EGP
<b>Balance as of 1 April 2020</b>	<b>12,287,690</b>	<b>4,941,647</b>	<b>(21,132,612)</b>	<b>(3,903,275)</b>
<b>Comprehensive Income</b>				
Net loss for the period	-	-	(384,131)	(384,131)
Other comprehensive income items	-	-	-	-
<b>Total comprehensive income</b>			<b>(384,131)</b>	<b>(384,131)</b>
<b>Total transactions with shareholders</b>				
<b>Balance as of 31 March 2021</b>	<b>12,287,690</b>	<b>4,941,647</b>	<b>(21,516,743)</b>	<b>(4,287,406)</b>
<b>Balance as of 1 April 2021</b>	<b>12 287 690</b>	<b>4,941,647</b>	<b>(21,516,743)</b>	<b>(4 287 406)</b>
<b>Comprehensive Income</b>				
Net income / loss for the year	-	-	38,088	38,088
Other comprehensive income items	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>38,088</b>	<b>38,088</b>
<b>Total transactions with shareholders</b>				
<b>Balance as of 31 march 2022</b>	<b>12,287,690</b>	<b>4,941,647</b>	<b>(21,478,655)</b>	<b>(4,249,318)</b>

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

**STATEMENT OF CASH FLOW**

For the financial year ended 31 March, 2022

Particulars	Notes No	Year ended March 31,	
		2022 EGP	2021 EGP
<b>Cash Flows From Operating Activities :</b>			
Net Income / (loss) before tax		38,088	(383,768)
<b>Adjustments for:</b>			
Provisions no longer required / fomed	(15)	(22,377)	56,393
		<b>15,711</b>	<b>(327,375)</b>
<b>Changes In:</b>			
Trade and other receivables		2,156	350,444
Prepayments		-	1,750
Trade and other payables		2,720	(3,178)
Related parties		-	-
Provisions used	(15)	-	-
<b>Net cash used in operating activities</b>		<b>20,587</b>	<b>21,641</b>
<b>Cash Flows From Financing Activities</b>			
Payments to bank overdraft		(17,600)	(42,495)
<b>Net cash used in financing activities</b>		<b>(17,600)</b>	<b>(42,495)</b>
Net change in cash and cash equivalents		2,987	(20,854)
Cash and cash equivalents at the beginning of the year	(21 -15):(13)	10,351	31,205
<b>Cash and cash equivalents at the end of the year</b>	<b>(21 -15):(13)</b>	<b>13,338</b>	<b>10,351</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 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 EGP 12 287 690 as of 31/12/2007, approving the changing of the legal status of the company from general partnership Co to joint stock according to the law No 8 year 1997, and changing the company's name to Marico EGP 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 legally permitted, manufacturing for others and export and import. The company adheres to the regulations of Law No. 121 of 1982 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 concerned authorities according to the laws regulating for this purpose, without breach the law, and its executive regulations, and with the necessary licenses 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 to achieve its purpose in Egypt or abroad, and it may also merge with it or buy it or join it; and that's 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
- The address has been modified and has been referred to in the Commercial Registry to Unit No. 31, 3rd Floor, Tower No. 4 Bavaria Town - Plot 10 A - Katameya Investment Area - Ring Road - El Basateen - Cairo.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 2. Basis of preparation

#### 2-1 Statement of compliance

These financial statements have been prepared in accordance with Accounting Policies Described in note 21.

These financial statements were authorized by the board of directors for issue on May 9, 2022.

#### 2-2 Basis of measurement

These financial statements have been prepared on historical cost basis

#### 2-3 Function and presentation currency

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

#### 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 condition.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

**3- Other income**

<b>Particulars</b>	<b>2022</b>	<b>2021</b>
	<b>EGP</b>	<b>EGP</b>
Impairment in related parties	311,671	236,949
Others	18,105	
	<b>329,776</b>	<b>236,949</b>

**4- General and administrative expenses**

<b>Particulars</b>	<b>2022</b>	<b>2021</b>
	<b>EGP</b>	<b>EGP</b>
Salaries and wages	119,102	89,866
Consulting services	135,781	154,559
Other expenses	37,004	22,468
	<b>291,887</b>	<b>266,893</b>

**5- Other expenses**

<b>Particulars</b>	<b>2022</b>	<b>2021</b>
	<b>EGP</b>	<b>EGP</b>
Provision formed during the year	-	56,393
	<b>-</b>	<b>56,393</b>

**6- Finance income**

<b>Particulars</b>	<b>2022</b>	<b>2021</b>
	<b>EGP</b>	<b>EGP</b>
Credit interest	-	1,614
Foreign currency exchange gain	199	5
	<b>199</b>	<b>1,619</b>

**7- Finance cost**

<b>Particulars</b>	<b>2022</b>	<b>2021</b>
	<b>EGP</b>	<b>EGP</b>
Debit interest	-	299,050
	<b>-</b>	<b>299,050</b>

**8- Income Tax****8-1 Income tax for the year**

<b>Particulars</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>EGP</b>	<b>EGP</b>
Treasury bills tax		-	363
	(8-2)	<b>-</b>	<b>363</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

**8-2 Reconciliation of effective tax rate**

Particulars	Tax Rate	2022 EGP	Tax Rate	2021 EGP
Net Income / (loss) before income tax	22.50%	<b>38,088</b>	22.50%	(383,768)
Income tax on accounting profit		8,570		(86,347)
separate tax pool		-		(363)
Unrecognized tax losses		61,556		59,688
Provisions & impairments		(70,126)		(40,626)
Other		-		67,285
<b>Income tax / effectiye tax rate</b>	<b>0%</b>	<b>-</b>	<b>100%</b>	<b>(363)</b>

**9- Profit / (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	2022 EGP	2021 EGP
Net Income/( losses) for the year (EGP)	38,088	(384,131)
	<b>38,088</b>	<b>(384,131)</b>
<b>Weighted average for the ordinary shares numbers</b>	1,228,769	1,228,769
<b>Net Profit /(Losses) per share (EGP / Share)</b>	<b>0.03</b>	<b>(0.31)</b>

**10- Unrecognized deferred tax assets**

Particulars	2022 EGP	2021 EGP
Claims provision	889,364	894,399
Impairment loss on related parties	23,242,390	23,312,516
	<b>24,131,754</b>	<b>24,206,915</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.

**11- Debit Balances**

Particulars	2022 EGP	2021 EGP
Tax authority – withholding tax	463,715	46,5812
Employees' imprest funds	3,758	3,758
Other debit balances	-	59
	<b>467,473</b>	<b>469,629</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 12- 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 2022 is as follows:-

Related party	Country	Type of transactions	Significant transactions during the year 2022 EGP	Significant transactions during the year 2021 EGP
- MEL Company Egypt	Egypt	Finance	(311,671)	(236,949)

Those transactions resulted in the following balances as at March 31, 2022:

#### A) Due from related parties:

Particulars	31/3/2022 EGP	31/3/2021 EGP
MEL Consumer Care Company- Egypt	103,299,512	103,611,183
<b>Less:</b>		
Impairment on related parties	(103,299,512)	(103,611,183)
	-	-

### 13- Cash and cash equivalents

Particulars	31/3/2022 EGP	31/3/2021 EGP
Banks - current accounts	13,338	10,351
	<b>13,338</b>	<b>10,351</b>

### 14- Share capital

- A. Authorized capital of the company is EGP 20 million.
- B. The issued and fully paid capital of the company is EGP 12 287 690 Egyptian pounds represented in 1 228 769 shares, at par value EGP 10.

- The share capital is presented as the following :

Name	No. of Shares	Share Value EGP
- MEL For Consumer Care Products S.A.E	1 216 481	12,164,810
- Mr. Padmanabh Suresh Maydeo	6 144	61,440
- Mr. Binjit Kumar Kadakapedlikayal	6 144	61,440
<b>Total</b>	<b>1,228,769</b>	<b>12,287,690</b>

The percentage of Egyptian shareholder share is 99 %

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

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

	Balance at 01/04/2021	Provisions no longer required	Balance at 31/03/2022
	EGP	EGP	EGP
Claims provision	3,928,714	(22,377)	3,906,337
Others provision	46,393	-	46,393
	<b>3,975,107</b>	<b>(22,377)</b>	<b>3,952,730</b>
Impairment in related parties	<b>103,611,183</b>	<b>(311,671)</b>	<b>103,299,512</b>

**16- Bank facilities**

Particulars	2022	2021
	EGP	EGP
QNB Bank	-	17,600
	<b>-</b>	<b>17,600</b>

**17- Trade and other payables**

Particulars	31/3/2022	31/3/2021
	EGP	EGP
Suppliers	17,100	17,763
Accrued expenses	537,272	587,328
Tax authority	2,614	3,011
Salaries & bonus of expats	166,819	166,577
Social insurance authority	53,594	-
	<b>777,399</b>	<b>774,679</b>

**18- Tax position****a) Corporate Tax:**

Years from commencement of operation till 2008

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 for those years.

**Years from 2009 till 2010:**

The company was estimated to be inspected and books and re-inspected.

**Years from 2011 till 2012:**

The company was inspected and resulted with exempted tax base.

**Years from 2013 till 2016:**

The company was inspected and waiting for the tax report to be issued.

**Years from 2017 till 2021:**

The company wasn't inspected for those years.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

**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 2016 till 2021:**

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 2012:**

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

**Years from 2013 till 2020**

The company is under inspection and no tax claims were received till that date.

The company is submitting the payroll tax regularly on the legal dates.

**Years from 1/1/2020 till 31/3/2022**

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

The company is submitting the payroll tax regularly on the legal dates.

**d) Stamp duty tax:**

**Years from commencement till 31/3/2019:**

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

The company is submitting the tax according to the established form.

**Year 2020 till 2021:**

The company wasn't inspected for this year.

**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 from 2018 till 2021:**

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

**19- 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. (22) 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, 2022

**A) Credit risk**

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

**B) Foreign exchange risk**

This risk is represented in the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the translation of its monetary foreign currency assets and liabilities. As of the balance sheet date the company has monetary, foreign currency, assets and liabilities equivalent to EGP 1 449 and nil respectively.

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

Foreign Currency	Surplus
GBP	79

And as stated in note (21-1) "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
	31/03/2022	31/03/2021
	EGP	EGP
Trade and other creditors	777,399	774,679
Due to related parties	-	17,600
Bank facilities		
	<b>777,399</b>	<b>792,279</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 20- Going concern

The company achieved a net profit for the fiscal year ending on March 31, 2022, an amount of EGP 39 038. Thus, the accumulated losses on the same date amounted to EGP 21 477 705, exceeding half of the Paid in capital according to the company's last annual financial statements, amounting to EGP 8 614 669. The company's activity has also been transferred to a another entity of the group and the nature of its activity has been reconsidered, restructuring or adding a new activity to it, and these matters indicate a Significant doubt in the company's ability to continue its activity. The company's management is currently studying the various alternatives available for the company's activity. Therefore, the attached financial statements have been prepared assuming that the company will not continue in the near future. Accordingly, the financial statements were prepared in accordance with the applicable accounting policies Mentioned in Note No. (21) of the notes to the financial statements.

### 21- Significant accounting policies

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

#### 21-1 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.

#### 21-2 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 21-3 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.

### 21-4 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.

### 21-5 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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

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.

### 21-6 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

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

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

#### Held-to-maturity financial assets

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

#### Loans and receivables

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

#### Available-for-sale financial assets

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

### 3) Non-derivative financial liabilities – Measurement

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

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

### 4) Derivative financial instruments and hedge accounting

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

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

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.

### 21-7 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".

### 21-8 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

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

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

### **Available-for-sale financial assets**

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

### **Equity-accounted investees**

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

## **2) Non-financial assets**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

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.

### **21-9 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.

### **21-10 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.

### **21-11 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.

### **21-12 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.

### **21-13 Payables, due to related parties ,creditors and credit balances**

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

### **21-14 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.

### **21-15 Cash flow statement**

Cash flow statement is prepared according to the indirect method.

### **21-16 Cash dividends**

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 22- Significant events

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 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 protect our employees, suppliers, customers of the company and all stakeholders associated with the company.

## MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2022)**

Mr. Saugata Gupta  
Mr. Pawan Agrawal  
Mr. John Richard Mason  
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 NO.**

2007/025470/07

**AUDITORS**

KPMG Inc.

**BANKERS**

Standard Bank of South Africa Limited



# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number: 2007/025470/07)

Consolidated and Separate Annual financial statements for the year ended 31 March 2022

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Consolidated and Separate Financial Statements

To the shareholder of Marico South Africa Consumer Care Proprietary Limited

#### Opinion

We have audited the consolidated and separate financial statements of Marico South Africa Consumer Care Proprietary Limited (the Group and Company) set out on pages 8 to 43, which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Marico South Africa Consumer Care Proprietary Limited as at 31 March 2022, 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 Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Marico South Africa Proprietary Limited Annual Financial Statements for the year ended 31 March 2022", 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 financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number: 2007/025470/07)

Consolidated and Separate Annual financial statements for the year ended 31 March 2022

## INDEPENDENT AUDITOR'S REPORT

### 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's 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.

## MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number: 2007/025470/07)

Consolidated and Separate Annual financial statements for the year ended 31 March 2022

### **INDEPENDENT AUDITOR'S REPORT**

- 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 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 David Read

Chartered Accountant (SA)

Registered Auditor

Director

7 June 2022

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number: 2007/025470/07)

Consolidated and Separate Annual financial statements for the year ended 31 March 2022

## Consolidated and Separate Statements of Financial Position as at 31 March 2022

(Figures in Rand)

	Note(s)	2022	Group 2021	Company 2022	2021
<b>Assets</b>					
Non-current assets					
Property, plant and equipment	3	632,063	584,414	-	-
Right-of-use assets	4	10,990,131	1,917,878	-	-
Goodwill	5	17,926,857	17,926,857	-	-
Intangible assets	6	81,564,722	81,564,722	-	-
Investment in subsidiary	7	-	-	80,064,957	80,064,957
<b>Total Non-current assets</b>		<b>111,113,773</b>	<b>101,993,871</b>	<b>80,064,957</b>	<b>80,064,957</b>
Current assets					
Inventories	8	44,681,544	38,708,389	-	-
Trade and other receivables	9	27,712,514	25,285,923	-	-
Current tax receivable		770,652	207,009	-	-
Cash and cash equivalents	10	11,348,729	12,786,165	23,782,	24,614
		84,513,439	76,987,486	23,782,	24,614
<b>Total assets</b>		<b>195,627,212</b>	<b>178,981,357</b>	<b>80,088,739</b>	<b>80,089,571</b>
<b>Equity and Liabilities</b>					
Equity					
Share capital	11	133,860,269	133,860,269	133,860,269	133,860,269
Accumulated loss		(29,001,982)	(42,415,236)	(53,771,530)	(53,770,698)
		<b>104,858,287</b>	<b>91,445,033</b>	<b>80,088,739</b>	<b>80,089,571</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	12	-	17,033,875	-	-
Lease Liability	4	7,043,195	,295,297	-	-
Deferred Tax	13	8,339,930,	8,696,131	-	-
		<b>15,383,125</b>	<b>26,025,303</b>		
<b>Current liabilities</b>					
Trade and other payables	14	54,487,288	51,181,603	-	-
Borrowings	12	16,433,875,	6,101,700	-	-
Lease Liability	4	4,464,637	2,623,034	-	-
Share-based payment liability	15	-	104,684	-	-
Bank overdraft	10	-	1,500,000	-	-
		<b>75,385,800</b>	<b>61,511,021</b>		
<b>Total liabilities</b>		<b>90,768,925</b>	<b>87,536,324</b>		
<b>Total equity and liabilities</b>		<b>195,627,212</b>	<b>178,981,357</b>	<b>80,088,739</b>	<b>80,089,571</b>

## MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number: 2007/025470/07)

Consolidated and Separate Annual financial statements for the year ended 31 March 2022

### Consolidated and Separate Statements of Profit or Loss and Other Comprehensive income

(Figures in Rand)

Particulars	Note(s)	Group		Company	
		2022	2021	2022	2021
<b>Revenue</b>	16	308,682,204	263,082,284	-	-
Cost of sales		(199,762,132)	(170,768,930)	-	-
<b>Gross profit</b>		<b>108,920,072</b>	<b>92,313,354</b>	-	-
Other Operating gains / (losses)	17	(253,315)	291,270	-	-
Impairment loss on trade receivables	18	10,306	(290,247)	-	-
Other operating expenses		(88,031,413)	(80,190,027)	(1,551)	(2,310)
<b>Operating profit/(loss)</b>	<b>18</b>	<b>20,645,650</b>	<b>12,124,350</b>	<b>(1,551)</b>	<b>(2,310)</b>
Investment income	19	176,864	98,405	719	758
Finance costs	20	(2,207,799)	(2,672,545)	-	-
<b>Profit / (loss) before taxation</b>		<b>18,614,715</b>	<b>9,550,210</b>	<b>(832)</b>	<b>(1,552)</b>
Taxation	21	(5,201,461)	(2,683,918)	-	-
<b>Profit / (loss) for the year</b>		<b>13,413,254</b>	<b>6,866,292</b>	<b>(832)</b>	<b>(1,552)</b>
Other Comprehensive Income		-	-	-	-
<b>Total comprehensive income / (loss) for the year</b>		<b>13,413,254</b>	<b>6,866,292</b>	<b>(832)</b>	<b>(1,552)</b>

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number: 2007/025470/07)

Consolidated and Separate Annual financial statements for the year ended 31 March 2022

## Consolidated and Separate Statements of Changes in Equity

(Figures in Rand)

Group	Share capital	Share premium	Total Share Capital	Accumulated loss	Total equity
<b>Balance at 1 April 2020</b>	<b>90,060,369</b>	<b>43,799,900</b>	<b>133,860,269</b>	<b>(49,281,528)</b>	<b>84,578,741</b>
Profit for the year	-	-	-	6,866,292	6,866,292
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,866,292</b>	<b>6,866,292</b>
Balance at 1 April 2021	90,060,369	43,799,900	133,860,269	(42,415,236)	91,445,033
Profit for the year	-	-	-	13,413,254	13,413,254
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,413,254</b>	<b>13,413,254</b>
<b>Balance at 31 March 2022</b>	<b>90,060,369</b>	<b>43,799,900</b>	<b>133,860,269</b>	<b>(29,001,982)</b>	<b>104,858,287</b>
Note	11	11	11		

(Figures in Rand)

Company	Share capital	Share premium	Total Share Capital	Accumulated loss	Total equity
Balance at 1 April 2020	90,060,369	43,799,900	133,860,269	(53,769,146)	80,091,123
Loss for the year	-	-	-	(1,552)	(1,552)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,552)</b>	<b>(1,552)</b>
<b>Balance at 1 April 2021</b>	<b>90,060,369</b>	<b>43,799,900</b>	<b>133,860,269</b>	<b>(53,770,698)</b>	<b>80,089,571</b>
Loss for the year	-	-	-	(832)	(832)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(832)	(832)
<b>Balance at 31 March 2022</b>	<b>90,060,369</b>	<b>43,799,900</b>	<b>133,860,269</b>	<b>(53,771,530)</b>	<b>80,088,739</b>
Note	11	11	11		

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number: 2007/025470/07)

Consolidated and Separate Annual financial statements for the year ended 31 March 2022

## Consolidated and Separate Statements of Cash Flows

(Figures in Rand)

Particulars	Note(s)	Group		Company	
		2022	2021	2022	2021
<b>Cash flow from operating activities</b>					
Cash generated from (used in) operations	22	20,260,713	31,439,331	(1,551)	(2,250)
Interest income		176,864	98,405	719	758
Finance costs		(1,585,452)	(2,111,460)	-	-
Tax paid	23	(6,121,305)	(419,357)	-	-
<b>Net cash from operating activities</b>		<b>12,730,820</b>	<b>29,006,919</b>	<b>(832)</b>	<b>(1,492)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	3	(571,509)	(282,452)	-	-
Proceeds on sale of property, plant and equipment	3	9,538	28,500	-	-
<b>Net cash from investing activities</b>		<b>(561,971)</b>	<b>(253,952)</b>	<b>-</b>	<b>-</b>
<b>Cash flow from financing activities</b>					
Repayment of borrowings		(6,701,700)	(6,101,700)	-	-
Payment on lease liabilities		(5,404,585)	(5,201,300)	-	-
<b>Net cash from financing activities</b>		<b>(12,106,285)</b>	<b>(11,303,000)</b>	<b>-</b>	<b>-</b>
<b>Total cash movement for the year</b>		<b>62,564</b>	<b>17,449,967</b>	<b>(832)</b>	<b>(1,492)</b>
Cash at the beginning of the year		11,286,165	(6,163,802)	24,614	26,106
<b>Total cash at end of the year</b>	<b>10</b>	<b>11,348,729</b>	<b>11,286,165</b>	<b>23,782</b>	<b>24,614</b>

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### Accounting Policies

#### Corporate information

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 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 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.

##### 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

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

##### 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.

##### 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.



# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### **Impairment of non-financial assets**

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.

## **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

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

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 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:

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.

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

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 4 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, 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.

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

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.

### Right-of-use assets

Right-of-use assets are presented as a separate line item on the Consolidated and Separate Statements of Financial Position.

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

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.

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

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

### For the year ended 31 March, 2022

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.

### 1.8 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 9).

##### 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.

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 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 12) 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 14), 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.

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

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

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.

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.



# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

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.

#### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period.

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 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 group operates share-based compensation under which the group 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 assesses its promise to transfer goods and services to a customer to identify separate performance obligations. The group 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 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 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.

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

### For the year ended 31 March, 2022

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 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.

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 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. New Standards and Interpretations

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### **Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7**

The amendment sets out additional disclosure requirements related to interest rate benchmark reform.

The effective date of the company is for years beginning on or after 1 January 2021.

The company has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

#### **Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9**

When there is a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform then the entity is required to apply paragraph B5.4.5 as a practical expedient. This expedient is only available for such changes in basis of determining contractual cash flows.

Additional temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of risk components have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the company is for years beginning on or after 1 January 2021.

The company has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

#### **Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39**

Temporary exemptions from applying specific hedge accounting requirements as well as additional rules for

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

accounting for qualifying hedging relationships and the designation of financial items as hedged items have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the company is for years beginning on or after 1 January 2021.

The company has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

### 2.2 Standards and interpretations not yet effective

The group 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 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
- Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	1 January 2023	Unlikely there will be a material impact
- Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	Unlikely there will be a material impact
- Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact
- Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
- Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	1 January 2022	Unlikely there will be a material impact
- Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 16	1 January 2022	Unlikely there will be a material impact
- Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022	Unlikely there will be a material impact

### 3. Property, plant and equipment

(Figures in Rand)

Group	2022			2021		
	Cost or revaluation	Accumulated Depreciation	Carrying Value	Cost or revaluation	Accumulated Depreciation	Carrying Value
Leasehold improvements	1,561,833	(1,414,872)	146,961	1,407,919	(1,293,205)	114,714
Plant and machinery	1,300,267	(1,203,090)	97,177	1,327,028	(1,159,270)	167,758
Office furniture and computer equipment	3,179,020	(2,791,095)	387,925	2,967,071	(2,665,129)	301,942
Motor vehicles	339,046	(339,046)	-	459,846	(459,846)	-
	<b>6,380,166</b>	<b>(5,748,103)</b>	<b>632,063</b>	<b>6,161,864</b>	<b>(5,577,450)</b>	<b>584,414</b>

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)  
Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### Reconciliation of property, plant and equipment - Group - 2022

(Figures in Rand)

Particulars	Opening balance	Additions	Depreciation	Closing balance
Leasehold improvements	114,714	153,914	(121,667)	146,961
Plant and machinery	167,758	60,241	(130,822)	97,177
Office furniture and computer equipment	301,942	357,354	(271,371)	387,925
	<b>584,414</b>	<b>571,509</b>	<b>(523,860)</b>	<b>632,063</b>

### Reconciliation of property, plant and equipment - Group - 2021

(Figures in Rand)

Particulars	Opening balance	Additions	Depreciation	Closing balance
Leasehold improvements	372,592	-	(257,878)	114,714
Plant and machinery	312,260	51,532	(196,034)	167,758
Office furniture and computer equipment	333,388	230,920	(262,366)	301,942
Motor vehicles	14,252	-	(14,252)	-
	<b>1,032,492</b>	<b>282,452</b>	<b>(730,530)</b>	<b>584,414</b>

#### 4. 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 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 group is lessee are presented below:

#### Net carrying amounts of right-of-use assets

(Figures in Rand)

Group 2022	Buildings	Plant and machinery	Total
Opening balance 1 April 2021	1,447,087	470,791	1,917,878
Additions to right-of-use-asset	13,452,809	-	13,452,809
Depreciation charge for the year	(3,985,655)	(313,860)	(4,299,515)
Disposals of right-of-use-asset	(81,041)	-	(81,041)
<b>Closing balance 31 March 2022</b>	<b>10,833,200</b>	<b>156,931</b>	<b>10,990,131</b>

Group 2021	Buildings	Plant and machinery	Total
Opening balance 1 April 2020	5,119,962	784,651	5,904,613
Depreciation charge for the year	(3,398,005)	(313,860)	(3,711,865)
Disposals of right-of-use-asset	(274,870)	-	(274,870)
<b>Closing balance 31 March 2021</b>	<b>1,447,087</b>	<b>470,791</b>	<b>1,917,878</b>

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 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.

(Figures in Rand)

Particulars	2022	2021
Buildings	3,985,655	3,398,005
Plant and Machinery	313,860	313,860
	<b>4,299,515</b>	<b>3,711,865</b>

### Other disclosures

Particulars	2022	2021
Interest expense on lease liabilities (note 20)	622,347	561,085

### Lease liabilities

#### Reconciliation of lease liabilities

	2022	2021
Opening Balance	2,918,331	8,119,631
Additions	13,452,809	-
Adjustments	(81,070)	(561,085)
Interest	622,347	561,085
Lease payments	(5,404,585)	(5,201,300)
	<b>11,507,832</b>	<b>2,918,331</b>

The maturity analysis of lease liabilities is as follows:

	2022	2021
Within one year	5 142 932	2 716 992
Two to five years	7 404 938	342 674
	12 547 870	3 059 666
Less finance charges component	(1 040 038)	(141 335)
	<b>11 507 832</b>	<b>2 918 331</b>

This above are contractual undiscounted cashflows and hence will not tie to the carrying amount per the statement of financial position.

Particulars	2022	2021
Non-current liabilities	7,043,195	295,297
Current liabilities	4,464,637	2,623,034
	<b>11,507,832</b>	<b>2,918,331</b>

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

Refer to note 18 for disclosure of low value lease assets.

### 5. Goodwill

(Figures in Rand)

Group	2022			2021		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	75,613,680	(57,686,823)	17,926,857	75,613,680	(57,686,823)	17,926,857

#### Reconciliation of goodwill - Group - 2022

(Figures in Rand)

Particulars	Opening balance	Impairment loss	Total
Goodwill	17,926,857	-	17,926,857

#### Reconciliation of goodwill - Group - 2021

(Figures in Rand)

Particulars	Opening balance	Impairment loss	Total
Goodwill	17,926,857	-	17,926,857

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% (2021: 4.5%)

Post tax discount rate: 20,95% (2021: 20,95%)

The value in use calculation at 31 March 2022 did not reveal any impairment

### 6. Intangible assets

(Figures in Rand)

Group	2022			2021		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Brands	83,646,924	(2,082,202)	81,564,722	83,646,924	(2,082,202)	81,564,722

#### Reconciliation of intangible assets - Group - 2022

(Figures in Rand)

	Opening balance	Additions	Amortisation	Total
Brands	81,564,722	-	-	81,564,722



# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### Reconciliation of intangible assets - Group - 2021

(Figures in Rand)

	Opening balance	Additions	Amortisation	Total
Brands	81,564,722	-	-	81,564,722

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:

Particulars	Group		Company	
	2022	2021	2022	2021
Growth rate (%) *	4,50	4,50	-	-
Discount rate (%) **	20,95	20,95	-	-

\* 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:

(Figures in Rand)

Sensitivity - Discount rate plus 1% and projected cash flow and growth rate constant	Impact on impairment	Impact on impairment
Caivil	-	-
Hercules	-	-
Ingwe	-	-
Isoplus	-	-
Kamillen	-	-
	-	-

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

(Figures in Rand)

Sensitivity - Discount rate constant, projected cash flow less 5% and growth rate constant	Impact on impairment	Impact on impairment
Caivil	-	-
Hercules	-	-
Ingwe	-	-
Isoplus	-	-
Kamillen	-	-
	-	-

(Figures in Rand)

Sensitivity - Discount rate constant, projected cash flow constant and growth rate less 1 %	Impact on impairment	Impact on impairment
Caivil	-	(2,233)
Hercules	-	(455)
Ingwe	-	-
Isoplus	-	-
Kamillen	-	-
	-	(2,688)

There are no possible impairments for the current year assesment for Brands.

The prior year possible impairment were not considered material.

### 7. Interest in subsidiary

(Figures in Rand)

Name of company	Group		Company	
	% holding	% holding	Carrying	Carrying
	2022	2021	amount 2022	amount 2021
Marico South Africa Proprietary Limited	100,00 %	100,00 %	80,064,957	80,064,957

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% (2021: 4,5%)

Post tax discount rate: 20,95% (2021: 20,95%)

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 8. Inventories (Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
Raw materials	30,881,480	24,535,057	-	-
Work in progress	165,849	81,095	-	-
Finished goods	17,151,795	19,356,210	-	-
	48,199,124	43,972,362	-	-
Inventories (write-downs)	(3,517,580)	(5,263,973)	-	-
	<b>44,681,544</b>	<b>38,708,389</b>	-	-

### 9. Trade and other receivables (Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
<b>Financial instruments:</b>				
Trade receivables	25,369,174	23,184,632	-	-
Loss allowance	(306,021)	(477,797)	-	-
Trade receivables at amortised cost	25,063,153	22,706,835	-	-
Other receivables	2,047,781	2,190,784	-	-
<b>Non-financial instruments:</b>	-	-	-	-
VAT	372,832	303,403	-	-
Prepayments	228,748	84,901	-	-
Total trade and other receivables	<b>27,712,514</b>	<b>25,285,923</b>	-	-

#### Group

#### Loss allowance aging profile - 2022 (Figures in Rand)

Particulars	Not past due	Past due by		Total
		30 days	60 days	
<b>Net trade receivables</b>	24,154,979	1,214,195	(-)	25,369,174
Add back: Rebates	2,078,775	6,205,355	1,911,008	10,195,138
Gross carrying amount	26,233,754	7,419,550	1,911,008	35,564,312
Expected loss% based on gross carrying amount	0,20	0,20	12,44	0,86
Loss allowance calculated	53,217	15,066	237,738	306,021
<b>Specific allowance</b>	-	-	-	-
	<b>53,217</b>	<b>15,066</b>	<b>237,738</b>	<b>306,021</b>

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### Loss allowance aging profile - 2021

(Figures in Rand)

Particulars	Not past due	Past due by 30 days	Past due by 60 days	Total
<b>Net trade receivables</b>	19,385,908	3,798,724	0	23,184,632
Add back: Rebates	1,584,940	3,813,563	1,865,411	7,263,914
Gross carrying amount	20,970,848	7,612,287	1,865,411	30,448,546
Expected loss% based on gross carrying amount	0,22	0,22	22,22	1,57
Loss allowance calculated	46,512	16,879	414,406	477,797
Specific allowance	-	-	-	-
	<b>46,512</b>	<b>16,879</b>	<b>414,406</b>	<b>477,797</b>

### Movement in loss allowance

(Figures in Rand)

Particulars	Not past due	Past due by 30 days
<b>Opening balance</b>	477,797	204,594
Reversal of prior period loss allowance	(254,267)	(204,594)
Provision for the year	82,491	477,797
<b>Closing balance</b>	<b>306,021</b>	<b>477,797</b>

### Financial instrument and non-financial instrument components of trade and other receivables

(Figures in Rand)

Particulars	Not past due	Past due by 30 days	Past due by 60 days	Total
At amortised cost	27,110,934	24,897,619	-	-
Non-financial instruments	601,580	388,304	-	-
	<b>27,712,514</b>	<b>25,285,923</b>	-	-

### Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 10. Cash and cash equivalents

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
Cash and cash equivalents consist of:				
Bank balances	1,297,760	7,629,889	1,032	1,582
Deposits	10,050,969	5,156,276	22,750	23,032
Bank overdraft	-	(1,500,000)	-	-
	<b>11,348,729</b>	<b>11,286,165</b>	<b>23,782</b>	<b>24,614</b>
Current assets	11,348,729	12,786,165	23,782	24,614
Current liabilities	-	(1,500,000)	-	-
	<b>11,348,729</b>	<b>11,286,165</b>	<b>23,782</b>	<b>24,614</b>

### Group facilities available

(Figures in Rand)

Particulars	Expiry date	R	R
Overdraft	21-Aug-22	10,000,000	5,000,000
Card	21-Aug-22	300,000	300,000
Fleet card	21-Aug-22	150,000	150,000
Guarantee by the Bank	21-Aug-22	882,000	882,000
Foreign exchange - Contract PFE	21-Aug-22	209,800	209,800
Medium term loan	21-Aug-22	17,033,875	23,644,050
Electronic funds transfer service - Credit run	21-Aug-22	5,000,000	<b>5,000,000</b>
		<b>33,575,675</b>	<b>35,185,850</b>

### Group securities issued

(Figures in Rand)

Particulars	Restriction amount-R	Surety name
Pledge call deposit	Unrestricted	
Cession book debts	Unrestricted	
Guarantee	60,000,000	Marico Limited
Credit agreement FAC agreement commercial	Unrestricted	

### 11. Share capital

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
<b>Authorised</b>				
30 000 000 no par value shares	30,000,000	30,000,000	30,000,000	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.

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

Issued (Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
800 Ordinary shares of R1	800	800	800	800
447 Ordinary shares of R134 361.32	60,059,569	60,059,569	60,059,569	60,059,569
322 Ordinary shares of R93 167.70	30,000,000	30,000,000	30,000,000	30,000,000
Share premium	43,799,900	43,799,900	43,799,900	43,799,900
	<b>133,860,209</b>	<b>133,860,209</b>	<b>133,860,209</b>	<b>133,860,209</b>

12. Borrowings (Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
<b>Held at amortised cost</b>				
Standard Bank of South Africa Limited	16,433,875	23,135,575	-	-
<b>Split between non-current and current portions</b>				
Non-current liabilities	-	17,033,875	-	-
Current liabilities	16,433,875	6,101,700	-	-
	<b>16,433,875</b>	<b>23,135,575</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.
- guarantee limited to R60,000,000 by Marico Limited

13. Deferred tax (Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
<b>Deferred tax liability</b>				
Purchase price allocation	(9,067,680)	(9,403,520)	-	-
Intangible assets	(186,992)	-	-	-
Prepayments	(10 431)	(23 772)	-	-
<b>Total deferred tax liability</b>	<b>(9,265,103)</b>	<b>(9,427,292)</b>	-	-
<b>Deferred tax asset</b>				
Property, plant and equipment	99,399	71,644	-	-
Provisions	685,994	379,389	-	-
Net lease liability	139,779	280,128	-	-
<b>Total deferred tax asset</b>	<b>925,172</b>	<b>731,161</b>	-	-

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

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:

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
Deferred tax liability	(9,265,103)	(9,427,292)	-	-
Deferred tax asset	925,172	731,161	-	-
<b>Total net deferred tax liability</b>	<b>(8,339,931)</b>	<b>(8,696,131)</b>	-	-

### Reconciliation of deferred tax liability

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
At beginning of year	(8,696,131)	(6,263,579)	-	-
Deductible temporary difference movement on lease liability	(140,348)	(340,077)	-	-
Deductible temporary difference movement on purchase price allocation	335,840	(520)	-	-
Taxable temporary difference movement on tangible fixed assets	27,755	8,045	-	-
Deductible temporary difference movement on prepayments	13,341	(23,772)	-	-
Deductible temporary difference movement on provisions	306,605	(2,076,228)	-	-
Deductible temporary difference on movement on intangibles	(186,992)			
	<b>(8,339,930)</b>	<b>(8,696,131)</b>	-	-

On 23 February 2022, the Finance Minister announced that there will be a reduction in the corporate income tax rate from 28% to 27% for years of assessment ending on or after 31 March 2023. Taking this into consideration, the deferred tax balances have been calculated at 27% at year end.

### 14. Trade and other payable

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
<b>Financial instruments:</b>				
Trade payables	41,348,007	38,743,890	-	-
Trade payables - related parties	734,002	134,456	-	-
Other payables	772,840	861,026	-	-
Accruals	5,835,025	5,185,037	-	-
Audit fee accrual	834,398	1,219,473	-	-
Bonus accrual	3,456,005	3,612,373	-	-
<b>Non-financial instruments:</b>				
Leave pay accrual	1,507,011	1,425,348	-	-
	<b>54,487,288</b>	<b>51,181,603</b>	-	-

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### Financial instrument and non-financial instrument components of trade and other payables

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
At amortised cost	52,980,277	49,756,254	-	-
Non-financial instruments	1,507,011	1,425,349	-	-
	<b>54,487,288</b>	<b>51,181,603</b>	-	-

### Fair value of trade and other payables

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

### 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 2021 used to compute the share option liability was Indian Rupee (INR) 411. These grants vested during the current financial period, consequently no liability exists as at 31 March 2022.

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
Current portion	-	104,684	-	-



# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 16. Revenue (Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
<b>Revenue from contracts with customers</b>				
Sale of goods	308,682,204	263,082,284	-	-

#### Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

#### Timing of revenue recognition

##### At a point in time

Sale of goods	308,682,204	263,082,284	-	-
---------------	-------------	-------------	---	---

### 17. Other operating (losses) /gains (Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
<b>Gains on disposals</b>				
Property, plant and equipment	9,538	28,500	-	-
<b>Foreign exchange (losses) / gains</b>				
Net foreign exchange (losses) / gains	(262,853)	262,770	-	-
<b>Total other operating (losses) / gains</b>	<b>(253,315)</b>	<b>291,270</b>	-	-

### 18. Operating profit/(loss)

Operating profit / (loss) for the year is stated after charging (crediting) the following, amongst others:

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
<b>Auditor's remuneration - external</b>				
Audit fees	420,994	670,476	-	-

#### Employee costs

As at 31 March 2022 the group had 67 permanent employees (2021: 71). The total cost of employment of all employees, including executive directors, was as follows:

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
Salaries, wages, bonuses and other benefits	22,315,611	19,857,383	-	-
Refer to note 25 for directors emoluments.				
<b>Leases</b>				
<b>Operating lease charges</b>				
Computers	99,572	71,764	-	-
<b>Depreciation and amortisation</b>				
Depreciation of property, plant and equipment	523,860	730,530	-	-
Depreciation of right-of-use assets	4,299,515	3,711,865	-	-
<b>Total depreciation and amortisation</b>	<b>4,823,375</b>	<b>4,442,395</b>	-	-
<b>Movement in credit loss allowances</b>				
Trade and other receivables	(10,306)	290,247	-	-
<b>Other</b>				
Commission	8,142,618	7,665,233	-	-
Advertising	17,671,636	15,599,911	-	-
Delivery expenses	15,358,380	13,963,806	-	-
Impairment of investment in subsidiary	-	-	-	-

### 19. Investment income

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
<b>Interest income</b>				
<b>Investments in financial assets:</b>				
Bank	176,864	98,405	719	758

### 20. Finance costs

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
Borrowings	1,585,452	2,077,799	-	-
<b>Lease liabilities (note 4)</b>	622,347	561,085	-	-
Interest Paid	-	33,661	-	-
<b>Total finance costs</b>	<b>2,207,799</b>	<b>2,672,545</b>	-	-

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 21. Taxation

#### Major components of the tax expense

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
<b>Current</b>				
Local income tax - current year	5,351,689	251,366	-	-
Local income tax - recognised in current tax for prior periods	205,973			
	<b>5,557,662</b>	<b>251,366</b>	-	-
<b>Deferred</b>				
Originating and reversing temporary differences	(45,625)	2,432,552	-	-
Other deferred tax	(310,576)			
	<b>5,201,461</b>	<b>2,683,918</b>	-	-

#### Reconciliation of the tax expense

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
Reconciliation between accounting (loss) / profit and tax expense.				
Accounting profit / (loss)	18,614,715	9,550,210	(832)	(1,552)
Tax at the applicable tax rate of 28% (2020: 28%)	5,212,120	2,674,059	(233)	(435)
Tax effect of adjustments on taxable income				
Permanent differences	97,613	435	233	435
SARS Interest	-	9,424		
Deferred tax rate change	(310,576)			
<b>Exempt income</b>	(3,669)			
Prior year under provision in current tax	205,973			
	<b>5,201,461</b>	<b>2,683,918</b>	-	-

### 22. Cash generated from/ (used in) operations

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
Profit / (Loss) profit before taxation	18,614,715	9,550,210	(832)	(1,552)
<b>Adjustments for:</b>				
Depreciation	4,823,375	4,442,395	-	-
Profit on disposal of property, plant and equipment	(9,538)	(28,500)	-	-
Interest income	(176,864)	(98,405)	(719)	(758)
Finance costs	1,585,452	2,111,460	-	-
Lease interest	622,347	561,085	-	-
Movements in share-based payment liability	(104,684)	9,523	-	-
Other non-cash items	(10,335)	4,026		
<b>Changes in working capital:</b>				
Inventories	(5,973,155)	(6,182,648)	-	-
Trade and other receivables	(2,416,285)	1,440,953	-	60
Trade and other payables	3,305,685	19,629,232	-	-
	<b>20,260,713</b>	<b>31,439,331</b>	<b>(1,551)</b>	<b>(2,250)</b>

\* Refer to note 27 for detailed information regarding the restatement of comparative information.

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 23 Tax paid

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
Balance at beginning of the year	207,009	39,018	-	-
Current tax for the year recognised in profit or loss	(5,557,662)	(251,366)	-	-
Balance at end of the year	(770,652)	(207,009)	-	-
	<b>(6,121,305)</b>	<b>(419,357)</b>	-	-

### 24. Related parties

#### Relationships

Ultimate holding company

Marico Limited

Subsidiary

Refer to note 7

Other group companies

Marico South East Asia

Executive directors

J R Mason

J Nieuwenhuys (Resigned 18 August 2021)

MR Mashilo

P A Agrawal

S Gupta

#### Related party balances

(Figures in Rand)

Particulars	Group		Company	
	2022	2021	2022	2021
<b>Amounts included in trade payables regarding related parties</b>				
Marico Limited	(668,374)	134,456	-	-
Marico South East Asia	(65,628)	-	-	-
	<b>(734,002)</b>	<b>134,456</b>	-	-
<b>Related party transactions</b>				
Marico Limited				
- Cross charges	1,021,659	723,133	-	-
- Purchases	-	405,711	-	-
<b>Cross charges from related parties</b>				
Marico South East Asia	65,628	-	-	-
	<b>1 087 287</b>	<b>134 456</b>	-	-

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 25. Directors' emoluments

Executive (Figures in Rand)

2022	Emoluments	Bonuses and performance related payments	Allowances	Total
J R Mason	2,161,068	1,228,351	641,585	4,031,004
J Nieuwenhuys	612,789	925,592	144,101	1,682,482
MR Mashilo	1,621,395	657,765	468,311	2,747,471
S Gupta	-	-	-	-
P A Agrawal*	-	-	-	-
	<b>4,395,252</b>	<b>2,811,708</b>	<b>1,253,997</b>	<b>8,460,957</b>

(Figures in Rand)

2021	Emoluments	Bonuses and performance related payments	Allowances	Total
J R Mason	2,161,068	644,391	641,231	3,446,690
J Nieuwenhuys	1,397,034	464,865	284,946	2,146,845
MR Mashilo	1,458,203	401,621	446,848	2,306,672
S Gupta	-	-	-	-
V A Karve	-	-	-	-
A Joshi*	-	-	-	-
	<b>5,016,305</b>	<b>1,510,877</b>	<b>1,373,025</b>	<b>7,900,207</b>

\*These directors are paid by the ultimate holding company, Marico Limited.

### 26. Financial instruments and risk management

#### Categories of financial instruments

#### Categories of financial assets

(Figures in Rand)

Group - 2022	Note(s)	Amortised cost	Total
Trade and other receivables	9	27,110,934	27,110,934
Cash and cash equivalents	10	11,348,729	11,348,729
		<b>38,459,663</b>	<b>38,459,663</b>

Group - 2021	Note(s)	Amortised cost	Total
Trade and other receivables	9	24,897,619	24,897,619
Cash and cash equivalents	10	12,786,165	12,786,165
		<b>37,683,784</b>	<b>37,683,784</b>

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

Company - 2022	Note(s)	Amortised cost	Total
Cash and cash equivalents	10	23,782	23,782

Company - 2021	Note(s)	Amortised cost	Total
Cash and cash equivalents	10	24,614	24,614

### Categories of financial liabilities

(Figures in Rand)

Group - 2022	Note(s)	Amortised Cost	Leases	Total
Trade and other payables	14	52,980,276	-	52,980,276
Borrowings	12	16,433,875	-	16,433,875
Lease liabilities	4	-	11,507,832	11,507,832
		<b>69,414,151</b>	<b>11,507,832</b>	<b>80,921,983</b>

Group - 2021	Note(s)	Amortised Cost	Leases	Total
Trade and other payables	14	49,756,257	-	49,756,257
Borrowings	12	23,135,575	-	23,135,575
Lease liabilities	4	-	2,918,331	2,918,331
Bank overdraft	10	1,500,000	-	1,500,000
		<b>74,391,832</b>	<b>2,918,331</b>	<b>77,310,163</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:

(Figures in Rand)

Particulars	Notes	Group		Company	
		2022	2021	2022	2021
Borrowings	12	16,433,875	23,135,575	-	-
Lease Liability	4	11,507,832	2,918,331	-	-
Trade and other payables	14	54,487,288	51,181,603	-	-
<b>Total borrowings</b>		<b>82,428,995</b>	<b>77,235,509</b>	-	-
cash and cash equivalents	10	(11,348,729)	(11,286,165)	(23,782)	(24,614)
<b>Net borrowings</b>		<b>71,080,266</b>	<b>65,949,344</b>	<b>(23,782)</b>	<b>(24,614)</b>
Equity		104,858,287	91,445,033	80,088,740	80,089,571
Gearing ratio		68%	72%	-%	-%

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 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::

(Figures in Rand)

Group	Note	2022			2021		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	9	27,416,955	(306,021)	27,110,934	25,375,416	(477,797)	24,897,619

Refer to note 9 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.

(Figures in Rand)

Group 2022	Note	Less than 1 year	2 to 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Lease liabilities	4	-	7,404,938	7,404,938	7,043,195
<b>Current liabilities</b>					
Trade and other payables	14	52,980,277	-	52,980,277	52,980,277
Borrowings	12	16,433,875	-	16,433,875	16,433,875
Lease liabilities		5,142,932	-	5,142,932	4,464,637
		<b>74,557,084</b>	<b>7,404,938</b>	<b>81,962,022</b>	<b>80,921,984</b>

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

Group 2021	Note	Less than 1 year	2 to 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Borrowings	12	-	17,033,875	17,033,875	17,033,875
Lease liabilities	4	-	342,674	342,674	295,297
<b>Current liabilities</b>					
Trade and other payables		49,756,255	-	49,756,255	49,756,255
Borrowings	12	6,101,700	-	6,101,700	6,101,700
Lease liabilities	4	2,716,992	-	2,716,992	2,623,034
Bank overdraft	10	1,500,000	-	1,500,000	1,500,000
		<b>60,074,947</b>	<b>17,376,549</b>	<b>77,451,496</b>	<b>77,310,161</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:

(Figures in Rand)

Particulars	Notes	Group		Company	
		2022	2021	2022	2021
<b>Current liabilities:</b>					
Trade and other payables	14	(734,002)	(134,456)	-	-
<b>Exchange rates</b>					
<b>Rand per unit of foreign currency:</b>					
US Dollar		14.611	14.776	-	-

### 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.



# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

(Figures in Rand)

Group	2022	2022	2021	2021
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
<b>Impact on profit or loss:</b>				
US Dollar 10% change in exchange rate	(73,400)	73,400	(13,446)	13,446

### 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.

(Figures in Rand)

Group	2022	2022	2021	2021
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
<b>Impact on profit or loss:</b>				
Borrowings - 50 basis points change	(82,169)	82,169	(115,679)	115,679
Bank overdraft - 10% change in the interest rate	-	-	(150,000)	150,000
	<b>(82,169)</b>	<b>82,169</b>	<b>(265,679)</b>	<b>265,679</b>

## 27. Going concern

We draw attention to the fact that at 31 March 2022, the group had accumulated losses of R29 001 982 (2021: R42 415 236) and the company had accumulated losses of R53 771 530 (2021: R53 770 698). At 31 March 2022, the group had not utilised any of its R10 000 000 overdraft facility (2021: utilised R1 500 000 of a R5 000 000 overdraft facility).

At 31 March 2022, 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.

### 27.1 COVID-19

The board is aware of the COVID-19 pandemic. There is no immediate concern around going concern. Management are continually assessing and monitoring developments with regard to the disease and at the time of finalising the report, the board is confident that their responses are adequate and the crisis is being continuously monitored to assess the impact on the group and company.

# MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED (MSACC)

(Registration number 1977/001752/07)

Annual Financial Statements for the year ended 31 March 2022

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 27.2 Civil unrest

During early July 2021, KwaZulu-Natal experienced civil unrest which resulted in the looting of stores and warehouses and the destruction of infrastructure. At this stage, there has not been a direct impact on the group or company. The directors continue to assess whether this civil unrest will result in any future impacts on the group and company.

## 28. Events after the reporting period

### 28.1 KwaZulu-Natal floods

On the week of 10 April 2022, for more than four days, certain parts of South Africa experienced heavy rainfall, with KwaZulu-Natal being hit the hardest. The persistent rains triggered flooding and mudslides which has led to significant damages across the province including the loss of more than 450 lives. The group and company has not been impacted directly. The directors continue to assess the exact impact of the flood damage on the group and company, its clients and its future operations.

### 28.2 Russia / Ukraine War

The current war occurring in Ukraine and involving Russia, is expected to have far reaching consequences across the world as a result of both the direct impacts of the war as well as the impacts arising from sanctions imposed on Russia as a result of the war. At this stage, there has not been any direct impact on the financial results of the group and company. Management is continually assessing the risk associated with future potential impacts on the group and company arising from this war.

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 (MSA)

**BOARD OF DIRECTORS  
(AS ON MARCH 31, 2022)**

Mr. John Richard Mason  
Mr. Pawan Agrawal  
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

# **INDEPENDENT AUDITOR'S REPORT**

## **TO THE SHAREHOLDER'S OF MARICO SOUTH AFRICA PROPRIETARY LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Marico South Africa Proprietary Limited (the Company) set out on pages 8 to 40, which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Marico South Africa Proprietary Limited as at 31 March 2022, 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 (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the document titled "Marico South Africa Proprietary Limited Annual Financial Statements for the year ended 31 March 2022", 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 financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## MARICO SOUTH AFRICA (PTY) LIMITED (MSA)

### **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

## MARICO SOUTH AFRICA (PTY) LIMITED (MSA)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**KPMG Inc.**

**Per David Read**

**Chartered Accountant (SA)**

**Registered Auditor**

**Director**

**25 May 2022**

MARICO SOUTH AFRICA (PTY) LIMITED (MSA)

**STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2022

Figure in Rand

Particulars	Notes	2022 R	2021 R
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	3	632,063	584,414
Right-of-use asset	4	10,990,131	1,917,878
Goodwill	5	17,926,857	17,926,857
Intangible assets	6	81,564,722	81,564,722
		<b>111,113,773</b>	<b>101,993,871</b>
<b>Current Assets</b>			
Inventories	7	44,681,544	38,708,389
Trade and other receivables	8	27,712,514	25,285,923
Current Tax receivable	22	770,652	207,009
Cash and cash equivalents	9	11,324,947	12,761,551
		<b>84,489,657</b>	<b>76,962,872</b>
<b>Total Assets</b>		<b>195,603,430</b>	<b>178,956,743</b>
<b>Equity and Liabilities</b>			
Equity			
Share capital	10	107,709,235	107,709,235
Accumulated loss		(2,874,729)	(16,288,815)
		<b>104,834,506</b>	<b>91,420,420</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings	11	-	17,033,875
Lease liabilities	4	7,043,195	295,297
Deferred tax	12	8,339,930	8,696,131
		<b>15,383,125</b>	<b>26,025,303</b>
<b>Current Liabilities</b>			
Trade and other payables	13	54,487,287	51,181,602
Borrowings	11	16,433,875	6,101,700
Lease liabilities	4	4,464,637	2,623,034
Share-based payment liability	14	-	104,684
Bank overdraft	9	-	1,500,000
		<b>75,385,799</b>	<b>61,511,020</b>
<b>Total Liabilities</b>		<b>90,768,924</b>	<b>87,536,323</b>
<b>Total Equity and Liabilities</b>		<b>195,603,430</b>	<b>178,956,743</b>

MARICO SOUTH AFRICA (PTY) LIMITED (MSA)

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

For the year ended 31 March, 2022

Figure in Rand

Particulars	Notes	For the year ended March 31,	
		2022	2021
Revenue	15	308,682,204	263,082,284
Cost of sales		(199,762,132)	(170,768,930)
<b>Gross profit</b>		<b>108,920,072</b>	<b>92,313,354</b>
Other operating (losses) / gains	16	(253,315)	291,270
Movement on loss allowance on trade receivables	17	10,306	(290,247)
Other operating expenses		(88,029,862)	(80,187,717)
<b>Operating profit</b>	<b>17</b>	<b>20,647,201</b>	<b>12,126,660</b>
Investment income	18	176,145	97,647
Finance costs	19	(2,207,799)	(2,672,545)
<b>Profit before taxation</b>		<b>18,615,547</b>	<b>9,551,762</b>
Taxation	20	(5,201,461)	(2,683,918)
<b>Profit for the year</b>		<b>13,414,086</b>	<b>6,867,844</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>13,414,086</b>	<b>6,867,844</b>



MARICO SOUTH AFRICA (PTY) LIMITED (MSA)

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March, 2022

Figure in Rand

Particulars	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
<b>Balance as at 1 April 2020</b>	84,845,500	22,863,735	107,709,235	(23,156,659)	84,552,576
Loss for the year	-	-	-	6,867,844	6,867,844
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	<b>6,867,844</b>	<b>6,867,844</b>
<b>Balance as at 1 April 2021</b>	<b>84,845,500</b>	<b>22,863,735</b>	<b>107,709,235</b>	<b>(16,288,815)</b>	<b>91,420,420</b>
Profit for the year	-	-	-	13,414,086	13,414,086
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	<b>13,414,086</b>	<b>13,414,086</b>
<b>Balance at 31 March 2022</b>	<b>84,845,500</b>	<b>22,863,735</b>	<b>107,709,235</b>	<b>(2,874,729)</b>	<b>104,834,506</b>
Note	10	10	10		

MARICO SOUTH AFRICA (PTY) LIMITED (MSA)

**STATEMENT OF CASH FLOWS**

For the year ended 31 March, 2022

Figure in Rand

Particulars	Notes	2022	2021
<b>Cash flows from operating activities</b>			
Cash generated from operations	21	20,262,264	31,441,581
Interest income		176,145	97,647
Finance costs		(1,585,452)	(2,111,460)
Tax paid	22	(6,121,305)	(419,357)
<b>Net cash from operating activities</b>		<b>12,731,652</b>	<b>29,008,411</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(571,509)	(282,452)
Proceeds on sale of property, plant and equipment		9,538	28,500
<b>Net cash used in investing activities</b>		<b>(561,971)</b>	<b>(253,952)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(6,701,700)	(6,101,700)
Payment on lease liabilities		(5,404,585)	(5,201,300)
<b>Net cash from financing activities</b>		<b>(12,106,285)</b>	<b>(11,303,000)</b>
<b>Total cash movement for the year</b>		<b>63,396</b>	<b>17,451,459</b>
Cash at the beginning of the year		11,261,551	(6,189,908)
<b>Total cash at the end of the year</b>	<b>9</b>	<b>11,324,947</b>	<b>11,261,551</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 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.

The annual financial statements are approved by the board of directors on 24 May 2022 and were signed by J R Mason and M R Mashilo, authorised directors.

#### 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.

##### 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

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

##### 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.

##### 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2022

**Impairment of non-financial assets**

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.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

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.

#### 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 4 Leases (company as lessee).

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2022

**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;
- 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 FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 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. 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

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.

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 8).



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 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 11) are classified as financial liabilities subsequently measured at amortised cost.

#### 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 13), 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 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.

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 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,
- (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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

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
- 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 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. New Standards and Interpretations

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### **Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7**

The amendment sets out additional disclosure requirements related to interest rate benchmark reform.

The effective date of the company is for years beginning on or after 1 January 2021.

The company has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

#### **Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9**

When there is a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform then the entity is required to apply paragraph B5.4.5 as a practical expedient. This expedient is only available for such changes in basis of determining contractual cash flows.

Additional temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of risk components have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the company is for years beginning on or after 1 January 2021.

The company has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

#### **Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39**

Temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of financial items as hedged items have been added to hedge relationships specifically impacted by interest rate benchmark reform.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

The effective date of the company is for years beginning on or after 1 January 2021.

The company has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

### 2.2 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 2022 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
- Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	1 January 2023	Unlikely there will be a material impact
- Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	Unlikely there will be a material impact
- Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact
- Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
- Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	1 January 2022	Unlikely there will be a material impact
- Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 16	1 January 2022	Unlikely there will be a material impact
- Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022	Unlikely there will be a material impact

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2022

**3. Property, plant and equipment**

Figure in Rand

Particular	2022			2021		
	Cost or revaluation	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
Leasehold improvements	1,561,833	(1,414,872)	146,961	1,407,919	(1,293,205)	114,714
Plant and machinery	1,300,267	(1,203,090)	97,177	1,327,028	(1,159,270)	167,758
Office furniture and computer equipment	3,179,020	(2,791,095)	387,925	2,967,071	(2,665,129)	301,942
Motor vehicles	339,046	(339,046)	-	459,846	(459,846)	-
	<b>6,380,166</b>	<b>(5,748,103)</b>	<b>632,063</b>	<b>6,161,864</b>	<b>(5,577,450)</b>	<b>584,414</b>

**Reconciliation of property, plant and equipment - 2022**

Figure in Rand

Particulars	Opening balance	Additions	Depreciation	Closing balance
Leasehold improvements	114,714	153,914	(121,667)	146,961
Plant and machinery	167,758	60,241	(130,822)	97,177
Office furniture and computer equipment	301,942	357,354	(271,371)	387,925
	<b>584,414</b>	<b>571,509</b>	<b>(523,860)</b>	<b>632,063</b>

**Reconciliation of property, plant and equipment - 2021**

Figure in Rand

Particulars	Opening balance	Additions	Depreciation	Closing balance
Leasehold improvements	372,592	-	(257,878)	114,714
Plant and machinery	312,260	51,532	(196,034)	167,758
Office furniture and computer equipment	333,388	230,920	(262,366)	301,942
Motor vehicles	14,252	-	(14,252)	-
	<b>1,032,492</b>	<b>282,452</b>	<b>(730,530)</b>	<b>584,414</b>



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2022

**4. 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 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 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:

(Figures in Rand)

<b>2022</b>	<b>Buildings</b>	<b>Plant and Machinery</b>	<b>Total</b>
Opening balance 1 April 2021	1,447,087	470,791	1,917,878
Addition to right-of-use assets	13,452,809	-	13,452,809
Depreciation charge for the year	(3,985,655)	(313,860)	(4,299,515)
Disposals of right-of-use assets	(81,041)		(81,041)
<b>Closing balance 31 March 2022</b>	<b>10,833,200</b>	<b>156,931</b>	<b>10,990,131</b>

<b>2021</b>	<b>Buildings</b>	<b>Plant and Machinery</b>	<b>Total</b>
Opening balance 1 April 2020	5,119,962	784,651	5,904,613
Depreciation charge for the year	(3,398,005)	(313,860)	(3,711,865)
Disposals of right-of-use assets	(274 870)	-	(274 870)
<b>Closing balance 31 March 2021</b>	<b>1,447,087</b>	<b>470,791</b>	<b>1,917,878</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 17), as well as depreciation which has been capitalised to the cost of other assets.

(Figures in Rand)

	<b>2022</b>	<b>2021</b>
Buildings	3,985,655	3,398,005
Plant and Machinery	313,860	313,860
	<b>4,299,515</b>	<b>3,711,865</b>

**Other disclosures**

<b>Particulars</b>	<b>2022</b>	<b>2021</b>
Interest expense on lease liabilities (note 19)	622,347	561,085

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### Lease liabilities

Reconciliation of lease liability: (Figures in Rand)

Particulars	2022	2021
Opening balance	2,918,331	8,119,631
Additions	13,452,809	–
Adjustments	(81,070)	(561,085)
Interest	<b>622,347</b>	<b>561,085</b>
Lease payments	(5,404,585)	(5,201,300)
	<b>11,507,832</b>	<b>2,918,331</b>

The maturity analysis of lease liabilities is as follows: (Figures in Rand)

Particulars	2022	2021
Within one year	5,142,932	2,716,992
Two to five years	7,404,938	342,674
	12,547,870	3,059,666
Less finance charge component	(1,040,038)	(141,335)
	<b>11,507,832</b>	<b>2,918,331</b>

This above are contractual undiscounted cashflows and hence will not tie to the carrying amount per the Statement of Financial Position.

(Figures in Rand)

Particulars	2022	2021
Non-current liabilities	7,043,195	295,297
Current liabilities	4,464,637	2,623,034
	<b>11,507,832</b>	<b>2,918,331</b>

Refer to note 17 for disclosure of low value lease assets.

The incremental borrowing rate used in the calculation of the lease liabilities was prime + 0,5% (2021: prime + 0,5%).

### 5. Goodwill (Figures in Rand)

Particular	2022			2021		
	Cost	Accumulated impairment	Carrying Value	Cost	Accumulated impairment	Carrying Value
Goodwill	37,926,857	(20,000,000)	17,926,857	37,926,857	(20,000,000)	17,926,857

Reconciliation of goodwill - 2022 (Figures in Rand)

Particular	Opening balance	Impairment loss	Total
Goodwill	17,926,857	-	17,926,857

Reconciliation of goodwill - 2021 (Figures in Rand)

Particular	Opening balance	Impairment loss	Total
Goodwill	17,926,857	-	17,926,857

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

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, prorata 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% (2021: 4,5%)

Discount rate: 20,95% (2021: 20,95%)

The value in use calculation at 31 March 2022, did not indicate any further impairment.

### 6. Intangible Assets

(Figures in Rands)

Particular	2022			2021		
	Cost / Valuation	Accumulated amortisation	Carrying Value	Cost / Valuation	Accumulated amortisation	Carrying Value
Brands	83,646,924	(2,082,202)	81,564,722	83,646,924	(2,082,202)	81,564,722

#### Reconciliation of Intangible assets - 2022

(Figures in Rands)

Particular	Opening balance	Additions	Amortisation	Closing balance
Brands	81,564,722	-	-	81,564,722

#### Reconciliation of Intangible assets - 2021

(Figures in Rands)

Particular	Opening balance	Additions	Amortisation	Closing balance
Brands	81,564,722	-	-	81,564,722

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, 2022

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

Growth rate (%) *	4,50	4,50
Discount rate (%) **	20,95	20,94

\* 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:

<b>Sensitivity - Discount rate plus 1% and projected cash flow and growth rate constant</b>	<b>Impact on impairment R'000</b>	<b>Impact on impairment R'000</b>
Caivil	-	-
Hercules	-	-
Ingwe	-	-
Isoplus	-	-
Kamillen	-	-
	-	-
	-	-
<b>Sensitivity - Discount rate constant, projected cash flow less 5% and growth rate constant*</b>	<b>Impact on impairment R'000</b>	<b>Impact on impairment R'000</b>
Caivil	-	-
Hercules	-	-
Ingwe	-	-
Isoplus	-	-
Kamillen	-	-
	-	-
	-	-
<b>Sensitivity - Discount rate constant, projected cash flow constant and growth rate less 1 %</b>	<b>Impact on impairment R'000</b>	<b>Impact on impairment R'000</b>
Caivil	-	(2,233)
Hercules	-	(455)
Ingwe	-	-
Isoplus	-	-
Kamillen	-	-
	-	(2 688)

There are no possible impairments for the current year assesment for brands.

The above possible impairments are not considered material.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 7. Inventories (Figures in Rand)

Particulars	2022	2021
Raw materials	30,881,480	24,535,057
Work in progress	165,849	81,095
Finished goods	17,151,795	19,356,210
	48,199,124	43,972,362
Inventories (write-downs)	(3,517,580)	(5,263,973)
	<b>44,681,544</b>	<b>38,708,389</b>

### 8. Trade and other receivables (Figures in Rand)

Particulars	2022	2021
<b>Financial instruments:</b>		
Trade receivables	25,369,174	23,184,632
Loss allowance	(306,021)	(477,797)
Trade receivables at amortised cost	25,063,153	22,706,835
Other receivables	2,047,781	2,190,784
<b>Non-financial instruments:</b>		
VAT	372,832	303,403
Prepayments	228,748	84,901
<b>Total trade and other receivables</b>	<b>27,712,514</b>	<b>25,285,923</b>

The loss allowance has been calculated on the gross trade receivables balances as follows: (Figures in Rand)

Loss allowance aging profile - 2022	Not past due	Past due by 30 days	Past due by 60 days	Total
Net trade receivables	24 154 979	1 214 195	-	25 369 174
Add back: Rebates and claims	2 078 775	6 205 355	1 911 008	10 195 138
Gross carrying amount	26 233 754	7 419 550	1 911 008	35 564 312
Expected loss % based on gross carrying amount	0,20	0,20	12,44	0,86
Loss allowance calculated	53 217	15 066	237 738	306 021
Specific allowance	-	-	-	-
	<b>53 217</b>	<b>15 066</b>	<b>237 738</b>	<b>306 021</b>

Loss allowance aging profile - 2021	Not past due	Past due by 30 days	Past due by 60 days	Total
Net trade receivables	19,385,908	3,798,724	-	23,184,632
Add back: Rebates and claims	1,584,940	3,813,563	1,865,411	7,263,914
Gross carrying amount	20,970,848	7,612,287	1,865,411	30,448,546
Expected loss % based on gross carrying amount	0,22	0,22	22,22	1,57
Loss allowance calculated	46,512	16,879	414,407	477,798
Specific allowance	-	-	-	-
	<b>46,512</b>	<b>16,879</b>	<b>414,407</b>	<b>477,798</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### Movement in Loss allowance

(Figures in Rand)

Particulars	2022	2021
Opening balance	477,797	204,594
Reversal of prior period loss allowance	(254,267)	(204,594)
Provision for the year	82,491	477,797
Closing balance	<b>306,021</b>	<b>477,797</b>

### Financial instrument and non-financial instrument components of trade and other receivables

(Figures in Rand)

Particulars	2022	2021
At amortised cost	27,110,934	24,897,619
Non-financial instruments	601,580	388,304
	<b>27,712,514</b>	<b>25,285,923</b>

### Fair value of trade and other receivables

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

### 9. Cash and cash equivalents

(Figures in Rand)

Particulars	2022	2021
Cash and cash equivalents consist of:		
Bank balances	1,296,728	7,628,307
Deposits	10,028,219	5,133,244
Bank overdraft	-	(1,500,000)
	<b>11,324,947</b>	<b>11,261,551</b>
Current assets	11,324,947	12,761,551
Current liabilities	-	(1,500,000)
	<b>11,324,947</b>	<b>11,261,551</b>

(Figures in Rand)

Facilities available	Expiry date	R	R
Overdraft	21-Aug-22	10,000,000	5,000,000
Card	21-Aug-22	300,000	300,000
Fleet card	21-Aug-22	150,000	150,000
Guarantee by bank	21-Aug-22	882,000	882,000
Foreign exchange - Contract PFE	21-Aug-22	209,800	209,800
Medium term loan	21-Aug-22	17,033,875	23,644,050
Electronic funds transfer services - Credit Run	21-Aug-22	5,000,000	5,000,000
		<b>33,575,675</b>	<b>35,185,850</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

Security issued	Restriction amount in R	Surety name
Pledge call deposit	Unrestricted	
Cession book debt	Unrestricted	
Guarantee	60,000,000	Marico South Africa Consumer Care (Proprietary) Limited
Credit agreement FAC agreement commercial	Unrestricted	

### 10. Share capital

(Figures in Rand)

Particulars	2022	2021
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.

(Figures in Rand)

Particulars	2022	2021
<b>Issued</b>		
500 000 Ordinary shares of R0.01	5,000	5,000
254 958 Ordinary shares of R215.10	54,840,500	54,840,500
283 253 Ordinary shares of R105.9123	30,000,000	30,000,000
Share premium	22,863,735	22,863,735
	<b>107,709,235</b>	<b>107,709,235</b>

### 11. Borrowings

(Figures in Rand)

Particulars	2021	2020
<b>Held at amortised cost</b>		
Standard Bank of South Africa Limited	16,433,875	23,135,575
<b>Split between non-current and current portions</b>		
Non-current liabilities	-	17,033,875
Current liabilities	16,433,875	6,101,700
	<b>16,433,875</b>	<b>23,135,575</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 on 31 August 2022. 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.
- Guarantee limited to R60 000 000 by Marico South Africa Consumer Care Proprietary Limited.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2022

**12. Deferred tax**

(Figures in Rand)

Particulars	2022	2021
<b>Deferred tax liability</b>		
Purchase price allocation	(9,067,680)	(9,403,520)
Intangible assets	(186,992)	-
Prepayments	(10,431)	(23,772)
<b>Total deferred tax liability</b>	<b>(9,265,103)</b>	<b>(9,427,292)</b>
<b>Deferred tax asset</b>		
Property, plant and equipment	99,399	71,644
Provisions	685,994	379,389
Net lease liability	139,779	280,128
Deferred tax balance from temporary differences other than unused tax losses	925,172	731,161
<b>Total deferred tax asset</b>	<b>925,172</b>	<b>731,161</b>

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:

(Figures in Rand)

Particulars	2022	2021
<b>Deferred tax liability</b>	(9,265,103)	(9,427,292)
Deferred tax asset	925,172	731,161
<b>Total net deferred tax liability</b>	<b>(8,339,931)</b>	<b>(8,696,131)</b>

**Reconciliation of deferred tax liability**

(Figures in Rand)

Particulars	2022	2021
<b>At beginning of year</b>	(8,696,131)	(6,263,579)
Deductible temporary difference movement on lease liability	(140,348)	(340,077)
Taxable / (deductible) temporary difference movement on purchase price allocation	335,840	(520)
Taxable temporary difference movement on tangible fixed assets	27,755	8,045
Taxable / (deductible) temporary difference movement on prepayments	13,341	(23,772)
Taxable / (deductible) temporary difference movement on provisions	306,605	(2,076,228)
Taxable temporary difference movement on intangibles	(186,992)	-
	<b>(8,339,930)</b>	<b>(8,696,131)</b>

On 23 February 2022, the Finance Minister announced that there will be a reduction in the corporate income tax rate from 28% to 27% for years of assessment ending on or after 31 March 2023. Taking this into consideration, the deferred tax balances have been calculated at 27% at year end.



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2022

**13. Trade and other payables**

(Figures in Rand)

Particulars	2022	2021
<b>Financial instruments:</b>		
Trade payables	41,348,006	38,743,889
Trade payables - related parties	734,002	134,456
Other payables	772,840	861,026
<b>Accruals</b>	5,835,025	5,185,037
<b>Audit fee accrual</b>	834,398	1,219,473
Bonus accrual	3,456,005	3,612,373
<b>Non-financial instruments:</b>		
Leave pay accrual	1,507,011	1,425,348
	<b>54,487,287</b>	<b>51,181,602</b>

**Financial instrument and non-financial instrument components of trade and other payables**

(Figures in Rand)

Particulars	2022	2021
At amortised cost	52,980,276	49,756,254
Non-financial instruments	1,507,011	1,425,348
	<b>54,487,287</b>	<b>51,181,602</b>

**Fair value of trade and other payables**

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

**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 December 2015	31620	30 November 2021/ 2022

The share price at 31 March 2021 used to compute the share option liability was Indian Rupee (INR) 411.00.

These grants vested during the current financial period, consequently no liability exists at 31 March 2022.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2022

(Figures in Rand)

Particulars	2022	2021
Current portion	-	104,684

**15. Revenue**

Revenue from contracts with customers (Figures in Rand)

Particulars	2022	2021
Sale of goods	308,682,204	263,082,284

**Disaggregation of revenue from contracts with customers**

The company disaggregates revenue from customers as follows:

Timing of revenue recognition

At a point in time

(Figures in Rand)

Particulars	2022	2021
Sale of goods	308,682,204	263,082,284

**16. Other operating gains/ losses**

(Figures in Rand)

Particulars	Note	2022	2021
<b>Gains (losses) on disposals, scrappings and settlements</b>			
Property, plant and equipment	3	9,538	28,500
<b>Foreign exchange gains (losses)</b>			
Net foreign exchange (losses) gains		(262,853)	262,770
<b>Total other operating gains / (losses)</b>		<b>(253,315)</b>	<b>291,270</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2022

**17. Operating Profit**

Operating profit / (loss) for the year is stated after charging (crediting) the following, amongst others:

(Figures in Rand)

Particulars	2022	2021
<b>Auditor's remuneration - external</b>		
Audit fees	420,994	670,476

**Employee costs**

As at 31 March 2022 the company had 67 (2021: 71) employees. The total cost of employment of all employees, including executive directors, was as follows: (Figures in Rand)

Particulars	2022	2021
Salaries, wages, bonuses and other benefits	22,315,611	19,857,383
Refer to note 24 for directors emoluments.		
<b>Leases</b>		
<b>Operating lease charges</b>		
Computers	99,572	71,764
<b>Depreciation and amortisation</b>		
Depreciation of property, plant and equipment	523,860	730,530
Depreciation of right-of-use assets	4,299,515	3,711,865
Total depreciation and amortisation	<b>4,823,375</b>	<b>4,442,395</b>
<b>Movement in credit loss allowances</b>		
Trade and other receivables	(10,306)	290,247
<b>Other</b>		
Commission	8,142,618	7,665,233
Advertising	17,671,636	15,599,911
Delivery expenses	15,358,380	13,963,806

**18. Investment income****Interest income**

(Figures in Rand)

Particulars	2022	2021
<b>Investments in financial assets:</b>		
Bank	176,145	97,647

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2022

**19. Finance costs**

(Figures in Rand)

Particulars	2022	2021
Borrowings	1,585,452	2,077,799
Lease liabilities (note 4)	622,347	561,085
Interest paid	-	33,661
<b>Total finance costs</b>	<b>2,207,799</b>	<b>2 672 545</b>

**20. Taxation****Major components of the tax expense**

(Figures in Rand)

Particulars	2022	2021
<b>Current</b>		
Local income tax - current year	5,351,689	251,366
Local income tax - recognised in current year for prior periods	205,973	-
	<b>5,557,662</b>	<b>251,366</b>
<b>Deferred</b>		
Originating and reversing temporary differences	(45,625)	2,432,552
Change in tax rate	(310,576)	-
	(356,201)	2,432,552
	<b>5,201,461</b>	<b>2,683,918</b>

**Reconciliation of the tax expense**

Reconciliation between accounting profit/ (loss) and tax expense

(Figures in Rand)

Particulars	2022	2021
Accounting profit	18,615,547	9,551,762
Tax at the applicable tax rate of 28% (2021: 28%)	5,212,353	2,674,493
<b>Tax effect of adjustments on taxable income</b>		
Deferred tax rate change	(310,576)	
Deferred tax effect income	-	9,425
Exempt income	(3,669)	-
Prior year under provision in current tax	205,973	
Non deductible expenditure	97,380	
	<b>5,201,461</b>	<b>2,683,918</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

## 21. Cash generated from operations

(Figures in Rand)

Particulars	2022	2021
Profit before taxation	18,615,547	9,551,762
<b>Adjustments for:</b>		
Depreciation	4,823,375	4,442,395
Profit on disposal of property, plant and equipment	(9,538)	(28,500)
Interest income	(176,145)	(97,647)
Finance costs	1,585,452	2,111,460
Leases interest	622,347	561,085
Movements in share-based payment liability	(104,684)	9,523
Other non-cash items	(10,335)	4,030
<b>Changes in working capital:</b>		
Increase in inventories	(5,973,155)	(6,182,648)
Increase / (decrease) in trade and other receivables	(2,416,285)	1,440,893
Increase in trade and other payables	3,305,685	19,629,228
	<b>20,262,264</b>	<b>31,441,581</b>

## 22. Tax Paid

(Figures in Rand)

Particulars	2022	2021
Balance at beginning of the year	207,009	39,018
Current tax for the year recognised in profit or loss	(5,557,662)	(251,366)
Balance at end of the year	(770,652)	(207,009)
	<b>(6,121,305)</b>	<b>(419,357)</b>

## 23. Related parties

## Relationships

Ultimate holding company	Marico Limited
Holding company	Marico South Africa Consumer Care Proprietary Limited
Other group companies	Marico South East Asia
Executive directors	J R Mason
	J Nieuwenhuys (Resigned 18 August 2021)
	M R Mashilo
	P A Agrawal

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### Related party balances

Amounts included in trade receivables (trade payables) regarding related parties

(Figures in Rand)

Particulars	2022	2021
Marico Limited	(668,374)	134,456
Marico South East Asia	(65,628)	-
	<b>(734,002)</b>	<b>(134,456)</b>
<b>Related party transactions</b>		
<b>Purchases from (sales to) related parties</b>		
Marico Limited	-	1,128,844
Marico South East Asia	-	88,543
	-	<b>1,217,387</b>
<b>Cross charges from related parties</b>		
Marico Limited	1,021,659	134,456
Marico South East Asia	65,628	-
	<b>1,087,287</b>	<b>134,456</b>

## 24 Directors' emoluments

### Executive

(Figures In Rand)

2022	Emoluments	Bonus and Performance related payments	Allowances	Total
J R Mason	2,161,068	1,228,351	641,585	4,031,004
J Nieuwenhuys**	612,789	925,592	144,101	1,682,482
MR Mashilo	1,621,395	657,765	468,311	2,747,471
PA Agrawal*	-	-	-	-
	<b>4,395,252</b>	<b>2,811,708</b>	<b>1,253,997</b>	<b>8,460,957</b>

\* This director is paid by the ultimate holding company, Marico Limited

\*\* Resigned 18 August 2021

(Figures In Rand)

2021	Emoluments	Bonus and Performance related payments	Allowances	Total
J R Mason	2,161,068	644,391	641,231	3 446 690
J Nieuwenhuys	1,397,034	464,865	284,946	2 146 845
MR Mashilo	1,458,203	401,621	446,848	2 306 672
VA Karve*	-	-	-	-
A Joshi*	-	-	-	-
	<b>5,016,305</b>	<b>1,510,877</b>	<b>1,373,025</b>	<b>7 900 207</b>

\* These directors are paid by the ultimate holding company, Marico Limited.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 25. Financial instruments and risk management

#### Categories of financial instrument

##### Categories of financial assets

(Figures in Rand)

2022	Note(s)	Amortised Cost	Total
Trade and other receivables	8	27,110,934	27,110,934
Cash and cash equivalents	9	11,324,947	11,324,947
		<b>38,435,881</b>	<b>38,435,881</b>

(Figures in Rand)

2021	Notes	Amortised Cost	Total
Trade and other receivables	8	24,897,619	24,897,619
Cash and cash equivalents	9	12,761,551	12,761,551
		<b>37,659,170</b>	<b>37,659,170</b>

##### Categories of financial liabilities

(Figures in Rand)

2022	Note(s)	Amortised Cost	Leases	Total
Trade and other payables	13	52,980,276		52,980,276
Borrowings	11	16,433,875		16,433,875
Lease liabilities	4	-	11,507,832	11,507,832
		<b>69,414,151</b>	<b>11,507,832</b>	<b>80,921,983</b>

(Figures in Rand)

2021	Note(s)	Amortised Cost	Leases	Total
Trade and other payables	13	9,756,254		49,756,254
Borrowings	11	3,135,575		23,135,575
Lease liabilities	4	-	2,918,331	2,918,331
Bank overdraft	9	1,500,000		1,500,000
		<b>74,391,829</b>	<b>2,918,331</b>	<b>77,310,160</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, 2022

The capital structure and gearing ratio of the company at the reporting date was as follows:

(Figures in Rand)

Particulars	Note(s)	2022	2021
Borrowings	11	16,433,875	23,135,575
Lease liabilities	4	11,507,832	2,918,331
Trade and other payables	13	54,487,287	51,181,602
<b>Total borrowings</b>		<b>82,428,994</b>	<b>77,235,508</b>
Cash and cash equivalents	9	(11,324,947)	(11,261,551)
<b>Net borrowings</b>		<b>71,104,047</b>	<b>65,973,957</b>
Equity		104,834,506	91,420,420
Gearing ratio		68%	72%

### 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:

(Figures in Rand)

Particular	2022			2021		
	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	27,416,955	(306,021)	27,110,934	25,375,416	(477,797)	24,897,619

Refer to note 8 for further details on credit risk.

#### 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.



MARICO SOUTH AFRICA (PTY) LIMITED (MSA)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2022

(Figures in Rand)

2022	Note(s)	Less than 1 year	2 to 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Lease liabilities	4	-	7,404,938	7,404,938	7,043,195
<b>Current liabilities</b>					
Trade and other payables	13	52,980,276	-	52,980,276	52,980,276
Borrowings	11	16,433,875	-	16,433,875	16,433,875
Lease liabilities	4	5,142,932	-	5,142,932	4,464,637
		<b>74,557,083</b>	<b>7,404,938</b>	<b>81,962,021</b>	<b>80,921,983</b>

2021	Note(s)	Less than 1 year	2 to 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Borrowings	11	-	17,033,875	17,033,875	17,033,875
Lease liabilities	4	-	342,674	342,674	295,297
<b>Current liabilities</b>					
Trade and other payables	13	49,756,254	-	49,756,254	49,756,254
Borrowings	11	6,101,700	-	6,101,700	6,101,700
Lease liabilities	4	2,716,992	-	2,716,992	2,623,034
Bank overdraft	9	1,500,000	-	1,500,000	1,500,000
		<b>60,074,946</b>	<b>17,376,549</b>	<b>77,451,495</b>	<b>77,310,160</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:**

(Figure in Rand)

Particulars	Note(s)	2022	2021
<b>Current liabilities:</b>			
Trade and other payables	13	(734,002)	(134,456)

**Exchange rates**

(Figure in Rand)

Particulars	Note(s)	2021	2020
<b>Rand per unit of foreign currency:</b>			
US Dollar		14.611	14.776

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March, 2022

**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	2022		2021	
	Increase	Decrease	Increase	Decrease
<b>Increase or decrease in rate</b>				
<b>Impact on profit or loss:</b>				
US Dollar 10% change in exchange rate	(73,400)	73,400	(13,446)	13,446

**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.

Particular	2022		2021	
	Increase	Decrease	Increase	Decrease
<b>Increase or decrease in rate</b>				
<b>Impact on profit or loss:</b>				
Borrowings - 50 basis points change	(82,169)	82,169	(115,679)	115,679
Bank overdraft - 10%	-	-	(150,000)	150,000
	<b>(82,169)</b>	<b>82,169</b>	<b>(265,679)</b>	<b>265,679</b>

**26. Going concern**

We draw attention to the fact that at 31 March 2022, the company had accumulated losses of R2 571 376 (2021: R16 288 815). At 31 March 2022, the company had not utilised any of its R10 000 000 overdraft facility (2021: utilised R1 500 000 of the R5 000 000 overdraft facility).

At 31 March 2022, 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.

**26.1 COVID 19**

The board is aware of the COVID-19 pandemic. There is no immediate concern around going concern. Management are continually assessing and monitoring developments with regard to the disease and at the time of finalising the report, the board is confident that their responses are adequate and the crisis is being continuously monitored to assess the impact on the company.

**26.2 Civil unrest**

During early July 2021, KwaZulu-Natal experienced civil unrest which resulted in the looting of stores and warehouses and the destruction of infrastructure. At this stage, there has not been a direct impact on the company. The directors continue to assess whether this civil unrest will result in any future impacts on the company.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 27. Events after the reporting period

#### 27.1 KwaZulu-Natal floods

On the week of 10 April 2022, for more than four days, certain parts of South Africa experienced heavy rainfall, with KwaZulu-Natal being hit the hardest. The persistent rains triggered flooding and mudslides which has led to significant damages across the province including the loss of more than 450 lives. Marico South Africa Proprietary Limited has not been impacted directly.

The directors continue to assess the exact impact of the flood damage on the company, its clients and its future operations.

#### 27.2 Russia / Ukraine War

The current war occurring in Ukraine and involving Russia, is expected to have far reaching consequences across the world as a result of both the direct impacts of the war as well as the impacts arising from sanctions imposed on Russia as a result of the war. At this stage, there has not been any direct impact on the financial results of Marico South Africa Proprietary Limited. Management is continually assessing the risk associated with future potential impacts on the company arising from this war.

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. (MMSB)

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2022)**

Mr. Pawan Agrawal  
Mr. Datuk Chin Chee Kee JP  
Ms. Poh Shiew 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

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF MARICO MALAYSIA SDN. BHD.  
Registration No. 200901038367 (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 statement of financial position as at 31 March 2022, 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 23.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("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 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 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 Standard 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.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF MARICO MALAYSIA SDN. BHD.  
Registration No. 200901038367 (881499-V) (Incorporated in Malaysia)**

**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 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 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 Matter**

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**

Firm No.: AF1127

Chartered Accountants (M)

Dated: 02 JUN 2022

Shah Alam

**SUNDARASAN AIL ARUMUGAM**

01876/02/2024J

Chartered Accountant

**MARICO MALAYSIA SDN. BHD.****Registration No. 200901038367 (881499-V) (Incorporated in Malaysia)****Statement of Financial Position**

As at 31 March, 2022

	Notes	2022 RM	2021 RM
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	53,937	53,502
Total current assets		53,937	53,502
<b>TOTAL ASSETS</b>			
		<b>53,937</b>	53,502
<b>EQUITY</b>			
Share capital	7	17,660,240	17,660,240
Accumulated losses		(17,647,137)	(17,612,556)
<b>TOTAL EQUITY</b>			
		<b>13,103</b>	47,684
<b>CURRENT LIABILITIES</b>			
Non-trade payables and accruals	8	40,834	5,818
Total current liabilities		40,834	5,818
<b>TOTAL LIABILITIES</b>			
		<b>40,834</b>	<b>5,818</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<b>53,937</b>	<b>53,502</b>

The accompanying notes form an integral part of the financial statements.

**MARICO MALAYSIA SDN. BHD.****Registration No. 200901038367 (881499-V) (Incorporated in Malaysia)****Statement of Comprehensive Income**

For the year ended 31 March, 2022

	Notes	2022 RM	2021 RM
Revenue		-	-
Other operating income		591	-
Other operating expenses		(35,172)	(25,073)
<b>Loss before tax</b>	9	<b>(34,581)</b>	(25,073)
Tax expense	10	-	-
<b>Loss for the year representing total comprehensive expense for the year</b>		<b>(34,581)</b>	<b>(25,073)</b>

The accompanying notes form an integral part of the financial statements.



**MARICO MALAYSIA SDN. BHD.****Registration No. 200901038367 (881499-V) (Incorporated in Malaysia)****Statement of Changes in Equity**

For the year ended 31 March, 2022

	Share capital	Accumulated losses	Total
	RM	RM	RM
At 01 April 2020	17,660,240	(17,587,483)	72,757
Loss for the year	-	(25,073)	(25,073)
At 31 March 2021 / 01 April 2021	17,660,240	(17,612,556)	47,684
Loss for the year	-	(34,581)	(34,581)
<b>At 31 March 2022</b>	<b>17,660,240</b>	<b>(17,647,137)</b>	<b>13,103</b>

The accompanying notes form an integral part of the financial statements.

**MARICO MALAYSIA SDN. BHD.****Registration No. 200901038367 (881499-V) (Incorporated in Malaysia)****Statement of Cash Flow**

For the year ended 31 March, 2022

	2022 RM	2021 RM
<b>Cash flows from operating activities</b>		
Loss before tax	(34,581)	(25,073)
Changes in payables	35,016	(14,161)
Net change in operating activities	435	(39,234)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>435</b>	<b>(39,234)</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>53,502</b>	<b>92,736</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>53,937</b>	<b>53,502</b>
<b>NOTE :</b>		
<b>I. Cash and cash equivalents:</b>		
Cash and cash equivalents included in the statement above comprise the following amounts:		
Bank balance	53,937	53,502
	<b>53,937</b>	<b>53,502</b>

The accompanying notes form an integral part of the financial statements.

**MARICO MALAYSIA SDN. BHD.**  
**Registration No. 200901038367 (881499-V) (Incorporated in Malaysia)**

## **Notes to the Financial Statements**

For the year ended 31 March, 2022

### **1. GENERAL INFORMATION**

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The registered office is located at Room A, Ground Floor, Lot 7, Block F, Saguking Commercial Building, Jalan Patau-Patau, 87000 Labuan, W.P. Labuan.

The principal activities of the Company are distributor of perfumery, cosmetics, toiletries and related beauty products. The Company ceased business operations with effect from the financial year 2015.

The immediate holding company of the Company is Marico Middle East FZE, a private company registered and domiciled in United Arab Emirates. The ultimate holding company 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 issue by the Board of Directors on declaration date.

### **2. COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE COMPANIES ACT 2016**

The financial statements of the Company have been prepared in compliance with the Malaysian Private Entities Reporting Standard ("MPERS") issued by the Malaysian Accounting Standards Board ("MASB") and requirements of the Malaysian Companies Act 2016.

### **3. BASIS OF PREPARATION**

The financial statements of the Company have been prepared using cost bases (which include historical cost, amortised cost, and lower of cost and net realisable value).

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 reported period. Judgements and assumptions are applied in the measurement, and hence, the actual results may not coincide with the reported amounts. The areas involving significant estimation uncertainties are disclosed in Note - to the financial statements.

### **4. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted are set out below:

#### **4.1 Financial Instruments**

##### **I. 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, an entity in the Company becomes a party to the contractual provisions of the instrument.

**MARICO MALAYSIA SDN. BHD.****Registration No. 200901038367 (881499-V) (Incorporated in Malaysia)****Notes to the Financial Statements****For the year ended 31 March, 2022**

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 expensed to profit or loss when incurred.

**II. Derecognition of Financial Instruments**

A financial asset 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 is different by 10% or more when compared with the carrying amount of the original liability.

**III. 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 preference shares, 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 4.1(VII).

**IV. Subsequent Measurement of Financial Liabilities**

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

**V. 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 using reasonable and supportable assumptions.

**MARICO MALAYSIA SDN. BHD.**

**Registration No. 200901038367 (881499-V) (Incorporated in Malaysia)**

**Notes to the Financial Statements**

**For the year ended 31 March, 2022**

**VI. 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.

**VII. Impairment and Uncollectibility of Financial Assets**

At the end of each reporting period, 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 or loss and a corresponding amount is recorded in an 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 experience 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.

**MARICO MALAYSIA SDN. BHD.****Registration No. 200901038367 (881499-V) (Incorporated in Malaysia)****Notes to the Financial Statements**

For the year ended 31 March, 2022

**4.2 Share Capital and Distributions****I. 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 and other equity instruments are issued in private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares and other equity instruments issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at 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.

**II. Distributions**

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Company measures the dividend payable at the fair value of the assets to be distributed.

**4.3 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 claims 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's experience of similar transactions and supplemented

**MARICO MALAYSIA SDN. BHD.**  
**Registration No. 200901038367 (881499-V) (Incorporated in Malaysia)****Notes to the Financial Statements****For the year ended 31 March, 2022**

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.

**4.4 Income Recognition**

There is no revenue recognised as the Company has ceased operations. Other income is recognised on receipt basis.

**4.5 Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less and are used by the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

**4.6 Tax Assets and Tax Liabilities**

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 exceeds 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: (a) the initial recognition of goodwill; or (b) 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.

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, affect neither accounting profit nor tax taxable profit (or tax 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.

**MARICO MALAYSIA SDN. BHD.****Registration No. 200901038367 (881499-V) (Incorporated in Malaysia)****Notes to the Financial Statements****For the year ended 31 March, 2022**

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 reflect 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. For an investment property measured at fair value, the Company does not have a business model to hold the property solely for rental income, and hence, the deferred liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

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 part or all of that deferred tax 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. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

**4.7 Foreign Currency****I. Foreign Currency - Foreign Currency Transactions**

The Company determines its functional currency (a currency of the primary economic environment in which the entity operates) and measures its results and financial position in that functional currency.

**Translation of Foreign Currency Transactions**

The transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the period (i.e. the closing rates). Non-monetary items carried at fair values that are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items that are measured at their historical cost amounts continue to be translated at their respective historical rates and are not retranslated.

All exchange differences arising on settled transactions and on unsettled monetary items are recognised in profit or loss in the period except for: (i) loans and advances that form part of the net investment in a foreign operation; and (ii) transactions entered into in order to hedge foreign currency risks of net investments in foreign operations.



**MARICO MALAYSIA SDN. BHD.**  
**Registration No. 200901038367 (881499-V) (Incorporated in Malaysia)**

**Notes to the Financial Statements**

For the year ended 31 March, 2022

**5. CRITICAL JUDGEMENTS 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**

The Company's cash management policy is to use cash and bank balances, money market instruments, bank overdrafts and short-term trade financing to manage cash flows to ensure sufficient liquidity to meet the Company's obligations.

	2022	2021
	RM	RM
Bank balances	53,937	53,502

**7. SHARE CAPITAL**

	2022	2021	2022	2021
	Number of shares Unit	Amount of Shares RM	Number of shares Unit	Amount of Shares RM
Issued and fully paid ordinary shares:				
At beginning and end of the year	17,660,240	17,660,240	17,660,240	17,660,240

**8. NON-TRADE PAYABLES AND ACCRUALS**

	2022	2021
	RM	RM
Other payables	34,792	-
Accruals	6,042	5,818
	<b>40,834</b>	5,818

All short term payables are measured at undiscounted amounts because the effect of discounting is immaterial.

**MARICO MALAYSIA SDN. BHD.****Registration No. 200901038367 (881499-V) (Incorporated in Malaysia)****Notes to the Financial Statements**

For the year ended 31 March, 2022

**9. Loss before tax**

Loss before tax is arrived at:

	2022	2021
	RM	RM
<b>After charging:</b>		
- Auditors' remuneration	3,000	3,300
- Loss on foreign exchange – unrealised	-	4,356
<b>and crediting:</b>		
Gain on foreign exchange – unrealised	<b>(591)</b>	-

**10. TAX EXPENSE**

The significant differences between the tax expense and accounting loss multiplied by the statutory tax rate are due to the tax effects arising from the following items:

	2022	2021
	RM	RM
Loss before tax	<b>(34,581)</b>	<b>(25,073)</b>
Tax at Malaysian statutory tax rate of 17%	(8,299)	(6,018)
Tax effect of expenses disallowed for the tax purposes	8,441	6,018
Non-taxable income	<b>142</b>	-
	-	-

Under the amendment of Income Tax Act 1967 by the Finance Act 2019 and with effect from year of assessment 2020, companies with paid-up capital of RM2.5 million or less, and with annual business income of not more than RM50 million are subject to Small and Medium Enterprise Corporate Tax at 17% on chargeable income up to RM600,000 except for companies with investment holding nature or companies does not have gross income from business sources are subject to corporate tax at 24% on chargeable income.

**11. UNRECOGNISED DEFERRED TAX ASSETS**

The following deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from:

	2022	2021
	RM	RM
Unutilised capital allowances	7,294,877	7,294,877
Unutilised tax losses	9,818,893	9,818,893
	<b>17,113,770</b>	17,113,770

**MARICO MALAYSIA SDN. BHD.**  
**Registration No. 200901038367 (881499-V) (Incorporated in Malaysia)**

**Notes to the Financial Statements**

For the year ended 31 March, 2022

**12. RELATED PARTY DISCLOSURES**

**I Control Relationships**

As disclosed in Note 1, the Company's parent is MARICO MIDDLE EAST FZE (registered and domiciled in United Arab Emirates), which owns 100.00% of the Company's ordinary shares:

**STATEMENT OF OPERATIONS FOR THE YEAR ENDED 31 MARCH 2022**

	2022	2021
	RM	RM
<b>REVENUE</b>		
Revenue		
<b>NON OPERATING INCOME</b>		
Gain on foreign exchange - unrealised	591	-
<b>OTHER OPERATING EXPENSES</b>	(35,172)	(25,073)
<b>LOSS BEFORE TAX</b>	<b>(34,581)</b>	<b>(25,073)</b>

**SCHEDULE TO STATEMENT OF OPERATIONS FOR THE YEAR ENDED 31 MARCH 2022**

	2022	2021
	RM	RM
<b>OTHER OPERATING EXPENSES</b>		
Auditors' remuneration	3,000	3,300
Bank charges	156	13
<b>Loss on foreign exchange - unrealised</b>		4,356
Miscellaneous expenses	966	198
Professional charges	28,750	14,880
Tax fee	2,300	2,326
	<b>35,172</b>	<b>25,073</b>

This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.

# MARICO SOUTH EAST ASIA CORPORATION (MSEA)

<b>BOARD OF DIRECTORS (AS ON MARCH 31, 2022)</b>	Mr. Saugata Gupta Mr. Pawan Agrawal Mr. Vaibhav Bhanchawat Mr. Nguyen Thi Le Thuy Ms. Nguyen Hoang Phuong Anh	Chairman Member Member Member Member
<b>LEGAL REPRESENTATIVE</b>	Mr. Saugata Gupta Mr. Vaibhav Bhanchawat Ms. Priti Bisen Mr. Nguyen Thi Le Thuy	Chairman General Director Deputy General Director Deputy General Director
<b>BUSINESS REGISTRATION CERTIFICATE</b>	No. 3700579324 dated 11 February 2011 was initially issued by the Department of Planning and Investment of Binh Duong Province and 14 <sup>th</sup> amendment dated 08 July, 2021.	
<b>INVESTMENT CERTIFICATE</b>	Project Code 1013733152 dated 11 February, 2011  The sixth amended Investment Registration 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 to 16 September 2045).  Project Code 9816465766 dated 31 December 2008  The forth amended Investment Registration Certificate No. 9816465766 dated 27 May 2021 was issued by the Board of Management of Industrial Park of Ho Chi Minh City. Project operating time is until 19 December 2047.	
<b>DATE OF INCORPORATION</b>	February 11, 2011	
<b>REGISTERED OFFICE</b>	No. 3, Road 5, Song Than 1 Industrial Park, Di An Ward, Di An City, Binh Duong Province, Vietnam.	
<b>REPRESENTATIVE OFFICE</b>	28 <sup>th</sup> Floor, Pearl Plaza, 561A Dien Bien Phu Street, Ward 25, Binh Thanh District, Ho Chi Minh City.	
<b>AUDITOR</b>	KPMG Limited – Vietnam	

## 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 2022, 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 12 May 2022, as set out on pages 6 to 35.

#### Management' 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.

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders

Marico South East Asia Corporation

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 2022 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.: 21-01-00656-22-1

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Ha Vu Dinh

Practicing Auditor Registration

Certificate No. 0414-2018-007-1

*Deputy General Director*

Ho Chi Minh City, 12 May 2022

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Nelson Rodriguez Casihan

Practicing Auditor Registration

Certificate No. 2225-2018-007-1

# MARICO SOUTH EAST ASIA CORPORATION (MSEA)

## BALANCE SHEET

As at 31 March, 2022

Form B 01 – DN

(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

Particulars	Code	Note	31/3/2022	1/4/2021
			VND	VND
<b>ASSETS</b>				
<b>Current assets</b>	<b>100</b>		<b>469,337,152,595</b>	<b>412,765,146,254</b>
(100 = 110 + 120 + 130 + 140 + 150)				
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>100,973,856,252</b>	<b>116,566,466,597</b>
Cash	111		3,973,856,252	4,866,466,597
Cash equivalents	112		97,000,000,000	111,700,000,000
<b>Short-term financial investments</b>	<b>120</b>		<b>8,000,000,000</b>	<b>-</b>
Held-to-maturity investments	123	5	8,000,000,000	-
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>127,338,665,072</b>	<b>120,030,300,190</b>
Accounts receivable from customers	131	6	116,226,763,418	111,089,268,405
Prepayments to suppliers	132		10,665,723,216	2,781,020,363
Other short-term receivables	136		446,178,438	6,168,928,039
Allowance for doubtful debts	137		-	(8,916,617)
<b>Inventories</b>	<b>140</b>	<b>7</b>	<b>229,653,336,193</b>	<b>172,324,819,414</b>
Inventories	141		257,549,718,657	201,044,938,297
Allowance for inventories	149		(27,896,382,464)	(28,720,118,883)
<b>Other current assets</b>	<b>150</b>		<b>3,371,295,078</b>	<b>3,843,560,053</b>
Short-term prepaid expenses	151		2,069,137,630	3,779,061,193
Deductible value added Tax	152		1,302,157,448	-
Taxes receivable from State Treasury	153		-	64,498,860
<b>Long-term assets</b>	<b>200</b>		<b>140,495,469,520</b>	<b>146,272,959,387</b>
(200 = 210 + 220 + 230 + 240 + 260)				
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>5,098,842,729</b>	<b>5,474,027,267</b>
Other long-term receivables	216		5,098,842,729	5,474,027,267
<b>Fixed assets</b>	<b>220</b>		<b>76,654,014,289</b>	<b>89,857,796,422</b>
Tangible fixed assets	221	8	52,926,866,299	63,642,845,730
Cost	222		151,236,183,543	147,812,552,221
Accumulated depreciation	223		(98,309,317,244)	(84,169,706,491)
Intangible fixed assets	227	9	23,727,147,990	26,214,950,692
Cost	228		51,542,093,873	50,333,466,705
Accumulated amortisation	229		(27,814,945,883)	(24,118,516,013)
<b>Investment property</b>	<b>230</b>	<b>10</b>	<b>-</b>	<b>22,058,852,272</b>
Cost	231		-	23,843,388,652
Accumulated depreciation	232		-	(1,784,536,380)
<b>Long-term work in progress</b>	<b>240</b>	<b>11</b>	<b>950,000,000</b>	<b>1,182,242,495</b>
Construction in progress	242		950,000,000	1,182,242,495
<b>Other long-term assets</b>	<b>260</b>		<b>57,792,612,502</b>	<b>27,700,040,931</b>
Long-term prepaid expenses	261	12	25,915,188,737	3,103,123,671
Deferred tax assets	262	13	31,877,423,765	24,596,917,260
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>609,832,622,115</b>	<b>559,038,105,641</b>

MARICO SOUTH EAST ASIA CORPORATION (MSEA)

**BALANCE SHEET (CONTINUED)**

As at 31 March, 2022

Form B 01 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

Particulars	Code	Note	31/3/2022	1/4/2021
			VND	VND
<b>RESOURCES</b>				
<b>Liabilities (300 = 310 + 330)</b>	<b>300</b>		<b>423,954,413,421</b>	<b>344,716,090,165</b>
<b>Current liabilities</b>	<b>310</b>		<b>391,533,880,908</b>	<b>322,611,854,747</b>
Accounts payable to suppliers	311	14	152,011,642,819	142,628,064,246
Advances from customers	312		1,652,118,245	1,293,703,113
Taxes payable to State Treasury	313	15	6,534,654,947	13,080,866,719
Payables to employees	314		-	32,150,872
Short-term accrued expenses	315	16(a)	228,512,380,623	163,413,887,361
Other short-term payables	319	17	2,823,084,274	2,163,182,436
<b>Long-term liabilities</b>	<b>330</b>		<b>32,420,532,513</b>	<b>22,104,235,418</b>
Long-term accrued expenses	333	16(b)	3,478,186,049	3,154,887,372
Provisions – long-term	342	18	28,942,346,464	18,949,348,046
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>185,878,208,694</b>	<b>214,322,015,476</b>
<b>Owners' equity</b>	<b>410</b>	<b>19</b>	<b>185,878,208,694</b>	<b>214,322,015,476</b>
Share capital	411	20	95,358,950,000	95,358,950,000
Share premium	412		(524,990,506,149)	(524,990,506,149)
Retained profits	421		615,509,764,843	643,953,571,625
- Retained profits brought forward	421a		493,947,279,345	576,518,982,369
- Profit for the current year	421b		121,562,485,498	67,434,589,256
<b>Total resources</b>	<b>440</b>		<b>609,832,622,115</b>	<b>559,038,105,641</b>
<b>(440 = 300 + 400)</b>				

Prepared by  
**Phan Thi Cam Nguyen**  
Chief Accountant  
12 May, 2022

Reviewed by  
**Nguyen Thi Le Thuy**  
Vice President – Finance & Control

Approved by  
**Bhanchawat Vaibhav**  
Chief Operating Officer

The accompanying notes are an integral part of these financial statements.



# MARICO SOUTH EAST ASIA CORPORATION (MSEA)

## STATEMENT OF INCOME

For the year ended 31 March, 2022

Form B 02 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

Particulars	Code	Note	For the year ended March 31,	
			31/3/2022	31/3/2021
			VND	VND
Revenue from sales of goods	1	23	1,738,219,974,937	1,482,415,971,599
Revenue deductions	2	23	200,638,622,523	91,622,547,469
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>23</b>	<b>1,537,581,352,414</b>	<b>1,390,793,424,130</b>
Cost of sales	11	24	657,842,694,750	568,530,109,635
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>879,738,657,664</b>	<b>822,263,314,495</b>
Financial income	21	25	7,380,193,990	6,867,243,911
Financial expenses	22	26	2,883,608,906	2,931,020,519
In which: Interest expense	23		30,967,494	84,874,538
Selling expenses	25	27	615,073,295,533	605,683,974,880
General and administration expenses	26	28	115,515,400,634	130,603,960,857
<b>Net operating profit</b>	<b>30</b>		<b>153,646,546,581</b>	<b>89,911,602,150</b>
<b>{30 = 20 + (21 - 22) - (25 + 26)}</b>				
Other income	31		227,358,906	693,533,110
Other expenses	32		928,171,683	3,962,831,631
<b>Results of other activities</b>	<b>40</b>		<b>(700,812,777)</b>	<b>(3,269,298,521)</b>
<b>(40 = 31 - 32)</b>				
<b>Accounting profit before tax</b>	<b>50</b>		<b>152,945,733,804</b>	<b>86,642,303,629</b>
<b>(50 = 30 + 40)</b>				
Income tax expense – current	51	30	38,663,754,811	26,192,301,325
Income tax benefit – deferred	52	30	(7,280,506,505)	(6,984,586,952)
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>121,562,485,498</b>	<b>67,434,589,256</b>

Prepared by  
**Phan Thi Cam Nguyen**  
Chief Accountant  
12 May, 2022

Reviewed by  
**Nguyen Thi Le Thuy**  
Vice President – Finance & Control

Approved by  
**Bhanchawat Vaibhav**  
Chief Operating Officer

The accompanying notes are an integral part of these financial statements.

# MARICO SOUTH EAST ASIA CORPORATION (MSEA)

## Statement of Cash Flow

For the year ended 31 March, 2022 (Indirect method)

Form B 03 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

Particulars	Code	Note	For the year ended March 31,	
			31/3/2022	31/3/2021
			VND	VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Accounting profit before tax	1		152,945,733,804	86,642,303,629
<b>Adjustments for</b>				
Depreciation and amortisation	2		20,454,739,000	20,277,370,648
Allowances and provisions	3		26,988,902,202	31,469,398,236
Foreign exchange (gains)/ losses arising from revaluation of monetary items denominated in foreign currencies	4		(204,385,947)	394,412,876
Profits from investing activities	5		(5,204,821,750)	(4,575,599,380)
Interest expense	6		30,967,494	84,874,538
<b>Operating profit before changes in working capital</b>	<b>8</b>		<b>195,011,134,803</b>	<b>134,292,760,547</b>
Change in receivables	9		(7,730,505,802)	12,300,623,213
Change in inventories	10		(67,701,960,770)	(25,161,928,496)
Change in payables and other liabilities	11		74,487,453,946	51,697,132,378
Change in prepaid expenses	12		4,455,264,545	1,234,998,229
			<b>198,521,386,722</b>	<b>174,363,585,871</b>
Interest paid	14		(30,967,494)	(84,874,538)
Corporate income tax paid	15		(43,817,253,042)	(26,229,934,741)
Other payments from operating activities	17		(6,631,376,410)	(3,265,863,416)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>148,041,789,776</b>	<b>144,782,913,176</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and construction in progress	21		(10,814,335,677)	(19,521,227,800)
Proceeds from disposals of fixed assets	22		73,330,443	117,336,776
Payments for short-term investment	23		(8,000,000,000)	
Receipts of interests	27		5,119,678,462	4,606,376,678
<b>Net cash flow from investing activities</b>	<b>30</b>		<b>(13,621,326,772)</b>	<b>(14,797,514,346)</b>

The accompanying notes are an integral part of these financial statements.

# MARICO SOUTH EAST ASIA CORPORATION (MSEA)

## Statement of Cash Flow

Form B 03 – DN

For the year ended 31 March, 2022 (Indirect method-Continued)

(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

Particulars	Code	Note	For the year ended March 31,	
			31/3/2022 VND	31/3/2021 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings	33		1,351,564,402,290	1,243,031,262,723
Payments to settle loan principals	34		(1,351,564,402,290)	(1,243,062,708,741)
Payments of dividends	36		(150,006,292,280)	(100,004,194,854)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(150,006,292,280)</b>	<b>(100,035,640,872)</b>
<b>Net cash flows during the year</b> (50 = 20 + 30 + 40)	<b>50</b>		<b>(15,585,829,276)</b>	<b>29,949,757,958</b>
<b>Cash and cash equivalent at the beginning of the year</b>	<b>60</b>		<b>116,566,466,597</b>	<b>86,638,326,095</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>		<b>(6,781,069)</b>	<b>(21,617,456)</b>
<b>Cash and cash equivalents at the end of the year</b> (70 = 50 + 60 + 61)	<b>70</b>	<b>4</b>	<b>100,973,856,252</b>	<b>116,566,466,597</b>

Prepared by  
**Phan Thi Cam Nguyen**  
Chief Accountant  
12 May, 2022

Reviewed by  
**Nguyen Thi Le Thuy**  
Vice President – Finance & Control

Approved by  
**Bhanchawat Vaibhav**  
Chief Operating Officer

The accompanying notes are an integral part of these financial statements.

## Notes to the Financial Statements

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

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 food products, and, to 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) The Company's number of employees

As at 31 March 2022, the Company had 410 employees (1/4/2021: 425 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.

**Notes to the Financial Statements**

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

All foreign exchange differences are recorded in the statement of income.

**(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) Held-to-maturity investments**

Held-to-maturity investments are those that the Company's management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank. These investments are stated at costs.

**(d) Accounts receivable**

Accounts receivable from customers and other receivables are stated at cost less allowance for doubtful debts.

**(e) 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 estimated costs to sell.

The Company applies the perpetual method of accounting for inventories.

**(f) 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

**(g) Intangible fixed assets****(i) Land use rights**

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. Land use rights with indefinite

**Notes to the Financial Statements**

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

term are not amortised.

**(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.

**(h) Construction in progress**

Construction in progress represents the costs of tangible and intangible fixed assets which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

**(i) 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.

**(j) Long-term prepaid expenses****(i) Prepaid land costs**

Prepaid land costs comprise prepaid land lease rentals, including those for which the Company obtained land use rights certificate but are not qualified as intangible fixed assets under prevailing laws and regulations, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the statement of income on a straight-line basis over the term of the lease of 45 years.

**(ii) 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.

**(iii) 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.

**(k) Trade and other payables**

Trade and other payables are stated at their cost.

**(l) 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

**Notes to the Financial Statements**

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

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 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.

**(m) Share capital****(i) Ordinary shares**

Ordinary shares are stated at par value.

**(ii) Share premium**

The difference between the proceeds from the issued shares and the par value of the issued shares is recorded as a share premium. Expenses incurred directly related to share issuance, less tax impact, is recorded as a share premium.

**(n) 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.

**(o) Revenue and other income****(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.

**Notes to the Financial Statements**

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**(ii) Interest income**

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

**(p) 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, over the term of the lease.

**(q) Borrowing costs**

Borrowing costs are recognised as an expense in the year in which they are incurred.

**(r) 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 parent company, its ultimate parent company and their subsidiaries and associates.

**(s) Comparative information**

Comparative information in these financial statements is presented as corresponding figures. Under this method, comparative information for the prior year are included as an integral part of the current year financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these financial statements is not intended to present the Company's financial position, results of operation or cash flows for the prior year.

**4. Cash And Cash Equivalents**

Particulars	31/3/2022	1/4/2021
	VND	VND
Cash on hand	12,443,000	15,034,000
Cash in banks	3,961,413,252	4,851,432,597
Cash equivalents	97,000,000,000	111,700,000,000
	<u>100,973,856,252</u>	<u>116,566,466,597</u>

**5. Held-to-maturity investments**

Held to maturity investments represent term deposits at banks denominated in VND with original terms to maturity of more than 3 months from the transaction date and the remaining terms to maturity of less than one year from the reporting date, and earned annual interest rate at 4.10% - 4.85% during the year.



**Notes to the Financial Statements**

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**6. Accounts receivable from customers****Accounts receivable from customers detailed by significant customers**

Particulars	31/3/2022	01/04/2021
	VND	VND
Lwin & Myint Trading Company Limited	43,738,147,339	55,652,373,178
Vincommerce General Commercial Services Joint Stock Company	22,037,338,812	4,979,452,242
EBS Vietnam Company Limited	11,364,353,144	11,567,461,577
Saigon Co.op	11,250,241,131	12,399,566,223
Bach Hoa Xanh Trading Joint Stock Company	9,622,692,489	5,201,823,779
Marico Limited, the parent company	-	908,133,690
Others	18,213,990,503	20,380,457,716
	<b>116,226,763,418</b>	<b>111,089,268,405</b>

The trade related amounts due from the parent company were unsecured, interest free and are receivable upon demand.

**7 Inventories**

Particulars	31/3/2022		1/4/2021	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Goods in transit	14,829,386,418	-	8,508,077,657	-
Raw materials	91,468,952,131	(12,014,696,222)	67,619,661,841	(12,098,464,971)
Tools and supplies	39,383,462,146	(11,684,993,853)	30,707,643,034	(6,942,771,655)
Work in progress	23,696,305,714	-	25,023,412,065	-
Finished goods	87,818,366,762	(4,087,730,623)	68,010,840,729	(9,425,668,942)
Merchandise inventories	353,245,486	(108,961,766)	1,175,302,971	(253,213,315)
	<b>257,549,718,657</b>	<b>(27,896,382,464)</b>	<b>201,044,938,297</b>	<b>(28,720,118,883)</b>

Included in inventories at 31 March 2022 was VND29,506 million (1/4/2021: VND31,054 million) of obsolete and slow-moving inventories that are difficult to sell.

Movements in the allowance for inventories during the year were as follows:

Particulars	For the year ended	
	31/3/2022	31/3/2021
	VND	VND
Opening balance	28,720,118,883	19,650,527,609
Allowance made during the year	10,373,443,991	22,955,606,361
Allowance utilised during the year	(11,197,180,410)	(13,886,015,087)
<b>Closing balance</b>	<b>27,896,382,464</b>	<b>28,720,118,883</b>

## Notes to the Financial Statements

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

## 8. Tangible fixed assets

Particulars	Buildings	Machinery and equipment	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
<b>Cost</b>					
Opening balance	28,412,649,283	112,107,318,496	232,408,800	7,060,175,642	147,812,552,221
Transfer from construction in progress	1,355,577,390	4,285,683,000	-	539,834,000	6,181,094,390
Disposals	(46,282,500)	(35,000,000)	-	-	(81,282,500)
Written-off	-	(2,644,770,568)	-	(31,410,000)	(2,676,180,568)
Closing balance	29,721,944,173	113,713,230,928	232,408,800	7,568,599,642	151,236,183,543
<b>Accumulated depreciation</b>					
Opening balance	14,066,324,390	64,196,019,234	232,408,800	5,674,954,067	84,169,706,491
Charge for the year	2,385,541,391	13,508,945,555	-	863,822,184	16,758,309,130
Disposals	(20,441,438)	(12,638,889)	-	-	(33,080,327)
Written-off	-	(2,554,208,050)	-	(31,410,000)	(2,585,618,050)
Closing balance	16,431,424,343	75,138,117,850	232,408,800	6,507,366,251	98,309,317,244
<b>Net book value</b>					
Opening balance	14,346,324,893	47,911,299,262	-	1,385,221,575	63,642,845,730
Closing balance	13,290,519,830	38,575,113,078	-	1,061,233,391	52,926,866,299

Included in tangible fixed assets as at 31 March 2022 were assets costing VND36,635 million (1/4/2021: VND30,833 million) which were fully depreciated, but which are still in active use.

## 9. Intangible fixed assets

Particulars	Land use rights	Copyright	Computer software	Others	Total
	VND	VND	VND	VND	VND
<b>Cost</b>					
Opening balance	23,521,902,815	720,817,817	21,114,024,973	4,976,721,100	50,333,466,705
Transfer from construction in progress	-	-	1,049,027,168	159,600,000	1,208,627,168
Closing balance	23,521,902,815	720,817,817	22,163,052,141	5,136,321,100	51,542,093,873
<b>Accumulated amortisation</b>					
Opening balance	5,766,092,744	720,817,817	12,654,884,352	4,976,721,100	24,118,516,013
Charge for the year	574,237,565	-	3,077,858,972	44,333,333	3,696,429,870
Closing balance	6,340,330,309	720,817,817	15,732,743,324	5,021,054,433	27,814,945,883
<b>Net book value</b>					
Opening balance	17,755,810,071	-	8,459,140,621	-	26,214,950,692
Closing balance	17,181,572,506	-	6,430,308,817	115,266,667	23,727,147,990

Included in intangible fixed assets as at 31 March 2022 were assets costing VND14,892 million (1/4/2021: VND14,426 million) which were fully amortised, but which are still active in use.

## Notes to the Financial Statements

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

### 10. Investment property

Particulars	31/3/2022 VND	1/4/2021 VND
Investment property held for capital appreciation	-	22,058,852,272

Movement of investment property during the year were as follows:

Particulars	Land use right VND
<b>Cost</b>	
Opening balance	23,843,388,652
Transfer to long-term prepaid expenses (Note 12)	(23,843,388,652)
Closing balance	-
<b>Accumulated amortisation</b>	
Opening balance	1,784,536,380
Transfer to long-term prepaid expenses (Note 12)	(1,784,536,380)
Closing balance	-
<b>Net book value</b>	
Opening balance	22,058,852,272
Closing balance	-

At 31 March 2022, the fair value of the Company's land use right as determined by an independent valuer, Viet Valuation and Consulting Company Limited, is VND91,132 million (1/4/2021: VND107,249 million).

### 11. Construction in progress

Particulars	VND
Opening balance	1,182,242,495
Additions	10,656,032,839
Transfer to tangible fixed assets (Note 8)	(6,181,094,390)
Transfer to intangible fixed assets (Note 9)	(1,208,627,168)
Transfer to long-term prepaid expenses (Note 12)	(3,498,553,776)
Closing balance	950,000,000

Major construction in progress were as follows:

Particulars	31/3/2022 VND	1/4/2021 VND
Machinery and equipment	950,000,000	890,456,400
Software	-	291,786,095
	950,000,000	1,182,242,495

**Notes to the Financial Statements**

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**12. Long Term prepaid expenses**

	Prepaid land costs	Office renovation	Tools and instruments	Total
	VND	VND	VND	VND
Opening balance	-	1,721,325,265	1,381,798,406	3,103,123,671
Additions	-	-	541,963,568	541,963,568
Transfer from investment property (Note 10)	22,058,852,272	-	-	22,058,852,272
Transfer from construction in progress (Note 11)	-	-	3,498,553,776	3,498,553,776
Amortisation for the year	(497,778,561)	(72,226,307)	(2,712,163,317)	(3,282,168,185)
Written-off	-	-	(5,136,365)	(5,136,365)
Closing balance	21,561,073,711	1,649,098,958	2,705,016,068	25,915,188,737

**13. Deferred tax assets**

Particulars	Tax Rate	31/3/2022	1/4/2021
		VND	VND
Allowance for inventories	20%	5,579,276,493	5,744,023,777
Accruals and provisions	20%	26,298,147,272	18,852,893,483
		31,877,423,765	24,596,917,260

**14. Accounts payable to suppliers****Accounts payable to suppliers detailed by significant suppliers**

Particulars	Cost / Amount within capacity	
	31/03/2022	31/03/2021
	VND	VND
WPP Media Limited	29,614,465,437	15,218,235,130
Marico Limited, the parent company	22,775,587,046	26,757,345,769
Mega Lifesciences Pty. Ltd. (Thailand)	-	19,625,510,392
Others	99,621,590,336	81,026,972,955
	152,011,642,819	142,628,064,246

The trade related amounts due to the parent company were unsecured, interest free and are payable upon demand.

## Notes to the Financial Statements

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

### 15. Taxes Payable to State Treasury

	1/4/2021	Incurred	Paid	Net-off/Refund	Other adjustments	31/3/2022
	VND	VND	VND	VND	VND	VND
Value added tax	3,169,978,010	134,381,366,555	(60,707,684,337)	(76,843,660,228)	-	-
Personal income tax	746,130,987	22,860,318,468	(22,139,638,954)	(7,389,129)	-	1,459,421,372
Corporate income tax	9,081,911,963	38,663,754,811	(43,817,253,042)	-	1,004,781,373	4,933,195,105
Other taxes	82,845,759	2,506,747,086	(2,447,554,375)	-	-	142,038,470
	<b>13,080,866,719</b>	<b>198,412,186,920</b>	<b>(129,112,130,708)</b>	<b>(76,851,049,357)</b>	<b>1,004,781,373</b>	<b>6,534,654,947</b>

### 16. Accrued expenses

#### (a) Short-term accrued expenses

Particulars	31/3/2022	1/4/2021
	VND	VND
Sales promotion	103,447,037,601	64,812,850,456
Advertising	67,248,710,051	36,145,657,979
Salary and bonus	21,706,554,071	15,262,250,019
Outsourced services	15,555,415,066	15,974,157,158
Transportation	424,000,000	3,964,315,484
Others	20,130,663,834	27,254,656,265
	<b>228,512,380,623</b>	<b>163,413,887,361</b>

#### (b) Long-term accrued expenses

Particulars	31/3/2022	1/4/2021
	VND	VND
Dismantling costs	2,536,200,000	2,430,525,000
Bonus	941,986,049	724,362,372
	<b>3,478,186,049</b>	<b>3,154,887,372</b>

### 17. Other short-term payables

Particulars	31/3/2022	1/4/2021
	VND	VND
Social insurance, health insurance and unemployment insurance	2,038,408,681	2,038,606,056
Trade union fees	138,287,480	124,576,380
Other	646,388,113	-
	<b>2,823,084,274</b>	<b>2,163,182,436</b>

**Notes to the Financial Statements**

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**18. Provisions – Long Term**

Particulars	31/3/2022	1/4/2021
	VND	VND
Severance allowance	2,246,438,570	1,952,754,341
Retrenchement (i)	7,815,925,799	6,177,401,068
Disposal of unsold goods (ii)	18,879,982,095	10,819,192,637
	<b>28,942,346,464</b>	<b>18,949,348,046</b>

Movement of provisions – long-term during the year were as follows:

Particulars	Severance allowance	Retrenchement	Disposal of unsold goods	Total
	VND	VND	VND	VND
Opening balance	1,952,754,341	6,177,401,068	10,819,192,637	18,949,348,046
Provision made during the year	334,096,242	2,210,545,654	14,079,732,932	16,624,374,828
Provision utilised during the year	(40,412,013)	(572,020,923)	(6,018,943,474)	(6,631,376,410)
Closing balance	<b>2,246,438,570</b>	<b>7,815,925,799</b>	<b>18,879,982,095</b>	<b>28,942,346,464</b>

(i) This amount represents the termination allowance for staff who could be asked to resign due to restructuring plan of the Company.

(ii) This amount represents provision for disposing of slow moving, non-moving and expired items of goods sold to foreign distributors such as Mega Lifesciences Pty Ltd and DKSH Malaysia SDN BHD in South East Asia countries (Myanmar and Malaysia, respectively) and local distributors.

**19. Changes in owners' equity**

Particulars	Share capital	Share premium	Retained profits	Total
	VND	VND	VND	VND
<b>Balance at 1 April 2020</b>	95,358,950,000	(524,990,506,149)	676,523,177,223	246,891,621,074
Dividends (Note 21)	-	-	(100,004,194,854)	(100,004,194,854)
Profit for the year	-	-	67,434,589,256	67,434,589,256
<b>Balance at 31 March 2021</b>	95,358,950,000	(524,990,506,149)	643,953,571,625	214,322,015,476
Dividends (Note 21)	-	-	(150,006,292,280)	(150,006,292,280)
Profit for the year	-	-	121,562,485,498	121,562,485,498
<b>Balance at 31 March 2022</b>	<b>95,358,950,000</b>	<b>(524,990,506,149)</b>	<b>615,509,764,843</b>	<b>185,878,208,694</b>

**Notes to the Financial Statements**

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**20. Share capital**

The Company's authorised and issued share capital are:

Particulars	31/3/2022 and 1/4/2021	
	Number of shares	Par value VND
<b>Authorised / issued share capital</b>		
Ordinary shares	<b>9,535,895</b>	<b>95,358,950,000</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.

The Company's parent company, Marico Limited, is incorporated in India.

**21. Dividends**

The Annual General Meeting of the Company on 10 February 2022 resolved to distribute dividends amounting to VND150,006,292,280 from retained profits for the years from 2015 to 2017 (for the year ended 31/3/2021: VND100,004,194,854).

**22. Off balance sheet items****(a) Leases**

The future minimum lease payments under non-cancellable operating leases were:

Particulars	31/3/2022	01/04/2021
	VND	VND
Within one year	20,574,817,097	21,176,504,458
Within two to five years	7,220,062,750	22,240,980,495
	<b>27,794,879,847</b>	<b>43,417,484,953</b>

**(b) Foreign currencies**

Particulars	31/3/2022		01/04/2021	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	24,709	560,884,766	134,294	3,092,550,513
EUR	-	-	252	6,814,895
MYR	5,563	30,216,535	9,614	52,288,479
		<b>591,101,301</b>		<b>3,151,653,887</b>

**Notes to the Financial Statements**

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**23. Revenue from sale of goods**

Total revenue represents the gross value of goods sold exclusive of value added tax. Net revenue comprised:

Particulars	For the year ended	
	31/3/2022	31/3/2021
	VND	VND
Total revenue		
• Sales of goods	1,738,219,974,937	1,482,415,971,599
Less revenue deductions		
• Sales discounts	187,448,825,576	82,777,480,700
• Sales returns	13,189,796,947	8,845,066,769
	200,638,622,523	91,622,547,469
Net revenue	1,537,581,352,414	1,390,793,424,130

**24. Cost of sales**

Particulars	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Finished goods sold	486,084,319,126	383,994,549,504
Merchandise goods sold	157,327,998,251	159,638,492,188
Allowance for inventories	10,373,443,991	22,955,606,361
Others	4,056,933,382	1,941,461,582
	657,842,694,750	568,530,109,635

**25. Financial income**

Particulars	For the year ended	
	31/3/2022	31/3/2021
	VND	VND
Interest income	5,270,255,998	4,575,181,198
Realised foreign exchange gains	1,905,552,045	2,292,062,713
Unrealised foreign exchange gains	204,385,947	-
	7,380,193,990	6,867,243,911

**26. Financial expenses**

Particulars	For the year ended	
	31/3/2022	31/3/2021
	VND	VND
Interest expense	30,967,494	84,874,538
Realised foreign exchange losses	2,852,641,412	2,451,733,105
Unrealised foreign exchange losses	-	394,412,876
	2,883,608,906	2,931,020,519



## Notes to the Financial Statements

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

### 27. Selling expenses

Particulars	For the year ended	
	31/3/2022	31/3/2021
	VND	VND
Staff costs	220,080,690,167	237,053,921,246
Advertising	156,963,101,525	134,419,155,888
Marketing support	146,123,952,657	157,580,824,604
Transportation	30,788,725,659	20,401,329,515
Rent	22,082,931,632	21,304,564,002
Travelling	7,900,486,643	10,253,318,209
Depreciation and amortisation	384,152,871	1,153,329,678
Others	30,749,254,379	23,517,531,738
	<u>615,073,295,533</u>	<u>605,683,974,880</u>

### 28. General and administration expenses

Particulars	For the year ended	
	31/3/2022	31/3/2021
	VND	VND
Staff costs	88,719,010,801	82,474,640,779
Rent	8,937,029,408	8,324,843,582
Depreciation and amortisation	3,997,472,305	3,727,185,850
Repairs and maintenance	3,409,272,619	3,546,391,839
Professional fees	2,950,415,219	4,601,417,921
License fees	1,821,480,312	1,071,620,181
Outside services	1,043,457,374	17,561,949,510
Recruitment and training	709,631,095	4,378,143,395
Travelling	115,279,018	371,080,605
Others	3,812,352,483	4,546,687,195
	<u>115,515,400,634</u>	<u>130,603,960,857</u>

### 29. Production costs by element

Particulars	For the year ended	
	31/3/2022	31/3/2021
	VND	VND
Raw material costs included in production costs	553,447,932,211	478,700,078,322
Labour costs and staff costs	349,595,769,527	354,444,842,533
Depreciation and amortisation	20,454,739,000	20,277,370,648
Outside services	425,023,155,045	416,240,043,718
Other expenses	39,909,795,134	35,155,710,151

## Notes to the Financial Statements

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

### 30. Corporate Income tax

#### (a) Reconciliation of effective tax rate

Particulars	For the year ended	
	31/3/2022	31/3/2021
	VND	VND
Accounting profit before tax	152,945,733,804	86,642,303,629
Tax at the Company's tax rate	30,589,146,761	17,328,460,726
Non-deductible expenses	794,101,545	1,879,253,647
	<u>31,383,248,306</u>	<u>19,207,714,373</u>

#### (b) Applicable tax rates

Under the corporate income tax law, the Company has an obligation to pay the government corporate income tax at 20% of taxable profits.

### 31. Significant transactions with related parties

In addition to the related party balances disclosed in other notes to the financial statements, the Company had the following transactions with related parties during the year:

	Transaction value	
	For the year ended	
	31/3/2022	31/3/2021
	VND	VND
<i>Parent company</i>		
<b>Marico Limited</b>		
Purchases of goods	82,498,476,500	74,716,014,967
Sales of goods	1,091,663,425	908,133,690
Cross charges	6,423,627,783	9,132,912,244
Royalty fee	4,607,302,493	3,667,670,108
Dividends	150,000,000,000	100,000,000,000
<i>Related companies</i>		
<b>Marico South Africa</b>		
Cross charges	102,684,296	-
<b>Marico Bangladesh</b>		
Purchases of goods	700,184,573	-
<i>Members of Board of Management and Board of Directors</i>		
Compensation	45,360,430,638	42,013,480,118
Dividend	3,146,140	2,097,427

**Notes to the Financial Statements**

For the year ended 31 March, 2022

Form B 09 – DN  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)**32. Non-cash investing activities**

Particulars	For the year ended	
	31/3/2022	31/3/2021
	VND	VND
Acquisition of fixed assets not yet paid	751,863,191	910,166,029

**33. Comparative information**

Comparative information as at 1 April 2021 was derived from the balances and amounts reported in the Company's financial statements for the year ended 31 March 2021.

Prepared by  
**Phan Thi Cam Nguyen**  
Chief Accountant  
12 May, 2022

Reviewed by  
**Nguyen Thi Le Thuy**  
Vice President – Finance & Control

Approved by  
**Bhanchawat Vaibhav**  
Chief Operating Officer

# MARICO INNOVATION FOUNDATION (MIF)

**BOARD OF DIRECTORS  
(AS ON MARCH 31, 2022)**

Mr. Harsh Mariwala  
Mr. Saugata Gupta  
Mr. Rishabh Mariwala

**REGISTERED OFFICE**

7<sup>th</sup> Floor, Grande Palladium,  
175, CST Road, Kalina,  
Santa Cruz (East), Mumbai 400 098

**AUDITORS**

Kirtane & Pandit LLP

**BANKERS**

Standard Chartered Bank

## **INDEPENDENT AUDITORS' REPORT**

To the Members MARICO INNOVATION FOUNDATION (MIF),

### **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, 2022, 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, 2022, 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. 21-22**

### **MARICO INNOVATION FOUNDATION (MIF)**

#### ***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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) The requirement of reporting under Section 143(3)(1) of the Act is not applicable to the Company vide General Circular No. 08/2017 dated July 25, 2017 issued by the Ministry of Corporate Affairs;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. No pending litigations.
  - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
  - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education Fund and Protection Fund. The question of delay in transferring such sums does not arise.

**For Kirtane & Pandit LLP**

**Chartered Accountants**

Firm Registration No. 105215W/ W100057

**CA Milind Bhave**

**Partner**

**M. No. 047973**

**UDIN: 22047973AIKKRT3265**

**Place :** Mumbai

**Date :** May 4, 2022

## Balance Sheet

As at 31st March, 2022

Amount in ₹

Particulars	Note No.	As at March 31,	
		2022	2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and Cash Equivalents	3	779,296	1,859,615
Other Current Assets	4	32,500	8,756
		<b>811,796</b>	<b>1,868,371</b>
<b>TOTAL ASSETS</b>		<b>811,796</b>	<b>1,868,371</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital		-	-
Reserves and Surplus	5	156,548	88,960
		<b>156,548</b>	<b>88,960</b>
<b>Current liabilities</b>			
Trade Payables	6	602,327	1,627,032
Dues to Statutory Authorities	7	52,920	152,379
		<b>655,247</b>	<b>1,779,411</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>811,796</b>	<b>1,868,371</b>

As per our report of even date

**For Kirtane & Pandit LLP**

**Chartered Accountants**

Firm's Registration No: 105215W/W100057

**Milind Bhave**  
Partner  
M. No : 047973

**For and on behalf of the Board of Directors**

**Harsh Mariwala**  
Director  
(DIN: 00210342)

**Saugata Gupta**  
Director  
(DIN: 05251806)

Place: Mumbai  
Date : May 4, 2022

Place: Mumbai  
Date : May 4, 2022

## Statement of Income and Expenditure

For the year ended 31st March, 2022

Amount in ₹

Particulars	Note No.	Year ended 31st March,	
		2022	2021
I Donations Received	8	6,773,296	27,780,100
II Miscellaneous Income	9	93,740	580,951
III <b>Total Income</b>		<b>6,867,036</b>	<b>28,361,051</b>
IV <b>Expenses</b>			
Employee Benefit Expenses	10	-	-
Project Expenses	10	4,636,888	26,991,221
Other Expenses	11	2,162,559	1,000,933
<b>Total expenses</b>		<b>6,799,447</b>	<b>27,992,154</b>
V <b>Excess of Income over Expenditure</b>		<b>67,589</b>	<b>368,897</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Kirtane & Pandit LLP**  
**Chartered Accountants**

Firm's Registration No: 105215W/W100057

**Milind Bhave**  
**Partner**  
**M. No : 047973**

**For and on behalf of the Board of Directors**

**Harsh Mariwala**  
**Director**  
**(DIN: 00210342)**

**Saugata Gupta**  
**Director**  
**(DIN: 05251806)**

Place: Mumbai  
Date : May 4, 2022

Place: Mumbai  
Date : May 4, 2022



## Cash Flow Statement

For the year ended 31st March, 2022

Amount in ₹

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
<b>A. Cash Flow from Operating Activities</b>		
Excess of Income over Expenditure	67,589	368,897
<b>Adjustments for :</b>	-	-
	-	-
<b>Operating Surplus/(Deficit) before Working Capital Changes</b>	<b>67,589</b>	<b>368,897</b>
<b><u>Adjustments for :</u></b>		
(Increase)/Decrease in Other Current Assets	(23,744)	1,038,915
Increase/(Decrease) in Other Current Liabilities	(1,124,164)	301,152
	<b>(1,147,908)</b>	<b>1,340,067</b>
<b>Cash (used in) / generated from Operating Activities</b>	<b>(1,080,319)</b>	<b>1,708,964</b>
Taxes Paid (Net)	-	-
<b>Net Cash (used in) / generated from Operating Activities</b>	<b>(1,080,319)</b>	<b>1,708,964</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>	<b>(1,080,319)</b>	<b>1,708,964</b>
Cash and Cash Equivalents at the beginning of the year	1,859,615	150,651
Cash and Cash Equivalents at the end of the year	779,296	1,859,615

As per our report of even date

**For Kirtane & Pandit LLP**  
**Chartered Accountants**

Firm's Registration No: 105215W/W100057

**Milind Bhave**  
**Partner**  
**M. No : 047973**

**For and on behalf of the Board of Directors**

**Harsh Mariwala**  
**Director**  
**(DIN: 00210342)**

**Saugata Gupta**  
**Director**  
**(DIN: 05251806)**

Place: Mumbai  
Date : May 4, 2022

Place: Mumbai  
Date : May 4, 2022

## Notes to the financial statements

For the year ended 31 March, 2022

### 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 12AB (1) (a) 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.

#### 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

## Notes to the financial statements

For the year ended 31 March, 2022

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.

### Balancesheet Notes for the year ended 31st March 2022

#### Note 3 Cash and Cash Equivalents Amount in ₹

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balances with Banks	771,985	1,852,304
Cash on hand	7,311	7,311
<b>Total</b>	<b>779,296</b>	<b>1,859,615</b>

#### Note 4 Other Current Assets Amount in ₹

Particulars	As at 31st March, 2022	As at 31st March, 2021
Miscellaneous receivable	-	(23,744)
Deposits with statutory/government authorities	32,500	32,500
<b>Total</b>	<b>32,500</b>	<b>8,756</b>

#### Note 5 Reserves and Surplus Amount in ₹

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Retained Earnings</b>		
Balance at the beginning of the year	88,960	(279,937)
Excess of Income over Expenditure	67,589	368,897
<b>Balance at the end of the year</b>	<b>156,548</b>	<b>88,960</b>

#### Note 6 Trade Payables Amount in ₹

Particulars	As at 31st March, 2022	As at 31st March, 2021
Payable for services availed	602,327	1,627,032
<b>Total</b>	<b>602,327</b>	<b>1,627,032</b>

#### Note 7 Dues to Statutory Authorities Amount in ₹

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Other Payables</b>		
For Statutory Dues	52,920	152,379
<b>Total</b>	<b>52,920</b>	<b>152,379</b>

### Income and Expenditure notes for the year ended 31st March 2022

#### Note 8 Donations Received Amount in ₹

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Donations	6,773,296	27,780,100
<b>Total</b>	<b>6,773,296</b>	<b>27,780,100</b>

## Notes to the financial statements

For the year ended 31 March, 2022

**Note 9 Miscellaneous Income** Amount in ₹

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Miscellaneous Income	93,740	580,951
<b>Total</b>	<b>93,740</b>	<b>580,951</b>

**Note 10 Project expenses** Amount in ₹

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Project Expenses	4,636,888	26,991,221
<b>Total</b>	<b>4,636,888</b>	<b>26,991,221</b>

**Note 11 Other Expenses** Amount in ₹

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Legal and Professional Charges	1,967,027	914,555
Postage and Courier	1,700	-
Printing & Stationery	2,647	-
Audit Fees	100,300	85,000
Bank Charges	1,026	-
Miscellaneous Expenses	72,436	-
Interest	17,424	1,378
<b>Total</b>	<b>2,162,559</b>	<b>1,000,933</b>

**Note 12 Auditor's Remuneration (Including Service Tax/GST)** Amount in ₹

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Audit Fees	100,300	85,000
<b>Total</b>	<b>100,300</b>	<b>85,000</b>

**Note 13 Related party disclosures**

**13.1 Details of Related Parties**

Sr No.	Names of related parties where control exists and description of relationships	Country of Incorporation	Proportion of ownership	
			31st March, 2022	31st March, 2021
<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</b>			
	Innovation for India (Association of person where one of the director of the company is a party of the Association).	India	-	-
	Ascent India Foundation	India	-	-
	Harsh Mariwala		-	-

(Note: Related parties have been identified by the management)

## Notes to the financial statements

For the year ended 31 March, 2022

### 13.2 Details of transactions with related parties

Amount in ₹

Sr No.	Nature of Transactions	Holding	Others	Total
1	<i>Donations Received : FY 2021-2022</i>	6,773,296	-	<b>6,773,296</b>
	<i>FY 2020-2021</i>	14,200,000	5,000,000	<b>19,200,000</b>
2	<i>Donations Given : FY 2021-2022</i>	-	-	-
	<i>FY 2020-2021</i>	-	710,000	710,000

Figures in italic represents Previous Year's amounts.

#### Note 14 Other Disclosures

(a) Based on the information available with the Company and as informed to us by the management, the company is in the process of obtaining details of suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and hence the disclosure relating thereto is not provided.

b) Trade Payable detailed Ageing

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	1,066	37,019	14,442	549,800	602,327
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues Others	-	-	-	-	-

c) Prior year comparatives have been regrouped and reclassified wherever necessary to conform to the current year's presentation. Amounts and other disclosures for the prior year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date

**For Kirtane & Pandit LLP**

**Chartered Accountants**

Firm's Registration No: 105215W/W100057

**Milind Bhave**  
**Partner**  
**M. No : 047973**

**For and on behalf of the Board of Directors**

**Harsh Mariwala**  
**Director**  
**(DIN: 00210342)**

**Saugata Gupta**  
**Director**  
**(DIN: 05251806)**

Place: Mumbai  
Date : May 4, 2022

Place: Mumbai  
Date : May 4, 2022

# MARICO FOR CONSUMER CARE PRODUCTS S.A.E.(MFCC)

**BOARD OF DIRECTORS  
(AS ON MARCH 31, 2022)**

Mr. Binjit Kadakapedlikayal  
Mr. Mohamed El-Arabi  
Ms. Marwa Hussein (representing MME)  
Mr. Ayman Sameh Zaki (representing MME)

**REGISTERED OFFICE**

Unit No. 31, 3<sup>rd</sup> Floor, Tower No. 4, Bavaria Town, Plot 10 A,  
Katameya Investment Area, Ring Road, El Basateen, Cairo.

**AUDITORS**

KPMG Hazem Hassan

**BANKERS**

HSBC  
QNB Al-Ahly

## **INDEPENDENT AUDITOR'S REPORT**

**To the shareholder of Marico Consumer Care Product**

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

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, 2022, 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, 2022, 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.

As explained in note No. (30) of the notes to the financial statements which indicate that the company incurred net loss amounted to LE 126 800 for the year ended March 31, 2022, and cumulative losses reached to L.E 75 735 987 as of March 31, 2022 which exceeded the half of the company's equity amounting to LE 7 236 479. In such cases the Egyptian

## INDEPENDENT AUDITOR'S REPORT

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.

Cairo, May 11, 2022.

KPMG Hazem Hassan  
Public Accountants & Consultants



**STATEMENT OF FINANCIAL POSITION**

As at 31 March,2022

Particulars	Note No.	2022 EGP	2021 EGP
<b>Non current assets</b>			
Fixed assets (Net)	(31-7,14)	15,417,730	17,758,816
Rights of use (Net)	(31-9,15)	4,235,111	6,582,886
Intangible assets	(31-8,16)	27,785	9,949
Debit balances		420,000	417,200
<b>Total Non current assets</b>		<b>20,100,626</b>	<b>24,768,851</b>
<b>Current assets</b>			
Inventories	(31-6,17)	32,285,728	14,387,587
Trade and other receivables	(31-16,18)	22,586,163	16,263,607
Prepayments	(31-16,19)	3,880,703	2,626,670
Investments held to maturity	(31-2,21)	20,130,104	26,121,926
Cash and cash equivalents	(31-17,22)	5,672,804	1,112,542
<b>Total current assets</b>		<b>84,555,502</b>	<b>60,512,332</b>
<b>Total Assets</b>		<b>104,656,128</b>	<b>85,281,183</b>
<b>Equity</b>			
Issued & paid-up capital	( 23)	14,453,300	14,453,300
Reserves	(31-15)	19,658	19,658
Retained losses		(75,735,987)	(75,609,187)
<b>Total shareholders' Equity</b>		<b>(61,263,029)</b>	<b>(61,136,229)</b>
<b>Liabilites</b>			
<b>Non current Liabilities</b>			
Lease liabilities	(31-13,25)	3,471,050	6,372,861
Deferred Tax liabilities	(31-5,13A)	683,601	937,758
<b>Total Non current Liabilities</b>		<b>4,154,651</b>	<b>7,310,619</b>
<b>Current lliabilites</b>			
Operating lease liabilities	(31-13,25)	1,877,540	1,317,370
Banks overdraft	( 26)	7,994,898	43,609
Trade and other payables	(31-18,27)	49,593,305	43,593,871
Due to related parties	(31-18,20A)	90,043,541	85,586,038
Provisions	(31-14,24)	12,255,222	8,565,905
<b>Total current liabilities</b>		<b>161,764,506</b>	<b>139,106,793</b>
<b>Total liabilities</b>		<b>165,919,157</b>	<b>146,417,412</b>
<b>Total equity and liabilities</b>		<b>104,656,128</b>	<b>85,281,183</b>

The accompanying notes from page (8) to page (39) form an integral part of these financial statements.

**Head of Finance**  
Mohamed El-Arabi

**Chairman**  
Binjit kumar kadakapedlikayal

**Auditor's report attached**

**INCOME STATEMENT**

For the financial year ended 31 March, 2022

Particulars	Notes No.	2022 EGP	2021 EGP
Revenues	(31-2,3)	168,862,742	127,343,584
<b>Less</b>			
Cost of revenues	(4)	109,651,475	81,825,932
<b>Gross profit</b>		<b>59,211,267</b>	<b>45,517,652</b>
<b>Add/(Less)</b>			
Other income	(5)	558,840	1,571,556
Selling & distribution expenses	(6)	(37,272,171)	(32,947,236)
General & administrative expenses	(7)	(14,490,200)	(17,109,999)
Other expenses	(8)	(5,102,247)	(3,432,635)
<b>Operating Loss</b>		<b>2,905,489</b>	<b>(6,400,662)</b>
<b>Add/(Less)</b>			
Finance income	(31-4,9)	2,996,098	2,078,975
Finance cost	(31-4,10)	(5,666,296)	(1,834,928)
<b>Net finance loss</b>		<b>(2,670,198)</b>	<b>244,047</b>
<b>Net Loss before tax</b>		<b>235,291</b>	<b>(6,156,615)</b>
Income tax expense	(31-5,11)	(362,091)	107,048
<b>Net loss after tax</b>		<b>(126,800)</b>	<b>(6,049,567)</b>
<b>Losses per share for the year</b>		<b>(0.9)</b>	<b>(4.19)</b>

The accompanying notes from page (8) to page (38) form an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 March, 2022

Particulars	2022 EGP	2021 EGP
<b>Net (losses) profits for the year</b>	(126,800)	(6,049,567)
<b><u>Comprehensive Income items:</u></b>		
Other comprehensive income	-	-
<b>Total Comprehensive (loss) /Profit for the year</b>	<b>(126,800)</b>	<b>(6,049,567)</b>

The accompanying notes from page (8) to page (38) form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**

For the financial year ended 31 March, 2022

Particular	Issued & paid in capital EGP	General reserve EGP	Retained losses EGP	Total EGP
<b>Balance as at 1 April 2020</b>	14,453,300	19,658	(69,559,620)	(55,086,662)
<b><u>Comprehensive income</u></b>				
Net loss for the year	-	-	(6,049,567)	(6,049,567)
Other comprehensive income items	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(6,049,567)</b>	<b>(6,049,567)</b>
<b><u>Transactions with shareholders</u></b>				
<b>Total transactions with shareholders</b>	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>14,453,300</b>	<b>19,658</b>	<b>(75,609,187)</b>	<b>(61,136,229)</b>
<b>Balance as at 1 April 2021</b>	14,453,300	19,658	(75,609,187)	(61,136,229)
<b><u>Comprehensive income</u></b>				
Net loss for the year	-	-	(126,800)	(126,800)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(126,800)</b>	<b>(126,800)</b>
<b><u>Transactions with shareholders</u></b>				
<b>Total transactions with shareholders</b>	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>14,453,300</b>	<b>19,658</b>	<b>(75,735,987)</b>	<b>(61,263,029)</b>

The accompanying notes from page (8) to page (38) form an integral part of these financial statements.

**STATEMENT OF CASH FLOW**

For the financial year ended 31 March, 2022

Particulars	Notes No	2022 EGP	2021 EGP
Net loss before tax		235,291	(6,156,615)
<b>Adjustments for:</b>			
Fixed assets depreciation	(14)	3,867,512	3,892,930
Intangible assets amortization	(16)	12,516	,31,886
Rights of use amprtzation	(15)	1,679,673	1,469,774
Impairment in fixed assets		-	(1,363)
Capital losses/(gain)		-	8,938
Refund Liability	(3)	1,598,076	2,005,202
Customer rebates	(27)	5,404,527	5,612,005
Claims provision	(24)	5,102,247	3,423,697
Provisions no longer required		-	(,683,585)
Write-down/ (Reversal of write-down) on inventories	(24)	829,911	1,169,723
Return on treasury bills		-	(904,446)
Other income		(151,604)	-
Operating lease debit interest		744,984	1,562,599
<b>Changes In</b>			
Inventories		(18,557,505)	3,113,756
Used from Write-down of inventories	(24)	(170,547)	(2,233,154)
Trade and other receivables		(6,325,356)	(247,367)
Prepayments		(1,254,033)	(,65,220)
Operating lease		(2,266,919)	(1,969,082)
Trade and other payables		(1,619,418)	(2,600,008)
Related parties		4,457,503	4,935,390
Provisions used	(24)	(1,412,930)	(,630,615)
<b>Net Cash used in/from operating activities</b>		<b>(7,826,072)</b>	<b>11,734,445</b>
<b><u>Cash Flows From Investing Activities :</u></b>			
Payments for purchase of fixed assets,Intangible assets and projects under construction		(1,556,777)	(42,711)
Proceeds from fixed assets		-	19,978
Proceeds from investments held to maturity		26,115,592	17,584,901
Payments for purchase of investments held to maturity		(20,123,770)	(25,217,480)
<b>Net cash from /(used in)investing activities</b>		<b>4,435,045</b>	<b>(7,655,312)</b>
<b><u>Cash Flows From Financing Activities</u></b>			
Payments for / proceeds from bank overdraft		7,951,289	(3,354,192)
<b>Net cash from/(used in)financing activities</b>		<b>7,951,289</b>	<b>(3,354,192)</b>
<b>Net change in cash and cash equivalents</b>		<b>4,560,262</b>	<b>724,941</b>
<b>Cash and cash equivalents at the beginning of the year</b>	(31-17,22)	<b>1,112,542</b>	<b>387,601</b>
<b>Cash and cash equivalents at the end of the year</b>	(31-17,22)	<b>5,672,804</b>	<b>1,112,542</b>

-The accompanying notes from (1) to (38) form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 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 EGP 14 453 300 as of 31/12/2015.

On 18 December 2017 the company was registered in the commercial register under No 31640 and changing the name of the company to Marico for Consumer Care Company (S.A.E).

#### 1-2 Purpose of the Company

Establishing and operating factory for the manufacture, treatment and extraction 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 unit No 31 – third floor – tower 4 Bavaria town – plot 94A – kattameya investment district- ring road – El-Basaten

### 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 9, 2022.

#### 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, 2022

### 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.

### 2-5 Changes in the general Egyptian accounting policies

The Company has applied the following Egyptian Accounting Standard:

1. Egyptian Accounting Standard No. "47" "Financial Instruments" - (Paragraph A) at January 1, 2021.
2. Egyptian Accounting Standard No. "48" "Revenue from Contracts with Customers" – early adopted in April 2020 (Paragraph B).
3. Egyptian Accounting Standard No. "49" "Leasing Contracts" – early adopted in April 2019 (Paragraph C).

Considering the method of adopting the changes in the accounting policies, the company has chosen to recognize differences resulted from the implementation of the above-mentioned new standards "if any" in retained earnings at January 1 at the year of adopting the standard. Comparative information was not restated to reflect the requirements of the new standards, the effect of adopting those standards are primarily attributable to the increase in financial assets impairment losses (see A), the effect of contracts with customers (see B) and the effect of lease contracts (see C).

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

**A- Egyptian Accounting Standard No. (47) – Financial Instruments**

Egyptian Accounting Standard No. 47 sets out requirements for recognition and measuring financial assets & liabilities, and certain contracts for buying and selling non-financial items. This standard replaces the Egyptian Accounting Standard No.25 Financial instruments: presentation and disclosure, Egyptian Accounting Standard No. 26 Financial instruments: recognition and measurement and, Egyptian Accounting Standard No. 40 Financial instruments: disclosures applied to the disclosure for year 2021.

**Classification and measurement of financial assets and financial liabilities**

Egyptian Accounting Standard No. 47 contains major classifications of financial assets: measurement at amortized cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets under Egyptian Accounting Standard No. 47 is generally based on the business model in which the financial asset is managed and the contractual cash flow characteristics. Egyptian Accounting Standard No. 47 eliminates the previous Egyptian Accounting Standard No. 26 categories from held-to-maturity, loans, debtors, and available for sale. Under Egyptian Accounting Standard No. 47, derivatives embedded in contracts in where the host is a financial asset in the scope of the standard are never separated. Instead, hybrid financial instrument as a whole is assessed for classification.

Egyptian Accounting Standard No. 47 largely retains the existing requirements in EAS No. 26 for the classifications and measurement of financial liabilities.

The adoption Egyptian Accounting Standard No. 47 has not had significant effect on the company's accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the company classifies financial instruments and accounts, and their measurement of related profits or losses under Egyptian Accounting Standard No. 47.

The effect of adopting of Egyptian Accounting Standard No. 47 on the carrying amounts of financial assets on January 1, 2021 relates solely to the new impairment requirements. The following table and the accompanying notes below explain the original classifications and measurement categories according to the Egyptian Accounting Standard No. 26 and the new classifications and measurement according to the Egyptian Accounting Standard No. 47 for each categories of the company's financial assets and financial liabilities as of April 1, 2021.

There is no significant effect from applying the standard on the retained earnings from the beginning of April 2021.

EGP	Classification under EAS No. 26	Classification under EAS No. 47	Carrying amount under EAS 26	Carrying amount under EAS No. 47
<b>Financial Assets</b>				
Trade & Other Receivable	Loans & debtors	Amortized cost	16,680,807	16,680,807
Cash & Cash Equivalent	Loans & debtors	Amortized cost	1,112,542	1,112,542
Investment held to maturity	Loans & debtors	Amortized cost	26,121,926	26,121,926
<b>Total financial assets</b>			<b>43,915,275</b>	<b>43,915,275</b>



**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

EGP	Classification under EAS No. 26	Classification under EAS No. 47	Carrying amount under EAS 26	Carrying amount under EAS No. 47
<b>Financial Liabilities</b>				
Trade & Other Payable	Other financial Liabilities	Other financial Liabilities	43,593,871	43,593,871
Bank Overdraft	Other financial Liabilities	Other financial Liabilities	43,609	43,609
Due to related parties	Other financial Liabilities	Other financial Liabilities	85,586,038	85,586,038
Provisions	Other financial Liabilities	Other financial Liabilities	8,565,905	8,565,905
<b>Total financial liabilities</b>			<b>137,789,423</b>	<b>137,789,423</b>

**Impairment on financial assets**

- Egyptian Accounting Standard No. 47 replaces “incurred loss” model in EAS No. 26 with the “expected credit losses” (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and investments in debt securities measured at fair value through other comprehensive income, but not to investments in equity instruments. Under Egyptian Accounting Standard No. 47, credit losses are recognized earlier than Egyptian Accounting Standard No. 26.
- For assets in the scope of Egyptian Accounting Standard No. 47 impairment model, impairment losses are general expected to increase and become more volatile.

**B – Egyptian Accounting Standard No. (48) – Revenue from Contracts with Customers**

Egyptian Accounting Standard No. (48) establishes a comprehensive framework for determining whether, how much and when revenue is recognized, It replaced the following EASs (EAS No. (11) “Revenue” and EAS No. (8) “Construction Contracts”), Revenue is recognized when a customer obtains control of the goods or services. Also, determining the timing of control transfer of control at a point of time or over time - requires personal judgment.

The company has adopted Standard No. (48) using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application on April 1, 2020.

**C- Egyptian Accounting Standard No. (49) - Lease contracts**

Egyptian Accounting Standard No. (49) “Lease Contracts” introduces a single accounting model for the lessor and the lessee where a lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts. There are optional exemptions for short-term lease contracts and low-value lease contracts.

As for a lessor, he shall classify each lease contract either as an operating lease or a finance lease contract

As for the finance lease, a 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.

As for operating leases, a 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.

**NOTES TO THE FINANCIAL STATEMENTS****For the financial year ended 31 March, 2022**

EAS No. (49) replaces EAS No. (20) – “Accounting Rules and Standards related to Financial Leasing”

The company has adopted the EAS No. (49) using the retrospective approach on April 1, 2019.

On transition to Egyptian Accounting Standard No. (49), the company elected to apply the practical method to exclude the evaluation according to which the transactions represent lease contracts. The company adopted Egyptian Accounting Standard No. (49) only to contracts that were previously identified as lease contracts. contracts that were not identified as lease contracts under Egyptian Accounting Standard No. (20) were not reassessed. Therefore, the definition of a lease contract under Egyptian Accounting Standard No. (49) was applied only to contracts entered into or changed on January 1, 2021 or after that date. The company used a number of the following practical incentives when applying Egyptian Accounting Standard No. (49) to lease contracts previously classified as operating lease contracts under Egyptian Accounting Standard No. (20):

- Apply a single discount rate to a company of lease contracts with identical characteristics to a reasonable extent.
- Apply the exemption by not recognizing the assets and liabilities of the right of use asset which expire during year 2019.
- Excluded the initial direct cost from the measurement of the right of use asset on the date initial adoption.

The company also elected to use recognition' exemptions for lease contracts that do not exceed lease terms 12 months or less from the first application date and do not include the option to purchase “short-term lease contracts” as well as low-value lease contracts “low-value assets”.

**Short-term lease contracts**

The company applies the exemption granted to the short-term lease contract on the short-term lease contracts (i.e. lease contracts with a lease term of 12 months or less from the start date and do not include a purchase option). Lease payments on short-term lease contracts are recognized as expenses on a straight-line basis over the lease term.

**The significant judgments in determining the term of the lease for contracts that includes renewal options**

The company defines the term of the lease contract as the irrevocable period of the lease contract. In addition to any periods covered by the option to extend the lease contract if this right can be exercised in a reasonable degree, or any periods covered by the option to terminate the lease contract, if it is certain to exercise this right.

The company has the option for certain lease contacts to lease assets for additional periods, the company applies judgment in assessing whether it is certain and reasonable to exercise the option of renewal, this means that all relevant factors that create an economic incentive to practice renewal are taken into consideration, after the start date, the company edits the lease term if there is a major event or change in conditions under its control and affects its ability to exercise (or not exercise) the renewal option (for example) a change in business strategy.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

**3- Revenues**

Particulars	2022	2021
	EGP	EGP
Domestic sales	283,796,124	230,170,340
Exports sales	6,681,382	4,626,857
Intercompany sales	642,823	272,011
<b>Less:</b>		
Sales discount	(120,659,511)	(105,720,422)
Return of sales provision	(1,598,076)	(2,005,202)
	<b>168,862,742</b>	<b>127,343,584</b>

**4- Cost of sales**

Particulars	2022	2021
	EGP	EGP
Raw materials & packing	96,351,524	59,667,168
Depreciation	3,452,892	3,519,583
Salaries and wages	4,374,484	3,060,562
Out sourcing labor	7,514,467	5,517,122
Manufacturing cost	3,473,719	3,037,979
Others expenses	4,083,614	2,800,880
	<b>119,250,700</b>	<b>77,464,855</b>
<b>Add:</b>		
Change in finsh goods and work in progress inventory	(9,599,225)	4,361,077
	<b>109,651,473</b>	<b>81,825,932</b>

**5- Other income**

Particulars	Note(s) No.	2022	2021
		EGP	EGP
Reversal of impairment in fixed assets	(24)	-	1,363
Provisions no longer required	(24)	-	683,585
Scrap sales		407,236	817,121
Others		151,604	69,487
		<b>558,840</b>	<b>1,571,556</b>

**6- Selling and distribution expenses**

Particulars	2022	2021
	EGP	EGP
Salaries and wages	4,738,626	3,510,955
Advertising and marketing expense	24,474,147	21,623,047
Agency commission	2,141,133	3,326,418
Transportation and freight	2,879,802	2,292,800
Other expenses	3,038,463	2,194,016
	<b>37,272,171</b>	<b>32,947,236</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

### 7- General and administrative expenses

Particulars	2022	2021
	EGP	EGP
Salaries and wages	5,741,985	7,762,213
Travel expenses	114,477	62,902
Consulting services	2,629,292	1,848,743
Insurance expenses	419,968	370,713
Medical expenses	761,876	616,269
Rents	-	266,267
Maintenance expense	670,567	991,469
Depreciation of fixed Assets	414,622	373,347
Amortization of right of use	1,679,673	1,469,774
Amortization of intangible assets	12,516	31,886
Other expenses	2,045,224	3,083,449
	<b>14,490,200</b>	<b>17,109,999</b>

### 8- Other expenses

Particulars	Note No.	2022	2021
		EGP	EGP
Provision formed during the year	(24)	5,102,247	3,423,697
Other		-	8,938
		<b>5,102,247</b>	<b>3,432,635</b>

### 9- Finance income

Particulars	2022	2021
	EGP	EGP
Credit interest	2,996,098	2,056,478
foreign currency translation difference for monetary items	-	22,497
	<b>2,996,098</b>	<b>2,078,975</b>

### 10- Finance Cost

Particulars	2022	2021
	EGP	EGP
Interest on lease contracts	744,984	1,562,599
Debit interest	230,440	272,329
Foreign currency translation differences for monetary items	4,690,872	-
	<b>5,666,296</b>	<b>1,834,928</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

**11. Income Tax****11-1 Income Tax for the year**

Particulars	Note No.	2022 EGP	2021 EGP
Deferred tax	(13)	254,157	295,101
Treasury bills tax		(616,248)	(188,053)
	(11-2)	<b>(362,091)</b>	<b>107,048</b>

**11-2 Reconciliation of effective tax rate**

Particulars	Tax Rate	2022 EGP	Tax Rate	2021 EGP
Net profit /(loss) before income tax	22.5%	235,291	22.5%	(6,156,615)
Income tax on accounting profit		52,940		(1,385,238)
Non – deductible expenses		106,711		73,242
Separate tax pool		(24,519)		188,053
Unrecognized tax losses		(1,789,718)		82,668
Provisions & impairments		978,453		235,058
Others		1,038,224		699,171
<b>Income tax</b>	<b>154%</b>	<b>362,091</b>	<b>0.017%</b>	<b>(107,046)</b>

**12- Losses 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	2022 EGP	2021 EGP
Net loss of the Year (LE)	(126,800)	(6,049,567)
	<b>(126,800)</b>	<b>(6,049,567)</b>
Number of shares outstanding during the year (share)	<b>1,445,330</b>	<b>1,445,330</b>
<b>Losses share (EGP/ Share)</b>	<b>(0.09)</b>	<b>(4.19)</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

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

Particulars	31/3/2022		31/3/2021	
	Asset LE	Liabilities LE	Assets EGP	Liabilities EGP
Fixed assets	-	(934,134)	-	(1,186,920)
Operating lease liabilities	250,533	-	249,162	-
<b>Net deferred tax</b>	-	(683,601)	-	(937,758)
liabilities			<b>(683,601)</b>	<b>(937,758)</b>
<b>Less:</b>				
Adjustments on beginning balance	-	(937,758)	-	-
Deferred tax previously charged	-	-	-	(1,232,859)
Deferred tax charged to the statement of income	-	<b>254,157</b>	-	<b>295,101</b>

**B- Unrecognized deferred tax assets**

Particulars	31/3/2022 EGP	31/3/2021 EGP
Write-down of inventories	468,885	320,529
Provision	2,757,425	1,927,329
	<b>3,226,310</b>	<b>2,247,858</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, 2022

Description	Land	Buildings & Constructions	Machinery & Equipment	Tools & Equipment	Office Furniture, Equipment	Computers & Software	Lab Equipment	Office Equipment	Vehicles	Total
<b>EGP</b>										
<b>Cost</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>
Additions during the year	-	-	-	-	4,200,	23,596,	-	-	-	27,796
Disposals during the year	-	-	(131,894)	(48,781)	(62,749)	(92,910)	20,901)	(4,288)	-	(361,523)
<b>Cost as of 31 March 2021</b>	<b>578,340</b>	<b>13,552,188</b>	<b>23,831,480</b>	<b>5,238,766</b>	<b>1,395,523</b>	<b>382,937</b>	<b>646,072</b>	<b>121,131</b>	<b>250,000</b>	<b>45,996,437</b>
<b>Cost as of 1 April 2021</b>	<b>578,340</b>	<b>13,552,188</b>	<b>23,831,480</b>	<b>5,238,766</b>	<b>1,395,523</b>	<b>382,937</b>	<b>646,072</b>	<b>121,131</b>	<b>250,000</b>	<b>45,996,437</b>
Additions during the year	-	-	1,140,730	15,784	-	369,912	-	-	-	1,526,426
Disposals during the year	-	-	-	-	-	-	-	-	-	-
<b>Cost as of 31 March 2022</b>	<b>578,340</b>	<b>13,552,188</b>	<b>24,972,210</b>	<b>5,254,550</b>	<b>1,395,523</b>	<b>752,849</b>	<b>646,072</b>	<b>121,131</b>	<b>250,000</b>	<b>47,522,863</b>
<b>Accumulated depreciation</b>										
<b>Accumulated depreciation as of 1 April 2020</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>
Depreciation for the year	-	677,299	1,967,228	874,121	273,625	70,817	935	3,905	25,000	3,892,930
Accumulated depreciation	-	-	(131,880)	(48,758)	(36,613)	(90,188)	(20,898)	(4,272)	-	(332,609)
<b>Accumulated depreciation as of 31 March 2021</b>	-	<b>7,840,279</b>	<b>13,704,008</b>	<b>4,300,300</b>	<b>1,095,191</b>	<b>357,141</b>	<b>644,834</b>	<b>114,570</b>	<b>181,249</b>	<b>28,237,572</b>
<b>Accumulated depreciation as of 1 April 2021</b>	-	<b>7,840,279</b>	<b>13,704,008</b>	<b>4,300,300</b>	<b>1,095,191</b>	<b>357,141</b>	<b>644,834</b>	<b>114,570</b>	<b>181,249</b>	<b>28,237,572</b>
Depreciation for the year	-	677,298,	1,948,708,	825,949	267,595	118,121	937	3,904,	25,000	3,867,512
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation as of 31 March 2022</b>	-	<b>8,517,577</b>	<b>15,652,716</b>	<b>5,126,249</b>	<b>1,362,786</b>	<b>475,262</b>	<b>,645,771</b>	<b>,118,474</b>	<b>,206,249</b>	<b>32,105,084</b>
<b>Impairment of fixed assets</b>										
Impairment of fixed assets as of 31/3/2021	-	-	49	-	-	-	-	-	-	49
Impairment of fixed assets as of 31/3/2022	-	-	49	-	-	-	-	-	-	49
<b>Carrying amount as of 31 March 2021</b>	<b>578,340</b>	<b>5,711,909</b>	<b>10,127,423</b>	<b>938,466</b>	<b>300,332</b>	<b>25,796</b>	<b>1,238</b>	<b>6,561</b>	<b>68,751</b>	<b>17,758,816</b>
<b>Carrying amount as of 31 March 2022</b>	<b>578,340</b>	<b>5,034,611</b>	<b>9,319,445</b>	<b>128,301</b>	<b>32,737</b>	<b>277,587</b>	<b>301</b>	<b>2,657</b>	<b>43,751</b>	<b>15,417,730</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

**15- Rights of use (Net)**

Particulars	Building and Construction EGP
Cost as of 1 April 2020	5,682,220
Additions for the year	4,333,915
<b>Cost as of 31 March 2021</b>	<b>10,016,135</b>
Cost as of 1 April 2021	10,016,135
Adjustments on beginning balance	(1,617,769)
<b>Cost as of 31 March 2022</b>	<b>8,398,366</b>
Accumulated amortization as of 1 April 2020	1,963,475
Amortization for the year	1,469,774
Accumulated amortization as of 31 March 2021	3,433,249
Accumulated amortization as of 1 April 2021	3,433,249
Adjustments on beginning balance	(949,667)
Amortization for the year	1,679,673
Accumulated amortization as of 31 March 2022	4,163,255
<b>Net rights of use assets at 31 March 2021</b>	<b>6,582,886</b>
<b>Net rights of use assets at 31 March 2022</b>	<b>4,235,111</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.

The company signed a lease contract for a unit in the Katameya investment area, the Ring Road, to be used as an administrative headquarters office for a period of 5 years ending in 2025, and the right of use assets have been recorded at the present value of the lease payments according to the contract.



**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

**16- Intangible assets**

Particulars	Software Licenses EGP
Cost as of 1 April 2020	270,985
Additions during the year	14,915
Disposals during the year	(188,183)
Cost as of 31 March 2021	<u>97,717</u>
Cost as of 1 April 2021	97,717
Additions during the year	30,351
Disposals during the year	-
Cost as of 31 March 2022	<u>128,068</u>
Accumulated amortization as of 1 April 2020	244,063
Amortization for the year	31,886
Accumulated amortization for disposal	(188,181)
Accumulated amortization as of 31 March 2021	<u>87,768</u>
Accumulated amortization as of 1 April 2021	87,768
Amortization for the year	12,515
Accumulated amortization for disposal	-
Accumulated amortization as of 31 March 2022	<u>100,283</u>
<b>Net intangible assets at 31 March 2021</b>	<b><u>9,949</u></b>
<b>Net intangible assets at 31 March 2022</b>	<b><u>27,785</u></b>

**17- Inventories**

Particulars	31/3/2022 EGP	31/3/2021 EGP
Raw materials	9,739,565	5,346,677
Packing materials	8,403,941	4,497,914
Work in process	19,123	77,799
Finished goods	14,123,099	4,465,197
	<b><u>32,285,728</u></b>	<b><u>14,387,587</u></b>

Inventories were written-down by an amount of L.E 2,083,935 for the year ended March 31, 2022 (31/3/2021: EGP 1, 424, 572) Note No. (24).

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

**18- Trade and other receivables**

Particulars	31/3/2022 EGP	31/3/2021 EGP
Accounts receivable	17,291,984	11,886,515
Notes Receivable	25,106	-
Deposits with others	-	308,667
Other debit balances	7,100	12,700
Tax Authority (withholding &VAT)	5,135,937	3,948,901
Others debit balance	126,036	106,824
	<b>22,586,163</b>	<b>16,263,607</b>

**19- Prepayments**

Particulars	31/3/2022 EGP	31/3/2021 EGP
Prepayments	1,901,496	1,381,207
Suppliers – advance payments	1,979,207	1,245,463
	<b>3,880,703</b>	<b>2,626,670</b>

**20- Related parties transactions**

The company transactions with related parties during 2022 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 2022	Significant transactions during the year 2021
			EGP	EGP
- Mel Company-Egypt	- Egypt	- Payments	(456,259)	(661,246)
- Marico Middle east Company	- UAE	- Finance	230,619	5,284,959
- Marico Limited Company	- India	- Royalty expense	846,966	638,490
- Marico Limited Company	- India	- Payments	(1,856,716)	(3,599,415)
- Marico Limited Company	- India	- Others	(1,431)	(15,430)
- Marico Limited Company	- India	- Payment of expenses on behalf of the company	1,242,053	2,311,915
- Marico Middle east Company	- UAE	- Others	(8,502)	(27,830)
- Marico Middle east Company	- UAE	Exchange Rate difference	4,460,722	(78,275)
- Marico Middle east Company	- UAE	- Debt payment	-	1,051,362

Those transactions resulted in the following balances as at March 31, 2022:

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

**A) Due to related parties:**

Particulars	31/3/2022 EGP	31/3/2021 EGP
Marico Middle East Company-UAE	32,605,238	27,922,349
Marico Limited-India	1,212,852	981,979
MEL Consumer Care Company	56,225,451	56,681,710
	<b>90,043,541</b>	<b>85,586,038</b>

**21- Investments held to maturity-Treasury Bills**

Bank Name	Paid Amount EGP	Accrued Interest EGP	Total as at 31/3/2022 EGP	Maturity Date
QNB Bank	1,982,660	-	1,982,660	April 26, 2022
QNB Bank	200,000	5,589	205,589	August 4, 2022
QNB Bank	50,000	745	50,745	November 24, 2022
HSBC Bank	7,965,440	-	7,965,440	April 5, 2022
HSBC Bank	6,937,700	-	6,937,700	April 26, 2022
HSBC Bank	2,987,970	-	2,987,970	April 5, 2022
<b>TOTAL</b>	<b>20,123,770</b>	<b>6,334</b>	<b>20,130,104</b>	

**22- Cash and cash equivalents**

Particulars	31/3/2022 EGP	31/3/2021 EGP
Banks-current accounts	5,668,988	-
Cash on Hand	3,816	1,112,542
	<b>5,672,804</b>	<b>1,112,542</b>

**23- Issued & Paid in Capital**

- A. Authorized capital of the company is EGP 50 million.
- B. The issued and fully paid capital of the company is EGP 14,453,300 represented in 1,445,330 shares, at par value EGP 10. The share capital of the company is represented in the net assets and liabilities of the company according to the evaluation of the committee that was formed from the General Authority For Investment and Free Zones No. 4/525 for the year 2016 for the net assets and liabilities of the company by net book value at 31 December 2015, for the purpose of changing the legal form of the company.

The share capital is presented as the following :

Name	No. of Shares	Par value EGP
MEL Consumer Care Company (S.A.E.)	1,430,878	14,308,780
Mr. Durgesh Chugh	7,226	72,260
Mr.Padmanabh Suresh Maydeo	7,226	72,260
<b>Total</b>	<b>1,445,330</b>	<b>14,453,300</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

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

Particulars	Balance at	Formed during	Used during	Balance at
	31/3/2021	the year	the year	31/3/2022
	EGP	EGP	EGP	EGP
Claims provision	8,385,541	4,880,248	(1,101,231)	12,164,558
Other provision	180,364	221,999	(311,699)	90,664
<b>Total</b>	<b>8,565,905</b>	<b>5,102,247</b>	<b>(1,412,930)</b>	<b>12,255,222</b>
Write-down of inventories	1,424,572	829,911	(170,547)	2,083,936
Impairment in fixed assets	49	-	-	49

**25- Lease liabilities**

The company made 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 were recorded at the current value of the lease payments according to the contract, also the company signed a lease contract for a unit in the Katameya investment area, the Ring Road, to be used as an administrative headquarters office for a period of 5 years ending in 2025, and the right of use assets have been recorded at the present value of the lease payments according to the contract.

The following is a statement of the lease obligations until the end of contracts:

Particulars	2022	2023	2024	More than	Total
	EGP	EGP	EGP	3 years	EGP
Lease liabilities	2,266,919	2,425,602	2,342,925	1,454,371	8,489,817
	<b>2,266,919</b>	<b>2,425,602</b>	<b>2,342,925</b>	<b>1,454,371</b>	<b>8,489,817</b>

The following is a statement of lease commitments, in present value until the end of the contracts:

Particulars	2023	2024	2025	More than	Total
	EGP	EGP	EGP	3 years	EGP
Operating Lease liabilities	1,877,541	2,090,083	1,171,061	209,906	5,348,591
	<b>1,877,541</b>	<b>2,090,083</b>	<b>1,171,061</b>	<b>209,906</b>	<b>5,348,591</b>

Non-current liabilities represents an amount of LE 3 471 050 and current liabilities amount of LE 1 877 540.

- The following is a statement of the charge on the income statement during the year:

Particulars	Note No.	31/3/2022	31/3/2021
		EGP	EGP
Interest on lease contracts	(10)	744,984	1,562,599
Amortization of right of use		1,679,673	1,469,774
		<b>2,424,657</b>	<b>3,032,373</b>

- The following is a statement of the charged on the statement of cash flow during the year:

Particulars	31/3/2022	31/3/2021
	EGP	EGP
Lease Payments	2,266,919	1,969,082
	<b>2,266,919</b>	<b>1,969,082</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

**26- Bank overdraft**

Particulars	31/3/2022 EGP	31/3/2021 EGP
QNB Bank	1,272,028	43,609
HSBC Bank	6,722,870	-
	<b>7,994,898</b>	<b>43,609</b>

**27- Trade and other payables**

Particulars	31/3/2022 EGP	31/3/2021 EGP
Suppliers	28,887,672	25,251,647
Accrued expenses	5,528,208	4,379,568
Accrued Customer rebates	5,404,527	5,612,005
Salaries & bonus of expats	1,098,223	842,976
Tax authority	2,954,556	3,752,298
Return liability *	4,891,861	3,293,785
Other credit balance	828,269	461,592
	<b>49,593,316</b>	<b>43,593,871</b>

\* The refund liability represented in the expected sales return resulted from applying the sales with a right of return in accordance with the new Egyptian Standard No. (48) "revenue from contracts with customers.

**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.

The company submits the tax returns regularly on due dates pursuant to the law No. (91) for year 2005 and its executive regulations.

**b) Value added tax****Years from commencement of operation till 31/12/2016:**

The company was inspected for that period and paid all the resulting differences.

**Years 1/1/2017 till 31/3/2020:**

The company is being inspected for these years.

The company submits the tax returns regularly on due dates pursuant to the law No. (91) for year 2005 and its executive regulations.

**Years 1/4/2020 till 31/3/2021:**

There was no tax inspection for that year and therefore no claims were received.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

**c) Payroll tax:**

**Years from commencement of operation till 2012**

The company was inspected for that period and paid all the resulting differences.

**Years from 2013 to 2020:**

These years are currently under inspection.

The company is regular in paying the payroll tax on the due dates.

**Years 1-4-2020 till 31-3-2021:**

The inspection was not conducted for that period and therefore no claims were received.

**d) Stamp duty tax:**

**Years from commencement till 31/12/2020:**

The inspection was done for this period and the resulting differences were paid.

**Years 1-4-2020 till 31-3-2021**

The inspection was not conducted for that period and therefore no claims were received.

**e) Withholding tax:**

**Years from commencement till 31/12/2016:**

The company was inspected for that period and paid all the resulting differences.

**Years 1-1-2017 till 31-3-2021**

The company was not inspected for that period.

The company submits withholding tax return regularly on the due dates.

### **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. (31) of the notes to the financial statements includes the major accounting policies used in recording and measurement of the significant financial instruments and the related revenues and expenses.

**A) Credit risk**

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

**B) Foreign exchange risk**

This risk is represented in the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the translation of its monetary foreign currency assets and liabilities. As of the balance sheet date the company has monetary, foreign currency, assets and liabilities equivalent to EGP 1 408 700 and EGP 34 780 341 respectively.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

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

<b>Foreign Currency</b>	<b>(deficit) / surplus</b>
US Dollars	33,108,521
Euro	263,120

And as stated in note (31-1) "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:

<b>Particulars</b>	<b>Book Value</b>	<b>Book Value</b>
	<b>31/3/2022</b>	<b>31/3/2021</b>
	<b>EGP</b>	<b>EGP</b>
Trade and other creditors	49,593,305	43,593,871
Due to related parties	90,043,541	85,586,038
Bank facilities	7,994,898	43,609
	<b>147,631,744</b>	<b>129,223,518</b>

**30- Going concern**

The company achieved a net loss for the fiscal year ending on March 31, 2022, an amount of EGP 126 800. Thus, the accumulated losses on the same date amounted to EGP 75 735 987, exceeding half of the Paid in capital according to the company's last annual financial statements, amounting to EGP 7 236 479. Most of the company's liabilities are concentrated in the amount due to the parent company, which at the date of the balance sheet amounted to EGP56 225 452. The company's management relies on its continued practice of the activity on the support of the parent company. According to the Companies Law No. 159 of 1981, its implementing regulations, and the articles of association of the company, the company's management must invite the extraordinary general assembly to consider the liquidation or continuity of the company.

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, 2022

### 31- Significant accounting policies

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

#### 31-1 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.

#### 31-2 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.

#### 31-3 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.

#### 31-4 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, 2022

- 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.

**31-5 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, 2022

**31-6 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.

**31-7 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>
Building and constructions	20
Machinery, tools and equipment	8
Tools and equipment	4
office furniture	4
computer & software	3
Lab equipment	4
office equipment	2
Motor Vehicles	5

**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.

**31-8 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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

**31-9 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.

**31-10 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.
- The company classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

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

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

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

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

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

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

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

**Held-to-maturity financial assets**

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

**Loans and receivables**

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

**Available-for-sale financial assets**

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

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.

**31-11 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”.

**31-12 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;
  - indications that a debtor or issuer will enter bankruptcy;

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2021

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

**Financial assets measured at amortized cost**

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

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

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

**Available-for-sale financial assets**

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

**Equity-accounted investees**

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

**2) Non-financial assets**

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March, 2022

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.

### 31-13 Lease liability

The leased asset recognized as company's asset and liability which represents the current lease liability not paid.

### 31-14 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.

### 31-15 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.

### 31-16 Receivables, due from related parties , debtors and debit balances

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

### 31-17 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.

### 31-18 Payables, due to related parties ,creditors and credit balances

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

### 31-19 Cash flow statement

Cash flow statement is prepared according to the indirect method.

### 31-20 Cash dividends

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March, 2022

**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- Cash flow statements**

The following transactions were eliminated when preparing the cash flow statement as these transactions are considered non-cash transactions:

	<b>Change Value</b>	<b>Non cash Transaction</b>	<b>As per cash flow</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
Operating lease	2, 341,641	(74,722)	2 ,266, 919
Trade and other payables	5, 999,445	(4,380,027)	1, 619, 418

## PARACHUTE KALPAVRIKSHA FOUNDATION (PKF)

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2022)**

Mr. Saugata Gupta  
Mr. Jitendra Mahajan  
Mr. Amit Bhasin (w.e.f. March 3, 2022)

**REGISTERED OFFICE**

7<sup>th</sup> Floor, Grande Palladium,  
175, CST Road, Kalina,  
Santa Cruz (East), Mumbai 400 098

**AUDITORS**

V. P. Raju & Associates

**BANKERS**

Standard Chartered Bank



## INDEPENDENT AUDITOR'S REPORT

To

**The Members,**

**M/s. PARACHUTE KALPAVRIKSHA FOUNDATION**

### **REPORT ON THE AUDIT OF THE 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 2022, the statement of Income and Expenditure and statement of cash flows for the year then ended 31st March 2022, 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, 2022, 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

## INDEPENDENT AUDITOR'S REPORT

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.

## INDEPENDENT AUDITOR'S REPORT

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:

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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 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

## INDEPENDENT AUDITOR'S REPORT

- (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)**

Place : Coimbatore

Date : 04/05/2022

**V P Raju**

**Proprietor**

**Membership No. 224604**

PARACHUTE KALPAVRIKSHA FOUNDATION (PKF)

**BALANCE SHEET**

As at 31 March, 2022

Particulars	Notes No.	As at March 31,	
		2022	2021
		₹	₹
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
Share Capital		-	-
Reserves and Surplus	1	476,643	(1,064,684)
<b>2 Non-current liabilities</b>		-	-
		<b>476,643</b>	<b>(1,064,684)</b>
<b>3 Current Liabilities</b>			
Trade Payables	2	-	88,143
Other Current Liabilities	3	108,591	12,552,202
		<b>108,591</b>	<b>12,640,345</b>
<b>TOTAL</b>		<b>585,234</b>	<b>11,575,661</b>
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	4	493,336	559,418
		493,336	559,418
<b>2 Current assets</b>			
Cash and Cash Equivalents	5	74,866	10,320,884
Other Current Assets	6	17,033	695,359
		<b>91,899</b>	<b>11,016,243</b>
<b>Total</b>		<b>585,234</b>	<b>11,575,661</b>

See accompanying notes to the accounts  
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: 27.04.2022

For and on behalf of the Board of Directors  
PARACHUTE KALPAVRIKSHA FOUNDATION

Saugata Gupta  
Director  
DIN.05251806

Amit Bhasin  
Director  
DIN.05124789

PARACHUTE KALPAVRIKSHA FOUNDATION (PKF)

**INCOME AND EXPENDITURE STATEMENT**

For the year ended 31 March, 2022

Particulars	Note No.	For the year ended March 31	
		2022	2021
		₹	₹
<b>I INCOME</b>			
Revenue from Operations		-	-
Other Income	7	83,246,984	61,675,354
<b>TOTAL REVENUE</b>		<b>83,246,984</b>	<b>61,675,354</b>
<b>II EXPENSES/APPLICATION OF INCOME</b>			
Cost of Purchase		-	-
Change in Inventories of Finished goods		-	-
Employee Benefit Expenses		-	-
Finance Cost		-	-
Depreciation and Amortization Expenses	4	66,082	69,560
Project Expenses	8	80,925,141	62,076,693
Other Expenses	9	714,434	764,645
<b>TOTAL EXPENSES</b>		<b>81,705,657</b>	<b>62,910,898</b>
<b>Net Income/Transferred to Reserve</b>		<b>1,541,327</b>	<b>(1,235,544)</b>
<b>IV</b> Company is seeking exemption under income tax hence no tax provision		-	-
<b>V</b> Net Income/Transferred to Reserve		<b>1,541,327</b>	<b>(1,235,544)</b>
<b>VI</b> Earnings per Equity Share		Not Applicable	Not Applicable

See accompanying notes to the accounts  
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: 27.04.2022

For and on behalf of the Board of Directors  
PARACHUTE KALPAVRIKSHA FOUNDATION

Saugata Gupta  
Director  
DIN.05251806

Amit Bhasin  
Director  
DIN.05124789

PARACHUTE KALPAVRIKSHA FOUNDATION (PKF)

**STATEMENT OF CASH FLOWS**

For the year ended 31 March, 2022

Particulars	As at March 31,	As at March 31,
	2022	2021
	Rs.	Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Excess of Income over Expenditure	1,541,327	(1,235,544)
<b>Adjustments for:</b>		
Depreciation	66,082.38	69,560
Interest paid	-	-
Interest received	-	-
Operating profit before working capital changes	<b>1,607,409</b>	<b>(1,165,984)</b>
Adjustments for		
Trade and other receivables	678,326	-
Closing Stock	-	-
Increase/(Decrease) in Other Current Financial Liabilities	(12,531,754)	9,644,655
(Increase)/Decrease in Other Current Assets	-	(358,023)
	-	9,286,632
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>	<b>(10,246,019)</b>	<b>8,120,648</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	-	-
	<b>(10,246,019)</b>	<b>8,120,648</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Net increase in cash and cash equivalents-A-B+C	(10,246,019)	8,120,648
<b>Add:-Opening balance of cash and cash equivalents</b>	<b>10,320,884</b>	<b>2,200,235</b>
<b>Closing balance of cash and cash equivalents</b>	<b>74,865</b>	<b>10,320,883</b>

See accompanying notes to the accounts  
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: 27.04.2022

For and on behalf of the Board of Directors  
PARACHUTE KALPAVRIKSHA FOUNDATION

Saugata Gupta  
Director  
DIN.05251806

Amit Bhasin  
Director  
DIN.05124789

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 1 Reserves and Surplus

Particulars	As at March 31	
	2022	2021
	₹	₹
Surplus:Balance in Income and Expenditure Statement		
Opening Balance	(1,064,684)	170,860
Add: Surplus /(Deficit) of Income over Expenditure for the year	1,541,327	(1,235,544)
<b>Total</b>	<b>476,643</b>	<b>(1,064,684)</b>

### 2. Trade Payables

Particulars	As at March 31	
	2022	2021
	₹	₹
Due to Micro and Small Enterprises	-	-
Due to Others	-	88,143
<b>Total</b>	<b>-</b>	<b>88,143</b>

### 3 Other Current Liabilities

Particulars	As at March 31	
	2022	2021
	₹	₹
Other Payables	84,226	12,340,936
Other Provision		
<b>Statutory Dues</b>		
TDS on Professional Charges	16,310	88,785
TDS Payable on Contractors	-	111,297
TDS on Rentals	-	6,123
GST - RCM Payable	8,055	5,061
<b>Total</b>	<b>108,591</b>	<b>12,552,202</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 4 Fixed Assets

Particulars	Gross Block		Depreciation		Net Block		
	Opening Balance 1.4.2021	Additions during the year	Closing Balance 31.3.2022	Opening Balance 1.4.2021	Depreciation for the year	Closing Balance 31.3.2022	Closing Balance 31.3.2021
Power Tiller	367,136	-	367,136	71,878	34,878	260,380	295,258
Cultivator	35,000	-	35,000	6,852	3,325	24,823	28,148
Rotavator Shredder	293,468	-	293,468	57,455	27,879	208,133	236,013
<b>Total</b>	<b>695,604</b>	<b>-</b>	<b>695,604</b>	<b>136,186</b>	<b>66,082</b>	<b>493,336</b>	<b>559,418</b>

See accompanying notes to the accounts  
As per Our report of even date attached

For V P RAJU AND ASSOCIATES  
Chartered Accountants  
(FRN : 015701S)

For and on behalf of the Board of Directors  
PARACHUTE KALPAVRIKSHA FOUNDATION

V P Raju  
Proprietor  
Memb. No. 224604  
Place: Coimbatore  
Date: 27.04.2022

Saugata Gupta  
Director  
DIN.05251806

Amit Bhasin  
Director  
DIN.05124789

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 5 Cash and Cash Equivalents

Particulars	As at March 31	
	2022	2021
	₹	₹
Balances with Bank	74,866	10,320,884
<b>Total</b>	<b>74,866</b>	<b>10,320,884</b>

### 6 Other Current Assets

Particulars	As at March 31	
	2022	2021
	₹	₹
Other Advances	14,939	695,359
TDS	2,094	-
<b>Total</b>	<b>17,033</b>	<b>695,359</b>

### 7 Other income

Particulars	For the year ended March 31	
	2022	2021
	₹	₹
Donations Received	83,017,447	61,471,009
Interest Received	124,201	-
Other Misc Income	97,225	204,345
Exchange Gain	8,111	-
<b>Total</b>	<b>83,246,984</b>	<b>61,675,354</b>

### 8 Project Expenses

Particulars	For the year ended March 31	
	2022	2021
	₹	₹
Agri Extension	59,845,684	47,514,878
Water Conservation	20,750,097	11,630,245
Thanjavur relief work	-	-
Kalpavriksha knowledge center	290,000	290,000
Others (i.e. Agri Business center, workshops, etc.)	39,360	2,641,570
<b>Total</b>	<b>80,925,141</b>	<b>62,076,693</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 9 Other Expenses

Particulars	For the year ended March 31	
	2022	2021
	₹	₹
Power and Fuel	4,165	15,182
Rent for office building	423,556	365,782
Repairs & Maintenance Others	-	16,332
Internet Charges	-	-
Donation	-	-
Telephone Charges	-	-
Travelling & Conveyance	56,310	127,320
Professional Charges	-	30,504
Legal Charges for Others	-	-
<b>Auditors Remuneration</b>		
For Statutory Audit	84,226	30,000
L & B Inland	143,259	176,822
subs trade assoc	-	-
Banana Saplings	-	-
Fees For Company Laws	-	-
Round off	-	2
Foreign Exchange Loss	-	960
Mis. Interest	700	203
Bank Charges	2,218	1,537
	<b>714,434</b>	<b>764,645</b>

### 10 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	2021-22 ₹	2020-21 ₹
Marico Ltd	Holding Company	Donation received	83,017,447	61,471,009

See accompanying notes to the accounts  
As per Our report of even date attached

For V P RAJU AND ASSOCIATES  
Chartered Accountants  
(FRN : 015701S)

For and on behalf of the Board of Directors  
PARACHUTE KALPAVRIKSHA FOUNDATION

V P Raju  
Proprietor  
Memb. No. 224604  
Place: Coimbatore  
Date: 27.04.2022

Saugata Gupta  
Director  
DIN.05251806

Amit Bhasin  
Director  
DIN.05124789

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March, 2022

### 11 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.

### 12. 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.

### 13. 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

### 14. 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.

### 15. 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.

### 16. 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.

### 17. 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, 2021

### 18. Income Tax

The Company is seeking exemption from Income Tax under section 12AA of the Income Tax Act, 1961

Particular	(Amount in ₹)
19 Expenditure in Foreign Currency	2,700,075
20 Earning in Foreign Currency	NIL
21 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
22 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
23 Previous year figures has been regrouped wherever necessary.	

See accompanying notes to the accounts  
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)

V P Raju  
Proprietor  
Memb. No. 224604  
Place: Coimbatore  
Date: 27.04.2022

Saugata Gupta  
Director  
DIN.05251806

Amit Bhasin  
Director  
DIN.05124789

## MARICO LANKA (PRIVATE) LIMITED (MSL)

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2022)**

Mr. Jitendra Mahajan  
Mr. Weerasekara Mudiyanseelage Jayantha Weerasekara  
Mr. Nilanjan Roy Choudhury (w.e.f. June 1, 2021)  
Mr. Dipesh Acharya (w.e.f. June 1, 2021)

**REGISTERED OFFICE**

36-3/1, Haig Road,  
Bambalapitiya,  
Colombo – 04,  
Sri Lanka

**AUDITORS**

Udaya Jayasekera & Co

**BANKERS**

Standard Chartered Bank

**STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH, 2022

	Note	2022 LKR	2021 LKR
<b>ASSETS</b>			
<b>Current assets</b>			
Security deposit		300,000	300,000
Inventories	9	48,396,062	18,975,726
Trade receivables	10	69,405,108	24,078,362
Cash & cash equivalents	11	-	-
<b>Total current assets</b>		<b>118,101,171</b>	<b>43,354,088</b>
<b>Total assets</b>		<b>118,101,171</b>	<b>43,354,088</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	12	24,942,526	24,942,526
Reserves & surplus		(239,346,131)	(125,143,768)
		(214,403,605)	(100,201,242)
<b>Current liabilities</b>			
Trade payables	13	107,089,280	38,855,577
Amounts due to related parties	14	75,932,623	27,972,655
Bank overdrafts	15	148,699,904	66,161,352
Other payables and provisions	16	782,969	10,565,746
<b>Total liabilities</b>		<b>332,504,775</b>	<b>143,555,329</b>
<b>Total equity and liabilities</b>		<b>118,101,171</b>	<b>43,354,088</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 28 April 2022.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

The accounting policies and notes from 1 to 20 form an integral part of these financial statements.

28 April 2022

Colombo

MARICO LANKA (PRIVATE) LIMITED (MSL)

**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 LKR	2021 LKR
<b>Revenue</b>	3	134,707,765	68,097,932
Cost of sales	4	(123,488,559)	(59,689,456)
<b>Gross profit</b>		<b>11,219,206</b>	<b>8,408,477</b>
Administration expenses	5	(15,671,129)	(10,092,745)
Selling & distribution expenses	6	(72,574,418)	(81,341,261)
Finance and other expenses	7	(37,176,022)	(2,982,628)
<b>Profit / (loss) before taxation</b>		<b>(114,202,363)</b>	<b>(86,008,157)</b>
Income tax expense	8	-	-
<b>Profit / (loss) for the year</b>		<b>(114,202,363)</b>	<b>(86,008,157)</b>

Figures in brackets indicate deductions.

The accounting policies and notes from 1 to 20 form an integral part of these financial statements.



MARICO LANKA (PRIVATE) LIMITED (MSL)

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 MARCH 2022

Particulars	Stated Capital	Accumulated	Total Equity
	LKR	Loss LKR	LKR
<b>Balance as at 3 March 2020</b>	-	-	-
Share issue during the period	24,942,526	-	24,942,526
Loss for the period	-	(125,143,768)	(125,143,768)
<b>Balance as at 31 March 2021</b>	<b>24,942,526</b>	<b>(125,143,768)</b>	<b>(100,201,242)</b>
Loss for the period	-	(114,202,363)	(114,202,363)
<b>Balance as at 31 March 2022</b>	<b>24,942,526</b>	<b>(239,346,131)</b>	<b>(214,403,605)</b>

Figures in brackets indicate deductions.

The accounting policies and notes from 1 to 20 form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 MARCH 2022

	2022 LKR	2021 LKR
<b>Cash flows from operating activities</b>		
Net profit before taxation for the period	(114,202,363)	(86,008,157)
Adjustments for :		
Provisions (Note 17.2)	-	10,057,000
<b>Operating profit / (loss) before working capital changes</b>	<b>(114,202,363.16)</b>	<b>(75,951,157)</b>
<b>Changes in working capital</b>		
Increase / (decrease) in Inventories	(29,420,336.00)	(7,413,782)
Increase / (decrease) in trade and other receivables	(45,326,746.76)	9,279,372
Increase / (decrease) in trade payables	68,233,703.44	21,194,570
Increase / (decrease) in other payables	(9,782,777.01)	108,743
Increase / (decrease) in amounts due to related parties	47,959,968.33	(26,900,939)
<b>Cash (used in)/ generated from operations</b>	<b>(82,538,551)</b>	<b>(79,683,193)</b>
Tax paid	-	-
<b>Net cash (used in) / generated from operating activities</b>	<b>(82,538,551)</b>	<b>(79,683,193)</b>
<b>Cash flows from investing activities</b>		
Proceeds from share issue	-	-
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Overdraft facility	82,538,551	66,161,352
<b>Net cash flows (used in) / from financing activities</b>	<b>82,538,551</b>	<b>66,161,352</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>-</b>	<b>(13,521,841)</b>
Cash and cash equivalents, at the beginning of the year	66,161,352	13,521,841
Cash and cash equivalents, at the end of the year	<b>148,699,904</b>	<b>66,161,352</b>
<b>Analysis of cash &amp; cash equivalents</b>		
Cash & Cash equivalents	-	-
<b>Unfavorable balances</b>		
Bank overdrafts	148,699,904	66,161,352
<b>Cash and cash equivalents at the end of the year comprise:</b>		
Cash at bank	-	-
	<b>148,699,904</b>	<b>66,161,352</b>

The accounting policies and notes from 1 to 20 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

### 1. Corporate Information

#### 1.1 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 36-3/1, Haig Road, Bambalapitiya, Colombo 4.

#### 1.2. Principal activities & nature of operations

The Principal activity of the Company is carrying out of 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 of Marico Lanka (Pvt) Limited , for the year ended 31 March 2022 were authorized for issue by the Board of Directors on 28 April 2022.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

The Financial Statements have been prepared on a historical cost basis . The Financial Statements are presented in Sri Lankan Rupees and where appropriate the significant accounting policies are disclosed in the succeeding notes.

The Company's statement of financial position represents the assets, liabilities and equity of shareholders.

##### 2.1.1 Statement of Compliance

These financial statements have been prepared on going concern basis and in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS) issued by Institute of Chartered Accountants of Sri Lanka. The preparation and presentation of these financial statements are also in compliance with the requirements of the Companies Act No 07 of 2007.

##### 2.1.2 Going Concern

The Directors have made an assessment of the company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, board is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the company. Therefore, the Financial Statements continue to be prepared on the going concern basis. The Directors have considered the potential downsides that the COVID - 19 pandemic could bring to business operations of the Company, in making this assessment.

##### 2.1.3. Comparative Information

All accounting policies adopted by the company are, unless otherwise stated, consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged, wherever necessary, to conform to the current year's presentation as well as to comply with SLFRS.

##### 2.1.4. Foreign Currency Translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

### 2.1.5. Events after the Statement of Financial Position date

All material post statement of financial position events has been considered and where appropriate adjustments to or disclosures have been made in the respective notes to the financial statements.

## 2.2. TAXATION

### Current Taxes

Current income tax is based on the elements of income and expenditure as reported in the financial statements but is computed in accordance with the provisions of Inland Revenue Act No 24 of 2017 and its subsequent amendments. The company is liable for Income Tax at 14%.

## 2.3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of financial statements in conformity with SLFRS, require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and underlying 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 amount of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## 2.4. INCOME STATEMENT

### 2.4.1. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. Revenue from sale of goods is recognized when the goods are delivered and the title has been passed to the buyer. Other income is recognized on accrual basis.

### 2.4.2. Expenditure Recognition

- a) Expenses are recognized in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.
- b) For the purpose of presentation of the Statement of Comprehensive Income, the Directors are of the opinion that the function of expense method, presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2022

**2.4.3. Inventory**

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 (WACC). Inventories are stated net of write down or allowance for damaged or defective items, if any.

**2.5. Cash and Cash Equivalents**

Cash and Cash Equivalents are defined as balances with banks.

For the purpose of Cash Flow Statement, Cash and Cash Equivalents consist of balances with banks, net of outstanding bank overdrafts.

Cash Flow Statement has been prepared using the Indirect Method.

**2.6. Stated Capital**

Ordinary shares are classified as equity.

**2.7. Liabilities and Provisions**

All known liabilities as at the reporting date have been included in the financial statement and adequate provisions recognized when the company has a present obligation as a result of past event. It is probable that the company will be required to settle the obligation and reliable estimate can be made of the amount of obligation.

Liabilities classified as current liabilities on the date of the statement of financial position are those which fall due for payment on demand or within one year from the reporting date.

**3 Revenue**

Particulars	2022	2021
	LKR	RS
Revenue from manufacturing activities	25,121,741	17,468,582
Revenue from trading activities	109,586,024	50,629,350
	<b>134,707,765</b>	<b>68,097,932</b>

**4 Cost of sales**

Particulars	Note	2022	2021
		LKR	LKR
Cost of Raw Material Consumed	4.1	17,053,470	5,264,307
Cost of Packing Material Consumed	4.2	11,085,776	4,363,949
		28,139,246	9,628,255
Cost of finished goods sold	4.3	80,447,107	42,123,974
		108,586,353	51,752,230
Freight forwarding and distribution charges		10,969,265	4,855,386
Processing and other manufacturing cost		3,932,940	3,081,840
		<b>123,488,559</b>	<b>59,689,456</b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2022

**4.1 Cost of raw materials consumed**

Particulars	2022	2021
	LKR	LKR
Opening balance	1,604,272	1,000,739
Purchases during the period	29,722,493	5,867,840
Closing balance	(14,273,295)	1,604,272
	<b>17,053,470</b>	<b>5,264,307</b>

**4.2 Cost of packing materials**

Particulars	2022	2021
	LKR	LKR
Opening balance	1,187,007	340,764
Purchases during the period	16,493,603	5,210,191
Closing balance	(6,594,833)	1,187,007
	<b>11,085,776</b>	<b>4,363,949</b>

**4.3 Cost of finished goods sold**

Particulars	2022	2021
	LKR	LKR
Opening balance	16,184,448	10,220,442
Purchases during the period	91,790,594	48,087,980
Closing balance	(27,527,935)	16,184,448
	<b>80,447,107</b>	<b>42,123,974</b>

**5 Administration expenses**

Particulars	2022	2021
	LKR	LKR
Audit fee	99,000	356,400
Employee expenses	9,969,013	-
Rent & storage charges	615,000	600,000
Electricity charges	-	10,000
Legal and professional charges	1,402,524	7,223,897
Royalty	3,368,662	1,702,448
Misc Exp	18,930	-
Director's Remuneration	198,000	200,000
	<b>15,671,129</b>	<b>10,092,745</b>

**6. Selling & distribution expenses**

Particulars	2022	2021
	LKR	LKR
Advertisements & sales promotions	72,574,418	73,930,757
Distribution expenses	-	7,410,504
	<b>72,574,418</b>	<b>81,341,261</b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2022

**7. Finance and other expenses**

Particulars	2022	2021
	LKR	LKR
OD interest charges	7,799,795	1,434,692
Bank charges	1,200,262	646,457
Exchange loss	28,175,965	901,479
	<b>37,176,022</b>	<b>2,982,628</b>

**8 Income tax expense**

Particulars	Note	2022	2021
		LKR	LKR
<b>Income tax charge for the year</b>	8.1	-	-
Under / (over) provision of prior year taxes		-	-
Deferred tax expense for the year		-	-
<b>Income tax expense for the year</b>		-	-

**8.1 Reconciliation between accounting profit and taxable profit/ (loss)**

Particulars	2022	2021
	LKR	LKR
Accounting profit/(loss) before tax	(114,202,363)	(86,008,157)
Aggregate disallowed items	1,600,524	7,223,897
Adjusted taxable profit/ (loss)	(112,601,839)	(78,784,261)
Interest income	-	-
Total statutory income	(112,601,839)	(78,784,261)
Loss claimed	-	-
Taxable income	(112,601,839)	(78,784,261)
Income tax @ 14%	-	-

**9 Inventories**

Particulars	2022	2021
	LKR	LKR
Raw material	14,273,295	1,604,272
Packing materials	6,594,833	1,187,007
Finished goods	1,482,750	190,305
	22,350,877	2,981,583
Goods in transit	26,045,185	15,994,143
	<b>48,396,062</b>	<b>18,975,726</b>

**10 Trade receivables**

Particulars	2022	2021
	LKR	LKR
A. Bours & Co. Pvt Ltd	69,405,108	24,078,362
	<b>69,405,108</b>	<b>24,078,362</b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2022

**11 Cash & cash equivalents**

Particulars	2022	2021
	LKR	LKR
Standard Chartered Bank	-	-
	-	-

**12 Stated capital**

Particulars	2022	2021
	LKR	LKR
Issued and fully paid ordinary shares of Rs. 10	24,942,526	24,942,526
	<b>24,942,526</b>	<b>24,942,526</b>

**13 Trade payables**

Particulars	2022	2021
	LKR	LKR
Custom clearing A/C	3,833,900	177,277
Other trade payable	103,255,380	38,678,300
	<b>107,089,280</b>	<b>38,855,577</b>

**14 Amounts due to related parties**

Particulars	2022	2021
	LKR	LKR
Marico India	75,932,623	27,972,655
	<b>75,932,623</b>	<b>27,972,655</b>

**15 Bank overdraft**

Particulars	2022	2021
	LKR	LKR
Bank Overdraft Facility - Standard Chartered Bank	148,699,904	66,161,352
	<b>148,699,904</b>	<b>66,161,352</b>

**16 Other payables and provisions**

Particulars	Note	2022	2021
		LKR	LKR
Other payables	16.1	782,969	508,746
Provisions	16.2	-	10,057,000
		<b>782,969</b>	<b>10,565,746</b>

**16.1 Other payables**

Director's remuneration payable	50,000	50,000
Auditors remuneration payable	99,000	356,400
Statutory dues	633,969	102,346
	<b>782,969</b>	<b>508,746</b>



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2022

**16.2 Provisions**

Particulars	2022	2021
	LKR	LKR
Provision for SAP installation	-	4,057,000
Provision for Promotional expenses	-	6,000,000
	-	<b>10,057,000</b>

**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 relationship	Nature of transaction	Transaction Value during the period	Outstanding balance as at 31.03.2021
			LKR	LKR
Marico Limited	Parent Company	Purchases	91,440,699	75,932,623
		Royalty expense	3,368,662	-
		Settlement	6,841,554	-

Marico India Limited has provided a corporate guarantee of 120Mn for the OD facility obtained by Marico Lanka (Pvt) Ltd during the period. (Note 15)

**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.

Compensation to key management personnel during the period are as follows.

	2021/2022	2020/2021
	LKR	LKR
Short term employee benefits	198,000	200,000

**18. Capital commitment and contingent liabilities**

There were no material capital commitments and/ or contingent liabilities as at the end of the reporting period which require adjustments to disclosures in the financial statements.

**20. 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 disclosures in the financial statements.

**21. Impact of COVID-19 on business**

During the year the world has been grappled by the COVID pandemic. However, the impact of the pandemic on the company's financials have been insignificant.

## ZED LIFESTYLE PRIVATE LIMITED (ZED)

### **BOARD OF DIRECTORS (AS ON MARCH 31, 2022)**

Mr. Sanjay Mishra  
Mr. Ketan Jain  
Mr. Sujot Malhotra  
Mr. Jitendra Mahajan  
Ms. Divya Seth

### **REGISTERED OFFICE**

711, Shapath V, S.G. Road,  
Pralhad Nagar, Ahmedabad - 380015

### **AUDITORS**

M/s. Pipara & Co. LLP (till May 24, 2021)  
M/s. Haribhakti & Co. LLP (w.e.f. May 24, 2021)

### **BANKERS**

IndusInd Bank Limited  
HDFC Bank Limited  
Kotak Mahindra Bank Limited

## INDEPENDENT AUDITORS' REPORT

To The Members

ZED LIFESTYLE PVT LTD

### Opinion

We have audited the accompanying Ind AS financial statements of Zed Lifestyle Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter 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 Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the state of affairs of the Company as at March 31, 2022, its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with 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 Ind AS 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 Ind AS financial statements under the provisions of the Act and 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 on the Ind AS financial statements.

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report and its annexures, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS 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 Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate

## **Audit Report: FY. 21-22**

### **ZED LIFESTYLE PVT LTD**

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 this Ind AS 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 Ind AS 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 financial 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### **Other Matter**

The audit of Ind AS financial statements for the year ended March 31, 2021, was carried out and reported by Pipara & Co LLP, vide their unmodified audit report dated April 29, 2021, whose report has been furnished to us by the management and which has been relied upon by us for the purpose of our audit of the Ind AS financial statements.

Our opinion is not modified in respect of this matter.

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

(1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we report in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), 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 Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. On the basis of the written representations received from the directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 2"
- g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors, if any, during the year is in accordance with the provisions of section 197 of the Act.

- h. 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

## ZED LIFESTYLE PRIVATE LIMITED (ZED)

- (i) The Company does not have any pending litigations which would impact its financial position;
- (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- (iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (iv) (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (iv) (c) Based on the audit procedures that are considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) The Company has not declared nor paid any dividend during the year. Hence, reporting the compliance with section 123 of the Act is not applicable.

**For Haribhakti & Co. LLP**  
**Chartered Accountants**  
Firm's Registration No: 103523W/W100048

**Hemant J. Bhatt**  
**Partner**  
**Membership No.036834**  
**UDIN: 22036834AHMHBW5930**

Place : Ahmedabad  
Date : April 20, 2022

**ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF ZED LIFESTYLE PRIVATE LIMITED**

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of Zed Lifestyle Private Limited ("the Company") on the Ind AS financial statements for the year ended March 31, 2022.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Ind AS financial statements of the Company and taking into consideration the information, explanations and written representation given to us by the management and the books of account and other records examined by us in the normal course of audit, we report that:

- i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
  - (a) (B) The Company has maintained proper records showing full particulars of Intangible Assets.
- (b) During the year, the Property, Plant and Equipment of the Company have been physically verified by the management and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of lessee), disclosed in the Ind AS financial statements are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and/or Intangible Assets during the year. Accordingly, reporting under clause (i)(d) of paragraph 3 of the Order is not applicable.
- (e) No proceedings have been initiated or are pending against the Company as at March 31, 2022 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. In our opinion, the coverage and procedure of such verification by the management is appropriate. No discrepancies were noticed on physical verification carried out during the year.
- (b) The Company has been sanctioned working capital limits which is not in excess of five crore rupees during the year, in aggregate from banks and/or financial institutions, on the basis of security of current assets. Therefore, reporting under clause (ii)(b) of paragraph 3 of the Order is not applicable.
- (iii) (a) During the year, the Company has provided loans to the following entities:

Sr No	Particulars	Amount
<b>1</b>	<b>Aggregate amount granted / provided during the year</b>	
	- Subsidiaries	-
	- Joint Ventures	-
	- Associates	-
	- Others	22,55,082
<b>2</b>	<b>Balance outstanding as at March 31, 2021 in respect of above cases</b>	
	- Subsidiaries	-
	- Joint Ventures	-
	- Associates	-
	- Others	25,16,195

During the year, the Company has not provided any advances in the nature of loans, or stood guarantee, or provided security to any entity.

- (b) During the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans. Accordingly, reporting under clause (iii)(b) of paragraph 3 of the Order is not applicable.

## ZED LIFESTYLE PRIVATE LIMITED (ZED)

- (c) The schedule of repayment of principal and payment of interest in respect of the loans and advances in the nature of loans have not been stipulated as these loans are repayable on demand. Thus, we are unable to comment whether the repayments or receipts during the year are regular and report amounts overdue for more than ninety days, if any, as required under clause (iii)(d) of paragraph 3 of the Order.
- (e) There were no loans or advances in the nature of loan granted which have fallen due during the year, have been renewed or extended. Further, there were no instances of fresh loans being granted to settle the overdues of existing loans given to the same parties.
- (f) The Company has granted loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Details of the same are as below:

Particulars	All parties	Promoters	Related Parties	Remarks
Aggregate amount of loans/advances in nature of loan				Loan
- Repayable on demand (A)	22,55,082	-	-	repayable on demand is given to employees
- Agreement does not specify any terms or period of repayment (B)	-	-	-	
<b>Total (A+B)</b>	<b>22,55,082</b>	-	-	
Percentage of loans/advances in nature of loan to the total loans	100%	Not applicable	Not applicable	

- (iv) The Company has complied with the provisions of sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion, the Company has not accepted any deposits or amounts which are deemed to be deposits. Accordingly, reporting under clause (v) of paragraph 3 of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Act and rules thereunder. We have broadly reviewed such records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is regular in depositing with the appropriate authorities, undisputed statutory dues including Goods and Services tax (GST), provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it, in all cases during the year. During the year 2017-18, sales tax, value added tax, service tax and duty of excise subsumed in GST and are accordingly reported under GST.

No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, GST, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) The dues outstanding with respect to sales tax on account of any dispute, are as follows:

### Statement of Disputed Dues

Name of the statute	Nature of the dues	Amount	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Sales Tax Act and VAT Laws	Sales Tax	661,685	2016-17	Assistant commissioner of Sales Tax	Refer Note below

Note: The Company has provided the full amount in FY 2019-20 hence the Company is hopeful that there will not be any financial implications of the outcome of the said Appeal.



## ZED LIFESTYLE PRIVATE LIMITED (ZED)

- (viii) We have not come across any transaction(s) which were previously not recorded in the books of account of the Company that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not obtain any money by way of term loans during the year and there were no outstanding term loans at the beginning of the year. Accordingly, reporting under clause (ix)(c) of paragraph 3 of the Order is not applicable.
- (d) On an overall examination of the Ind AS financial statements of the Company, no funds raised on short-term basis have, been used for long-term purposes by the Company.
- (e) The Company does not have any subsidiary, associate or joint venture as defined under the Act and accordingly, reporting under clause (ix)(e) of paragraph 3 of the Order is not applicable.
- (f) The Company does not have any subsidiary, associate or joint venture as defined under the Act and accordingly, reporting under clause (ix)(f) of paragraph 3 of the Order is not applicable.
- (x) (a) The Company has not raised money by way of initial public issue offer / further public offer (including debt instruments) during the year. Therefore, reporting under clause (x)(a) of paragraph 3 of the Order is not applicable.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Therefore, reporting under clause (x)(b) of paragraph 3 of the Order is not applicable.
- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company nor any fraud on the Company has been noticed or reported during the year, nor have we been informed of any such instance by the management.
- (b) No report under section 143(12) of the Act has been filed with the Central Government by the auditors of the Company in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, during the year or up to the date of this report.
- (c) There are no whistle blower complaints received by the Company during the year and up to the date of this report.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, reporting under clause (xii) of paragraph 3 of the Order is not applicable.
- (xiii) All transactions entered into by the Company with the related parties are in compliance with section 188 of the Act, where applicable, and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards. Since the Company is a private limited company, the provisions of section 177 of the Act are not applicable to the Company.
- (xiv) (a) In our opinion, the Company does not have an internal audit system and is not required to have an internal audit system as per the provisions of the Act. Hence, reporting under clause (xiv) of paragraph 3 of the Order is not applicable.
- (b) The Company did not have an internal audit system for the period under audit. Hence, no Internal Audit Reports of the Company for the aforesaid period were provided.

## ZED LIFESTYLE PRIVATE LIMITED (ZED)

- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, reporting under clause (xvi)(a) and (b) of paragraph 3 of the Order are not applicable.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without having a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company (CIC) as defined in Core Investment Companies (Reserve Bank) Directions, 2016 ("Directions") by the Reserve Bank of India. Accordingly, reporting under clause (xvi)(c) and (d) of paragraph 3 of the Order are not applicable.
- (d) As informed by the Company, the Group to which the Company belongs has no CIC as part of the Group.
- (xvii) The Company has not incurred cash losses for the current financial year. However, the Company had incurred cash losses in the immediately preceding financial year amounting to Rs 4.68 crores.
- (xviii) There has been resignation of the statutory auditors during the year, however, no issues, objections or concerns were raised by the outgoing auditors.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Ind AS financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which cause us to believe that any material uncertainty exists as on the date of this audit report and that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The provisions of section 135 of the Act are not applicable to the Company. Hence, reporting under clause (xx) of paragraph 3 of the Order is not applicable.

**For Haribhakti & Co. LLP**  
**Chartered Accountants**  
Firm's Registration No: 103523W/W100048

**Hemant J. Bhatt**  
**Partner**  
**Membership No.036834**  
**UDIN: 22036834AHMHBW5930**

Place : Ahmedabad  
Date : April 20, 2022

## Balance Sheet

As at 31st March, 2022

CIN: U74999GJ2016PTC091839

Amounts in ₹

Particulars	Notes	As at March 31,	
		2022	2021
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Property, plant and equipment	3	3,540,672	3,701,156
(b) Right-of-use Assets	4	15,186,558	19,033,589
(c) Intangible assets	5	619,231	374,937
		<b>19,346,461</b>	<b>23,109,682</b>
(d) Financial Assets		-	-
(e) Deferred tax assets (Net)	6	14,462,835	1,536,405
(f) Other non-current assets	7	1,029,887	1,192,721
<b>Total Non-current Assets</b>		<b>34,839,183</b>	<b>25,838,808</b>
<b>Current Assets</b>			
(a) Inventories	8	46,520,518	64,058,741
(b) Investment		-	-
(c) Financial assets			
(i) Trade receivables	9	252,467,305	91,166,969
(ii) Cash and cash equivalents	10	1,807,357	81,992,615
(iii) Bank balances other than (ii) above	11	-	10,000,000
(iv) Loans	12	2,354,587	2,516,195
(d) Current tax assets (Net)	13	1,131,839	352,131
(e) Other current assets	14	8,521,118	7,367,620
<b>Total Current Assets</b>		<b>312,802,724</b>	<b>257,454,271</b>
<b>Total Assets</b>		<b>347,641,907</b>	<b>283,293,079</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	15	125,340	125,340
(b) Other Equity	16	80,842,519	73,291,116
<b>Total Equity</b>		<b>80,967,859</b>	<b>73,416,456</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ii) Lease Liabilities	17	14,425,937	17,994,857
(b) Deferred tax liabilities (Net)		-	-
(c) Provision for Employee benefit obligations	18	3,321,879	3,052,399
<b>Total Non-current Liabilities</b>		<b>17,747,816</b>	<b>21,047,256</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	12,089,881	-
(ii) Lease Liabilities	20	3,570,662	3,035,497
(iii) Trade payables	21		
Total outstanding dues of micro enterprises and small enterprises		13,171,892	14,061,568
Total outstanding dues of creditors other than micro enterprises and small enterprises		66,969,492	81,759,001
(iv) Other Financial Liabilities	22	1,675,301	1,151,814
(b) Other current liabilities	23	4,258,882	12,763,601
(c) Provisions	24	146,710,742	75,835,462
(d) Provision for Employee benefit obligations	25	479,380	222,424
<b>Total Current Liabilities</b>		<b>248,926,232</b>	<b>188,829,367</b>
<b>Total Liabilities</b>		<b>266,674,048</b>	<b>209,876,623</b>
<b>Total Equity and Liabilities</b>		<b>347,641,907</b>	<b>283,293,079</b>
<b>Significant Accounting Policies</b>	2		

The Notes are an integral part of these financial statements.

As per our report of even date

For Haribhakti & Co. LLP

Chartered Accountants

Firm's Registration No: 103523W/W100048

For and on behalf of the Board of Directors

Zed Lifestyle Private Limited

Hemant J. Bhatt

Partner

Membership No. 036834

Sujot Malhotra

Director

(DIN: 08777550)

Sanjay Mishra

Director

(DIN: 02631914)

Date : April 20, 2022

Place: Ahmedabad

Date : April 20, 2022

Place: Ahmedabad

Date : April 20, 2022

Place : Mumbai

**STATEMENT OF PROFIT AND LOSS**

For the year ended 31st March, 2022

CIN: U74999GJ2016PTC091839

Amount in ₹

Particulars	Notes	Year ended March 31,	
		2022	2021
Revenue from Operations	26	948,918,660	634,050,726
Other income	27	7,347,662	7,698,780
<b>I Total Income</b>		<b>956,266,322</b>	<b>641,749,506</b>
<b>Expenses</b>			
Purchases	28	278,918,869	255,018,376
Changes in inventories of finished goods & stock-in-trade	29	17,538,405	(23,931,887)
Employee benefits expense	30	105,966,785	103,734,718
Finance costs	31	1,967,229	1,887,421
Depreciation and amortization expenses	3,4,5	6,204,647	5,949,519
Other expenses	32	551,045,416	350,776,181
<b>II Total expenses</b>		<b>961,641,351</b>	<b>693,434,328</b>
<b>III Profit before tax(I-II)</b>		<b>(5,375,029)</b>	<b>(51,684,822)</b>
Less: Tax expense			
(1) Current tax		-	-
(2) Deferred tax	33	12,926,430	105,493
(3) Tax in respect of earlier years		-	(1,347,911)
		<b>12,926,430</b>	<b>(1,242,418)</b>
<b>IV Profit for the year</b>		<b>7,551,401</b>	<b>(52,927,240)</b>
Prior Period Expenses			
Other Comprehensive Income			
<b>[A]</b>			
(i) Items that will not be reclassified to profit or loss			
(ii) Income tax relating to items that will not be reclassified to profit or loss			
<b>[B]</b>			
(i) Items that will be reclassified to profit or loss (Revaluation of Current Investment)			
(ii) Income tax relating to items that will be reclassified to profit or loss			
<b>Comprehensive Income</b>		<b>7,551,401</b>	<b>(52,927,240)</b>
<b>V Earnings per equity share (for continuing operation):</b>	<b>34</b>		
(1) Basic (in ₹)		602	(4,223)
(2) Diluted (in ₹)			
VI Significant Accounting Policies	2		

The Notes are an integral part of these financial statements.

As per our report of even date

**For Haribhakti & Co. LLP**  
**Chartered Accountants**  
 Firm's Registration No: 103523W/W100048

**For and on behalf of the Board of Directors**  
**Zed Lifestyle Private Limited**

**Hemant J. Bhatt**  
**Partner**  
**Membership No. 036834**

**Sujot Malhotra**  
**Director**  
**(DIN: 08777550)**

**Sanjay Mishra**  
**Director**  
**(DIN: 02631914)**

Date : April 20, 2022  
 Place: Ahmedabad

Date : April 20, 2022  
 Place: Ahmedabad

Date : April 20, 2022  
 Place : Mumbai

## STATEMENT OF CASH FLOW

For the year ended 31st March, 2022

(Amounts in ₹)

Particulars	Year ended March	
	2022	2021
<b>Cash flows from operating activities</b>		
Profit for the year	(53,75,029)	(5,16,84,823)
<b>Adjustments for:</b>		
Depreciation/Amortization	62,04,647	59,49,519
Interest Income	(3,57,291)	(28,59,780)
Interest Expense	18,94,953	18,59,055
ROU Lease Impact	-	(8,90,706)
Profit on Sale of Assets	(10,171)	(68,239)
<b>Operating Cash Flow before Working Capital Changes</b>	<b>23,57,109</b>	<b>(4,76,94,974)</b>
<b>Adjustment for (increase)/decrease in operating assets:</b>		
Inventories	1,75,38,223	(2,39,31,886.49)
Trade Receivables	(16,13,00,336)	(1,42,56,434.99)
Other Financial Assets	(4,55,266)	(15,01,084.40)
Other current assets	(11,53,499)	5,08,28,835.08
<b>Adjustment for (increase)/decrease in operating Liabilities:</b>		
Trade Payables	(1,56,79,185)	2,08,33,103.88
Other current Liabilities	6,23,70,561	4,54,41,810.49
Other Financial Liabilities	5,23,487	(6,19,106.70)
Employee Benefit Obligations	5,26,437	10,88,823.00
<b>Cash Generated from Operations</b>	<b>(9,52,72,468)</b>	<b>3,01,89,086</b>
Tax Paid (Net)	-	(13,47,911)
<b>Net Cash(Used in)/Generated from Operating Activities (A)</b>	<b>(9,52,72,468)</b>	<b>2,88,41,175</b>
<b>Cash flows from investing activities</b>		
Interest received	3,57,291	28,59,780
Disposal/(Payments) for property, plant and equipment	(15,76,254)	3,54,222
Investment in Right to Use Asset	-	(2,23,92,458)
Payments for intangible assets	(8,55,000)	(1,55,000)
Investment in Liquid funds	-	-
<b>Net cash (used in)/generated by investing activities</b>	<b>(20,73,963)</b>	<b>(1,93,33,456)</b>

## Cash Flow Statement

For the year ended 31st March, 2022

(Amounts in ₹)

Particulars	Year ended March	
	2022	2021
<b>Cash flows from financing activities</b>		
Proceeds/(Repayment) of borrowings	1,20,89,881	(11,47,013)
Proceeds/(Repayment) of Lease liabilities	(30,33,755)	2,10,30,355
Interest paid	(18,94,953)	(18,59,055)
<b>Net cash used in financing activities</b>	<b>71,61,173</b>	<b>1,80,24,287</b>
<b>Net increase in cash and cash equivalents</b>	<b>(9,01,85,258)</b>	<b>2,75,32,006</b>
Cash and cash equivalents at the beginning of the year	9,19,92,615	6,44,60,609
<b>Cash and cash equivalents at the end of the year</b>	<b>18,07,357</b>	<b>9,19,92,615</b>
<b>Cash and Cash Equivalent Comprise of: (Note-11 &amp; 12)</b>		
Cash on Hand	52,771	51,964
Balance with Banks	17,54,586	8,19,40,650
Other Bank Balance	-	1,00,00,000
	<b>18,07,357</b>	<b>9,19,92,615</b>

The Notes are an integral part of these financial statements.  
As per our report of even date

**For Haribhakti & Co. LLP**  
**Chartered Accountants**  
Firm's Registration No: 103523W/W100048

**For and on behalf of the Board of Directors**  
**Zed Lifestyle Private Limited**

**Hemant J. Bhatt**  
**Partner**  
**Membership No. 036834**

**Sujot Malhotra**  
**Director**  
**(DIN: 08777550)**

**Sanjay Mishra**  
**Director**  
**(DIN: 02631914)**

Date : April 20, 2022  
Place: Ahmedabad

Date : April 20, 2022  
Place: Ahmedabad

Date : April 20, 2022  
Place : Mumbai

**STATEMENT OF CHANGES IN EQUITY AS AT 31<sup>ST</sup> MARCH, 2022**

**(A) EQUITY SHARE CAPITAL**

(Amounts in ₹)

1) Current reporting period				
Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
125,340	-	125,340	-	125,340
2) Previous reporting period				
Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
125,340	-	125,340	-	125,340

**(B) OTHER EQUITY**

(Amounts in ₹)

1) Current reporting period			
Particulars	Reserves and Surplus		Total
	Securities Premium	Retained Earnings	
Balance at the beginning of the current reporting period	104,337,284	(31,046,167)	73,291,117
Total Comprehensive Income for the current year	-	7,551,401	7,551,401
<b>Balance at the end of the current reporting period</b>	<b>104,337,284</b>	<b>(23,494,766)</b>	<b>80,842,518</b>
2) Previous reporting period			
Particulars	Reserves and Surplus		Total
	Securities Premium	Retained Earnings	
Balance at the beginning of the current reporting period	104,337,284	22,771,779	127,109,063
Total Comprehensive Income for the previous year	-	(52,927,240)	(52,927,240)
Lease Impact - Ind AS 116 *	-	(890,706)	(890,706)
<b>Balance at the end of the current reporting period</b>	<b>104,337,284</b>	<b>(31,046,167)</b>	<b>73,291,117</b>

\*Ind AS 116 is applicable since 1st April 2019. The company has followed the prospective approach for the lease accounting as per Ind AS 116 starting from 1st April 2020 hence, the impact for FY 2019-20 which was not routed through P&L in the previous year has been adjusted against the reserve & surplus as the impact on the opening reserve.

The Notes are an integral part of these financial statements.

As per our report of even date

**For Haribhakti & Co. LLP**

**Chartered Accountants**

Firm's Registration No: 103523W/W100048

**Hemant J. Bhatt**

**Partner**

**Membership No. 036834**

Date : April 20, 2022

Place: Ahmedabad

**For and on behalf of the Board of Directors**

**Zed Lifestyle Private Limited**

**Sujot Malhotra**

**Director**

**(DIN: 08777550)**

Date : April 20, 2022

Place: Ahmedabad

**Sanjay Mishra**

**Director**

**(DIN: 02631914)**

Date : April 20, 2022

Place : Mumbai

## Notes to the financial statements

For the year ended 31 March, 2022

### 1 GENERAL INFORMATION

ZED LIFESTYLE PRIVATE LIMITED was incorporated on 5th May 2016 under Companies Act, 2013. The Company is dealing in men's grooming products.

The company is Fully Owned Subsidiary of MARICO LIMITED.

**Address of the registered office:**

711, Shapath V S.G Road, Prahlad Nagar Ahmedabad, Gujarat; 380015

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.01 Statement of Compliance:

These financial statements of the Company comprising of Balance Sheet, Statement of Profit and Loss, Statement of changes in Equity and Cash Flow Statement together with the notes have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") as amended by the Companies (Indian Accounting Standards) Rules, 2016, the Companies (Indian Accounting Standards) Rules, 2017 and other relevant provisions of the Companies Act.

#### 2.02 Basis of Preparation and Presentation:

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

The financial statements are presented in Indian currency (INR) which is the Company's functional and presentation currency.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III (Division II) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current-non current classification of assets and liabilities.

#### 2.03 Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer discounts, rebates granted, other similar allowances, sales taxes (up to the applicable date), Goods and Services Tax (GST) and duties collected on behalf of third parties.



## Notes to the financial statements

For the year ended 31 March, 2022

- a) Revenue from sale of goods is recognised when the following conditions are satisfied.
- i) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
  - ii) the amount of revenue can be measured reliably;
  - iii) it is probable that the economic benefits associated with the transaction will flow to the Company;
  - iv) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 2.04 Other Income:

Interest income is recognised on the on accrual basis.

Further, the company is recognizing the interest income on notional basis to comply with the requirements of Indian Accounting Standards.

### 2.05 Property, Plant and Equipment:

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as 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. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Gains or Losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013 except for below mentioned assets. Depreciation is provided on pro-rata basis on the reducing balance method over the useful life of assets. The useful life, residual value and the depreciation method are reviewed at least at each financial year end and adjusted prospectively.

Asset Category	Useful Life (Years)
Air purifiers	3
Motor Vehicles	3
Motor Vehicles (Car)	5
Mobiles	2
Electronic Weighing Machine	3
<b>Intangibles</b>	
Tally Software	4
Website (Beardo.in)	4

The management believes that the useful life as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013. Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

Spares in the nature of capital spares/ insurance spares are added to the cost of the assets. The total cost of such spares is depreciated over a period not exceeding the useful life of the asset to which they relate.

## Notes to the financial statements

For the year ended 31 March, 2022

### Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April, 2016 measured as per IGAAP as the deemed cost of the property, plant and equipment.

### 2.06 Intangible Assets:

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Intangible assets are amortised on a reducing balance method over its useful life, not exceeding four years, as decided by the management.

### Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of intangible assets recognised as at 1st April, 2016 measured as per IGAAP as the deemed cost of intangible assets.

### 2.07 Impairment of assets:

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) earlier.

### 2.08 Financial instruments:

#### 1. Initial recognition and measurement

Financial assets and/or financial liabilities are recognised when the Company becomes party to a contract embodying the related financial instruments. All financial assets, financial liabilities are initially measured at fair value. Transaction costs that are attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from as the case may be, the fair value of such assets or liabilities, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

## Notes to the financial statements

For the year ended 31 March, 2022

### 2. Financial assets:

#### Classification and subsequent measurement of financial assets:

##### a) Classification of financial assets:

- (i) 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.
- (ii) The classification is done depending upon the Company's business model for managing the financial assets and the contractual terms of the cash flows.

##### b) Subsequent Measurement

###### (i) Debt instruments:

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

###### (1) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### (2) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

###### (3) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are subsequently measured at fair value through profit or loss unless it is measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

###### (ii) Equity instruments:

The Company subsequently measures all equity investments at fair value. There are two measurement categories into which the Company classifies its equity instruments:

## Notes to the financial statements

For the year ended 31 March, 2022

### Investments in equity instruments at FVTPL:

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments which are not held for trading.

### Investments in equity instruments at FVTOCI:

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserve for 'equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments.

### c) Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset. For trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

### d) Derecognition of financial assets:

A financial asset is primarily derecognised when:

1. the right to receive cash flows from the asset has expired, or
2. the Company has transferred its rights to receive cash flows from the asset; and
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety (other than investments in equity instruments at FVOCI), the differences between the carrying amounts measured at the date of derecognition and the consideration received is recognised in the Statement of Profit and Loss.

## Notes to the financial statements

For the year ended 31 March, 2022

### 3. Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial Liabilities

Classification and subsequent measurement

The Company's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments. Subsequent measurement of financial liabilities depends on their classification as fair value through Profit and loss or at amortized cost. All changes in fair value of financial liabilities classified as FVTPL are recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the Effective Interest Rate method.

#### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Gains and losses are recognized in profit and loss when the liabilities are derecognized.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and presented on net basis in the Balance Sheet when there is a currently enforceable legal right to offset the recognised amounts and there is an intention either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

#### Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of profit and Loss immediately.

### 2.09 Inventories:

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories comprise all costs of purchase (net of input credits) and other costs incurred in bringing the inventories to their present location and condition.

## Notes to the financial statements

For the year ended 31 March, 2022

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.

### 2.10 Foreign currencies:

Items included in the financial statements of the Company are recorded using the currency of the primary economic environment (INR) in which the Company operates (the 'functional currency').

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss.

### 2.11 Borrowing Costs:

- (a) Borrowing costs that are attributable to the acquisition, construction, or production of a qualifying asset are capitalised as a part of the cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over twelve months) to get ready for its intended use or sale.
- (b) All other borrowing costs are recognised as expense in the period in which they are incurred.

### 2.12 Taxation:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets including Minimum Alternate Tax (MAT) are generally recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Current and Deferred tax is recognised in Statement of Profit and Loss, except when 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.

## Notes to the financial statements

For the year ended 31 March, 2022

### 2.13 Leases:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The company uses significant judgement in assessing the lease term and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the company is certain to exercise the option and periods covered by an option to terminate the lease if the company is reasonably not certain to exercise that option. In assessing whether the company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise or extend the lease or not to exercise the option to terminate the lease.

The discounting rate is generally based on the incremental borrowing rate specific to the lease being evaluated.

The Right to use Assets in respect of Leases is disclosed in Note 4 to Notes to Accounts & Leased Liabilities in respect of lease are mentioned on the Balance Sheet under Non-Current & Current Liabilities respectively.

### 2.14 Provisions, Contingent Liabilities and Contingent Assets:

**Provisions:** Provisions are recognised when there is a present 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 there is a reliable estimate of the amount of the obligation. Provisions are measured using the cash flows estimated to settle the present obligation at the Balance sheet date.

**Contingent Liabilities :** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which 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 where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**Contingent Assets :** Contingent assets are disclosed, where an inflow of economic benefits is probable.

### 2.15 Cash and cash equivalents:

Cash and Cash equivalents include cash, cash at bank and short term deposits with banks having original maturity of three months or less, which are subject to insignificant risk of changes in value.

### 2.16 Statement of Cash Flows:

Cash flows are reported using the indirect method whereby profit / (loss) 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.

### 2.17 Dividend to equity shareholders:

Dividend to equity shareholders is recognised as a liability and deducted from shareholders' equity, in the period in which the dividends are approved by the equity shareholders in the general meeting.

## Notes to the financial statements

For the year ended 31 March, 2022

### 2.18 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

While calculating the weighted average number of shares in case of right issue during the year, theoretical ex-right value could not be obtained due to non-availability of fair market value of shares and hence the calculation is done accordingly.

### 2.19 Critical accounting judgments and key sources of estimation uncertainty:

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes judgments, estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to significant accounting estimates include useful lives and impairment of property, plant and equipment, allowance for doubtful debts/advances, deferred tax assets, allowances for inventories, etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.



## Notes to the financial statements

For the year ended 31 March, 2022

### 3 Property, plant and equipment

(Amounts in ₹)

Particulars	Building	Plant and Machinery	Furniture & Fittings	Office Equipments	Motor Vehicles	Total
<b>Deemed Cost:</b>						
<b>As at 31-03-2021</b>	<b>400,000</b>	<b>224,100</b>	<b>4,434,826</b>	<b>7,227,828</b>	<b>1,222,000</b>	<b>13,508,754</b>
Additions	-	-	-	1,587,354	-	1,587,354
Disposals	-	-	-	41,323	-	41,323
<b>As at 31-03-2022</b>	<b>400,000</b>	<b>224,100</b>	<b>4,434,826</b>	<b>8,773,859</b>	<b>1,222,000</b>	<b>15,054,785</b>
<b>Accumulated depreciation:</b>						
<b>As at 31-03-2021</b>	<b>365,628</b>	<b>60,325</b>	<b>2,633,748</b>	<b>5,988,963</b>	<b>758,935</b>	<b>9,807,598</b>
Charge for the year	21,650	29,562	465,022	1,086,455	144,219	1,746,909
Disposals	-	-	-	40,394	-	40,394
<b>As at 31-03-2022</b>	<b>387,278</b>	<b>89,887</b>	<b>3,098,770</b>	<b>7,035,024</b>	<b>903,154</b>	<b>11,514,113</b>
<b>Net book value</b>						
As at 31-03-2021	34,372	163,775	1,801,078	1,238,865	463,066	3,701,156
<b>As at 31-03-2022</b>	<b>12,722</b>	<b>134,213</b>	<b>1,336,056</b>	<b>1,738,835</b>	<b>318,846</b>	<b>3,540,672</b>

### 4 Right to use asset

(Amounts in ₹)

Particulars	Building	Total
<b>Deemed Cost:</b>		
<b>As at 31-03-2021</b>	<b>22,392,458</b>	<b>22,392,458</b>
Additions	-	-
Disposals	-	-
<b>As at 31-03-2022</b>	<b>22,392,458</b>	<b>22,392,458</b>
<b>Accumulated depreciation:</b>		
<b>As at 31-03-2021</b>	<b>3,358,869</b>	<b>3,358,869</b>
Charge for the year	3,847,032	3,847,032
Disposals	-	-
<b>As at 31-03-2022</b>	<b>7,205,901</b>	<b>7,205,901</b>
<b>Net book value</b>		
As at 31-03-2021	19,033,589	19,033,589
<b>As at 31-03-2022</b>	<b>15,186,557</b>	<b>15,186,557</b>

## Notes to the financial statements

For the year ended 31 March, 2022

### 5 Intangible Assets

(Amounts in ₹)

Particulars	Application	Trademarks	Total
	Software	and licenses	
<b>Cost:</b>			
<b>As at 31-03-2021</b>	<b>1,425,785</b>	<b>1,024,477</b>	<b>2,450,262</b>
Additions	855,000	-	855,000
Disposals	914,056	-	914,056
<b>As at 31-03-2022</b>	<b>1,366,729</b>	<b>1,024,477</b>	<b>2,391,206</b>
<b>Accumulated amortization:</b>			
<b>As at 31-03-2021</b>	<b>1,230,944</b>	<b>844,382</b>	<b>2,075,325</b>
Charge for the year	375,833	94,669	470,502
Disposals	773,852	-	773,852
<b>As at 31-03-2022</b>	<b>832,925</b>	<b>939,050</b>	<b>1,771,975</b>
<b>Net book value</b>			
As at 31-03-2021	194,841	180,096	374,937
<b>As at 31-03-2022</b>	<b>533,804</b>	<b>85,427</b>	<b>619,231</b>

### 6. Deferred tax assets (Net)

(Amounts in ₹)

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

Particulars	As at March 31,	
	2022	2021
<u>Deferred tax assets</u>		
On account of fixed assets	1,464,126	1,536,406
On account of Income tax losses	12,794,024	-
On account of other timing differences	204,686	-
<b>Total</b>	<b>14,462,835</b>	<b>1,536,405</b>

### 7. Other Non Current Assets

(Amounts in ₹)

Particulars	As at March 31,	
	2022	2021
Security Deposits	1,009,887	1,172,721
Balance with Govt authority	20,000	20,000
<b>Total</b>	<b>1,029,887</b>	<b>1,192,721</b>

### 8. Inventories

(Amounts in ₹)

Particulars	As at March 31,	
	2022	2021
Packing Materials	18,800,359	16,248,762
Finished Goods	27,720,159	47,809,979
<b>Total</b>	<b>46,520,518</b>	<b>64,058,741</b>

## Notes to the financial statements

For the year ended 31 March, 2022

### 9. Trade receivables

(Amounts in ₹)

Particulars	As at March 31,	
	2022	2021
Undisputed - Considered good	252,467,305	91,166,969
Undisputed - Considered doubtful	1,833,631	1,800,000
Disputed - Considered good	-	-
Disputed - Considered doubtful	-	-
Less:		
Allowance for doubtful debts	(1,833,631)	(1,800,000)
<b>Total</b>	<b>252,467,305</b>	<b>91,166,969</b>

### Trade receivable ageing schedule

(Amounts in ₹)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Undisputed trade receivable</b>						
- considered good	245,200,953	2,287,411	1,305,654	6,025	-	250,633,674
- considered doubtful	-	1,833,631	-	-	-	1,833,631
<b>Disputed trade receivable</b>						
- considered good	-	-	-	-	-	-
- considered doubtful	-	-	-	-	-	-
<b>Total</b>	<b>245,200,953</b>	<b>4,121,042</b>	<b>1,305,654</b>	<b>6,025</b>	<b>-</b>	<b>252,467,305</b>

### 10. Cash and cash equivalents

(Amounts in ₹)

Particulars	As at March 31,	
	2022	2021
<b>Balances with Banks</b>		
- In Current Accounts	1,754,586	70,940,650
Cash on hand	52,771	51,964
Deposits with original maturity of less than three months	-	11,000,000
<b>Total</b>	<b>1,807,357</b>	<b>81,992,615</b>

### 11. Bank balances other than (ii) above

(Amounts in ₹)

Particulars	As at March 31,	
	2022	2021
Deposits with Banks with original maturity period more than 3 months but less than 12 months	-	10,000,000
<b>Total</b>	<b>-</b>	<b>10,000,000</b>

## Notes to the financial statements

For the year ended 31 March, 2022

### 12. Loans (Amounts in ₹)

Particulars	As at March 31,	
	2022	2021
Loan to Employees repayable on demand	2,354,587	2,516,195
<b>Total</b>	<b>2,354,587</b>	<b>2,516,195</b>

### 13. Current tax assets (Net) (Amounts in ₹)

Particulars	As at March 31,	
	2022	2021
Advance payments of tax	1,131,839	352,131
<b>Total</b>	<b>1,131,839</b>	<b>352,131</b>

### 14. Other current assets (Amounts in ₹)

Particulars	As at March 31,	
	2022	2021
Advance to Creditors	5,494,469	3,469,624
Employee Receivables	24,745	13,635
Prepaid Expenses	3,001,905	3,699,662
Interest Receivable	-	184,699
<b>Total</b>	<b>8,521,118</b>	<b>7,367,620</b>

### 15. Equity Share Capital (Amounts in ₹)

Particulars	As at March 31,	
	2022	2021
<b>Authorised Share capital :</b> 50,000 (Previous year 50,000) fully paid equity shares of Rs.10 each equity shares of Rs.10 each"	500,000	500,000
<b>Issued and subscribed capital comprises:</b> 12,534 Fully paid equity Shares of Rs. 10 Each (as at March 31, 2021: 12,534) (as at March 31, 2020: 12,534)	125,340	125,340
	<b>125,340</b>	<b>125,340</b>

#### 15.1 Fully paid equity shares (Amounts in ₹)

Particulars	As at March 31	
	2022	2021
Balance at beginning of the year	12,534	12,534
Addition during the year	-	-
<b>Balance at end of the year</b>	<b>12,534</b>	<b>12,534</b>

Fully paid equity shares, which have a par value of Rs.10, carry one vote per share and carry a right to dividends.

## Notes to the financial statements

For the year ended 31 March, 2022

### 15.2 Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares held	% holding in the class of shares	Number of shares held	% holding in the class of shares
<b>Fully paid equity shares</b>				
Marico Limited	12,534	100%	12,534	100%
<b>Total</b>	<b>12,534</b>	<b>100%</b>	<b>12,534</b>	<b>100%</b>

### 16. Other equity

(Amounts in ₹)

Particulars	As at March 31,	
	2022	2021
<b><u>Securities premium</u></b>		
Balance at beginning of the year	104,337,284	104,337,284
Right issue of shares	-	-
<b>Balance at end of the year</b>	<b>104,337,284</b>	<b>104,337,284</b>
<b><u>Retained earnings</u></b>		
Balance at beginning of year	(31,046,167)	22,771,779
Profit attributable to owners of the Company	7,551,401	(52,927,240)
<b>Lease Impact - Ind AS 116</b>		
<i>Balance at beginning of year*</i>	-	(890,706)
*Ind AS 116 is applicable since 1st April 2019. The company has followed the prospective approach for the lease accounting as per Ind AS 116 starting from 1st April 2020 hence, the impact for FY 2019-20 which was not routed through P&L in the previous year has been adjusted against the reserve & surplus as the impact on the opening reserve.		
<b>Balance at end of the year</b>	<b>(23,494,766)</b>	<b>(31,046,167)</b>
<b>Total</b>	<b>80,842,518</b>	<b>73,291,117</b>

### 17. Non-current Lease Liabilities

(Amounts in ₹)

Particulars	As at March 31	
	2022	2021
Lease Liability (Ind AS 116)	14,425,937	17,994,857
<b>Total</b>	<b>14,425,937</b>	<b>17,994,857</b>

### 18. Provision for Employee benefit obligations

(Amounts in ₹)

Particulars	As at March 31	
	2022	2021
Gratuity	3,321,879	3,052,399
<b>Total</b>	<b>3,321,879</b>	<b>3,052,399</b>

## Notes to the financial statements

For the year ended 31 March, 2022

### 19. Borrowings (Amounts in ₹)

Particulars	As at March 31	
	2022	2021
<b>Unsecured from Banks:</b>		
Bank Overdraft	12,089,881	-
<b>Total</b>	<b>12,089,881</b>	<b>-</b>

### 20. Current Lease Liabilities (Amounts in ₹)

Particulars	As at March 31	
	2022	2021
Lease Liability (Ind AS 116)	3,570,662	3,035,497
<b>Total</b>	<b>3,570,662</b>	<b>3,035,497</b>

### 21. Trade payables (Amounts in ₹)

Particulars	As at March 31	
	2022	2021
Undisputed dues MSME	13,171,892	14,061,568
Undisputed dues others	66,969,492	81,759,001
Disputed dues MSME	-	-
Disputed dues others	-	-
<b>Total</b>	<b>80,141,384</b>	<b>95,820,569</b>

(a) The company has received information from vendors regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosure regarding Amounts unpaid is mentioned above.

(b) There is no interest paid/payable under the stipulated Act.

### Trade payable ageing schedule

(Amounts in ₹)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Undisputed trade payable</b>						
- MSME	12,905,092	222,800	-	-	44,000	13,171,892
- others	66,182,303	172,942	262,980	30,260	321,007	66,969,492
<b>Disputed trade payable</b>						
- MSME	-	-	-	-	-	-
- others	-	-	-	-	-	-
<b>Total</b>	<b>79,087,395</b>	<b>395,742</b>	<b>262,980</b>	<b>30,260</b>	<b>365,007</b>	<b>80,141,384</b>

### 22. Other Financial Liabilities (Amounts in ₹)

Particulars	As at March 31	
	2022	2021
Salaries and other benefits payable to employees	1,675,301	1,151,814
<b>Total</b>	<b>1,675,301</b>	<b>1,151,814</b>

## Notes to the financial statements

For the year ended 31 March, 2022

**23. Other current liabilities** (Amounts in ₹)

Particulars	As at March 31	
	2022	2021
<b>Other Payables</b>		
Advance from Customers(Incl. Deposits)	258,027	1,629,566
Statutory dues	4,000,855	11,134,035
<b>Total</b>	<b>4,258,882</b>	<b>12,763,601</b>

**24. Provisions** (Amounts in ₹)

Particulars	As at March 31	
	2022	2021
Provision for Contractual and Constructive obligation	146,710,741	75,835,462
<b>Total</b>	<b>146,710,741</b>	<b>75,835,462</b>

**25. Provision for Employee benefit obligations** (Amounts in ₹)

Particulars	As at March 31	
	2022	2021
Gratuity	4,79,380	2,22,424
<b>Total</b>	<b>4,79,380</b>	<b>2,22,424</b>

**26. Revenue from operations** (Amounts in ₹)

Particulars	Year ended March 31	
	2022	2021
Sale of Products	948,918,660	634,050,726
<b>Total</b>	<b>948,918,660</b>	<b>634,050,726</b>

**27. Other expenses** (Amounts in ₹)

Particulars	Year ended March 31	
	2022	2021
Interest Income	357,291	2,859,780
Royalty Income	3,327,452	4,199,407
Cashback Income	42,700	-
Written Back Account	2,725,011	-
Sale of Loose Items	97,848	-
Reimbursement on COD Returns (Net off commission)	736,170	-
Foreign Exchange Fluctuation	(51,756)	(219,660)
Export Incentive	100,244	29,294
Claim From Blue Dart	-	761,720
Profit on Sale of Assets	10,171	68,239
Profit on Sale of Mututal Fund	32	-
Other Misc Income	2,500	-
<b>Total</b>	<b>7,347,662</b>	<b>7,698,780</b>

## Notes to the financial statements

For the year ended 31 March, 2022

### 28. Purchases

(Amounts in ₹)

Particulars	Year ended March 31	
	2022	2021
Purchase of Goods	275,115,338	250,341,935
Other Direct Expenses	3,803,532	4,676,442
<b>Total</b>	<b>278,918,869</b>	<b>255,018,376</b>

### 29. Changes in inventories

(Amounts in ₹)

Particulars	Year ended March 31	
	2022	2021
Stock at the beginning of the year	64,058,922	40,126,854
Stock at the end of the year	46,520,518	64,058,741
<b>Total</b>	<b>17,538,405</b>	<b>(23,931,887)</b>

### 30. Employee benefits expense

(Amounts in ₹)

Particulars	Year ended March 31	
	2022	2021
Salaries and Wages	103,285,670	98,569,024
Contribution to provident and other funds	2,359,763	4,361,385
Staff Welfare Expenses	321,352	804,309
<b>Total</b>	<b>105,966,785</b>	<b>103,734,718</b>

### 31. Finance costs

(Amounts in ₹)

Particulars	Year ended March 31	
	2022	2021
Interest Expenses	121,397	62,042
Bank Charges	69,051	28,365
Commission on Corporate Gaurantee	3,225	-
Lease Finance Costs	1,773,556	1,797,013
<b>Total</b>	<b>1,967,229</b>	<b>1,887,421</b>

### 32. Other expenses

Particulars	Year ended March 31	
	2022	2021
Electricity Charges	389,485	412,027
Rent	95,321	1,880,140
Rates and Taxes	787,557	2,665,926
Post and Telecommunication Charges	288,088	702,778
Travelling, Conveyance and Motor Vehicle Expenses	2,761,735	2,452,541
Repairs and Maintenance	381,647	1,957,213
Office Expenses	173,575	926,721
Misc Expenses	128,107	470,836
Legal and Professional Fees	46,618,081	34,951,644
Payment to Auditors	750,000	929,185



## Notes to the financial statements

For the year ended 31 March, 2022

Particulars	Year ended March 31	
	2022	2021
Recruitment Exp	1,021,502	195,379
Freight Outwards	47,353,398	55,574,426
Payment Gateway Expenses	1,636,134	1,438,932
Export Clearing Expense	312,674	-
Consumer Refund Expense	38,955	-
Insurance Charges	1,762,108	717,637
Penalty	1,218,615	470,214
Meeting Expenses	2,076,897	141,604
Gifting Expense	528,847	46,576
Subscription Fees	120,631	299,299
Warehouse Expenses	10,684,758	7,093,220
Software Maintenance	5,838,114	3,609,758
Provision for Bad & Doubtfull Debts	2,299,240	600,000
Reimbursement of Expenses (Conveyance, Food, Transport)	12,074,443	8,873,305
Customer Service Expenses	6,127,102	3,433,323
<b>Sales &amp; Marketing Expenses</b>		
Advertisement expenses	373,277,767	189,014,970
Business Promotion Expenses	1,802,776	1,946,293
Modern Trade Advertisement Exps.	16,493,653	21,366,641
Sales Promotion Expenses	14,004,206	8,605,594
<b>Total</b>	<b>551,045,416</b>	<b>350,776,181</b>

### Payment to Auditors

Particulars	Year ended March 31	
	2022	2021
<b>As Auditor:</b>		
Audit Fee	750,000	600,000
Tax Audit Fee	-	50,000
<b>In Other Capacities:</b>		
Taxation Matters	-	35,000
Due Dillgence	-	219,185
Company Law Matters	-	25,000
<b>Total</b>	<b>750,000</b>	<b>929,185</b>

### 33. Income tax recognised in profit or loss

(Amounts in ₹)

Particulars	Year ended March 31	
	2022	2021
Current tax	-	-
Deferred tax	(12,926,430)	(105,493)
<b>Total Tax expenses</b>	<b>(12,926,430)</b>	<b>(105,493)</b>

## Notes to the financial statements

For the year ended 31 March, 2022

### 34. Disclosure pursuant to Indian Accounting Standard (Ind AS) - 33: Earnings Per Share

Particulars		Year ended March 31	
		2022	2021
Profit/(Loss) after Tax	A	7,551,401	(52,927,240)
Weighted Average number of Equity Shares	B	12,534	12,534
Nominal Value Per Share (Rs.)	C	10.00	10.00
Basic and diluted Earning /(loss) per share (in Rs.)	D = A/B	602	(4,223)

### 35. Disclosure pursuant to Ind AS - 24 : Related Party Disclosures

#### Details of related parties:

Description of relationship	Names of related parties
a) Key Management Personnel	
b) Associate/Holding Company	Marico Limited
c) Entities in which KMP / Relatives of KMP can exercise significant influence	

#### Year ended on 31st March 2022

(Amounts in ₹)

Particulars	Holding Company	Entity in which KMP has interest	Key Management personnel	Total
Administrative and general expenses	41,171,633	-	-	41,171,633
Sale of Products	46,486,868	-	-	46,486,868
Corporate Guarantee for overdraft limits taken from Bank	30,000,000	-	-	30,000,000
Commission on Corporate Gaurantee	3,225	-	-	3,225

#### Year ended on 31st March 2021

(Amounts in ₹)

Particulars	Holding Company	Entity in which KMP has interest	Key Management personnel	Total
Administrative and general expenses	31,805,770	-	-	31,805,770

#### Notes:

- The transactions with related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

### 36 Financial instruments and Risk management

#### 36.1 Capital management

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 Management monitors the capital structure and the net financial debt. Net financial debt is defined as current and non-current financial liabilities less cash and cash equivalents and short-term investments. The debt equity ratio highlights the ability of a business to repay its debts. Accordingly the management and the Board of Directors periodically review and set prudent limit on overall borrowing limits of the Company.

## Notes to the financial statements

For the year ended 31 March, 2022

### 36.2 Categories of financial instruments

The following table provides categorisation of all financial instruments at carrying value.

(Amounts in ₹)

Particulars	As at March 31	
	2022	2021
<b>Financial assets</b>		
(a) Measured at amortised cost		
(a) Cash and cash equivalent	18,07,357	8,19,92,615
(b) Bank balance other than (a) above	-	1,00,00,000
(c) Trade receivables	25,24,67,305	9,11,66,969
(d) Current Investment	-	-
(e) Other financial assets	-	-
<b>Total Financial Assets</b>	<b>25,42,74,662</b>	<b>18,31,59,584</b>
<b>Financial liabilities</b>		
(a) Measured at amortised cost		
(a) Borrowings	1,20,89,881	-
(b) Trade payables	-	-
(c) Other financial liabilities	16,75,301	11,51,814
<b>Total Financial Liabilities</b>	<b>1,37,65,182</b>	<b>11,51,814</b>

### 36.3 Financial risk management

The financial risks emanating from the Company's operating business include market risk, credit risk and liquidity risk. These risks are managed by the Company using appropriate financial instruments. The Company has laid down written policies to manage these risks.

#### 36.3.1 Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of Currency risk, Interest rate risk and other price risk.

##### A. Foreign currency risk management

The Company is exposed to foreign currency risk arising mainly on import of services and export of finished goods. Foreign currency exposures are managed within approved policy parameters utilising forward contracts.

The carrying amounts of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

Nature of Transaction	Currency	As at March 31			
		2022		2021	
		Hedged	Unhedged	Hedged	Unhedged
Trade Payable	USD		-		48,657
Trade Recievable	USD	-	26,084	-	11,662

## Notes to the financial statements

For the year ended 31 March, 2022

### B. Foreign currency sensitivity analysis

The Company's exposure to Foreign Currency changes for all currencies is not material.

### C. Interest rate risk management

The Company does not have interest rate risk exposure on its outstanding loans as at the year end as these loans are vehicle loan on fixed interest rate basis.

Credit risk arises from the possibility that a counter party's inability to settle its obligations as agreed in full and in time. The maximum exposure to credit risk in respect of the financial assets at the reporting date is the carrying value of such assets recorded in the financial statements net of any allowance for losses.

#### A. Trade Receivables

The Company's trade receivables consists of a offline and online sales through designated distributors . Hence the Company is not exposed to concentration and credit risk.

#### B. Other Financial Assets

The Company maintains exposure in cash and cash equivalents, time deposits with banks. Investment of surplus funds are made only with approved counter parties. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

### 36.3.2 Liquidity risk management

The objective of liquidity risk management is to maintain sufficient liquidity to meet financial obligations of the Company as they become due. The Treasury Risk Management Policy includes an appropriate liquidity risk management framework for the management of the short-term, medium-term and long term funding and cash management requirements. The Company manages the liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

37. The Figures of the previous year have been regrouped/reclassified wherever necessary.

## Notes to the financial statements

For the year ended 31 March, 2022

### 38 - Ratios

No.	Particulars	Basis	As at	
			March 31, 2022	March 31, 2021
a)	<b>Current Ratio</b>	times	<b>1.26</b>	<b>1.36</b>
	Current Assets		312,802,724	257,454,271
	Current Liabilities		248,926,232	188,829,367
b)	<b>Debt-Equity Ratio</b>	times	<b>3.29</b>	<b>2.86</b>
	Debt		266,674,048	209,876,623
	Equity		80,967,859	73,416,456
c)	<b>Debt Service Coverage Ratio</b>	times	<b>0.58</b>	<b>(11.18)</b>
	Earnings available for Debt Service		2,786,676	(45,264,032)
	Debt Service		4,807,311	4,049,823
d)	<b>Return on Equity Ratio</b>	%	<b>10%</b>	<b>-52%</b>
	Net profit after tax		7,551,401	(52,927,240)
	Average Shareholders' Equity		77,192,158	101,349,101
e)	<b>Inventory Turnover Ratio</b>	times	<b>5.36</b>	<b>4.44</b>
	Cost of Goods Sold		296,457,274	231,086,490
	Average Inventory		55,289,629	52,092,798
f)	<b>Trade Receivables Turnover Ratio</b>	days	<b>66</b>	<b>47</b>
	Net Sales		948,918,660	634,050,726
	Average Receivables		170,873,341	82,128,915
g)	<b>Trade Payables Turnover Ratio</b>	days	<b>38</b>	<b>48</b>
	Net Purchases		278,918,869	255,018,376
	Average Payables		28,907,706	33,847,532
h)	<b>Net Capital Turnover Ratio</b>	times	<b>14.86</b>	<b>9.24</b>
	Net Sales		948,918,660	634,050,726
	Working Capital		63,876,492	68,624,904
i)	<b>Net Profit Ratio</b>	%	<b>1%</b>	<b>-8%</b>
	Net Income		7,551,401	(52,927,240)
	Net Sales		948,918,660	634,050,726
j)	<b>Return on Capital Employed</b>	%	<b>-3%</b>	<b>-53%</b>
	Earnings before Interest & Taxes		(3,407,800)	(49,797,401)
	Shareholder's Equity + Long term Liabilities		98,715,675	94,463,713
k)	<b>Return on Investment.</b>	%	<b>NA</b>	<b>NA</b>
	As per guidance note issued by ICAI, this ratio is applicable to public limited company only.			

As per our report of even date

**For Haribhakti & Co. LLP**  
Chartered Accountants

Firm's Registration No: 103523W/W100048

**Hemant J. Bhatt**  
Partner  
Membership No. 036834

Date : April 20, 2022  
Place: Ahmedabad

**For and on behalf of the Board of Directors**  
Zed Lifestyle Private Limited

**Sujot Malhotra**  
Director  
(DIN: 08777550)

Date : April 20, 2022  
Place: Ahmedabad

**Sanjay Mishra**  
Director  
(DIN: 02631914)

Date : April 20, 2022  
Place : Mumbai

## APCOS NATURALS PRIVATE LIMITED (ANPL)

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2022)**

Mr. Arush Chopra  
Ms. Megha Sabhlok  
Mr. Pawan Agrawal (w.e.f. July 21, 2021)  
Mr. Ketan Jain (w.e.f. July 21, 2021)  
Mr. Sanjay Mishra (w.e.f. July 21, 2021)

**REGISTERED OFFICE**

Plot No. - 202, PH - IX, S.A.S Nagar, Mohali, Punjab - 160062

**AUDITORS**

MSKA & Associates (till May 15, 2021)  
S S Kothari Mehta & Company (w.e.f. June 10, 2021)

**BANKERS**

HDFC Bank Limited  
Axis Bank Limited

## INDEPENDENT AUDITOR'S REPORT

To the Members of APCOS Naturals Private Limited

Report on the Audit of the Financial Statements

### Opinion

1. We have audited the accompanying financial statements of **APCOS Naturals Private Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").
2. 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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its loss, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

3. 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Information Other than the Financial Statements and Auditor's Report Thereon

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report etc. 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 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 during the course of our 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 Management and Those Charged with Governance for the Financial Statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of the financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the

## INDEPENDENT AUDITOR'S REPORT

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.

In preparing the financial statements, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

6. 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.
7. 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But not for the purpose of expressing an opinion on the effectiveness of the company's internal financial control with reference to financial statements.
  - 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.
8. 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



## APCOS NATURALS PRIVATE LIMITED (ANPL)

in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

9. 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

10. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

11. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, 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 financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules issued thereunder.
- e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) Clause (i) of section 143(3) is not applicable to the Company as on March 31, 2022 pursuant to notification G.S.R 583(E) dated June 13, 2017.
- g) With respect to the other matters to be included in the auditor's Report in accordance with the requirement of section 197(16) of the Act, as Amended:

The provision of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, reporting under Section 197(16) of the Act is not applicable to the Company.

- h) 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, as amended 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 which would impact its financial position (Refer note 37 of the Financial Statements).
  - (ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - (iii) There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund during the year ended March 31, 2022.
  - (iv) (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 44(i) of the financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or

## APCOS NATURALS PRIVATE LIMITED (ANPL)

otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 44(ii) of the financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) The Company has neither declared nor paid any dividend during the year, accordingly reporting under sub clause (f) of the Rule 11 is not applicable to the Company.

### **For S S KOTHARI MEHTA & COMPANY**

Chartered Accountants

Firm Registration Number: 000756N

#### **Harish Gupta**

Partner

Membership No. 098336

UDIN: 22098336AIJLUB9744

Place: New Delhi

Date: May 04th, 2022

**ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 10 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of APCOS Naturals Private Limited of even date on financial statements as of and for the year ended March 31, 2022)**

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.  
The Company has maintained proper records showing full particulars of intangible assets.
  - b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
  - c) The Company does not own any immovable properties as disclosed in Note 2 on Property, Plant and Equipment to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
  - d) The Company has not revalued any of its Property, Plant and Equipment (including right- of-use assets) and intangible assets during the year.
  - e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The physical verification of inventory has been conducted at reasonable intervals by the company which in our opinion is appropriate with respect to the coverage and procedure of such verification by the management. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such verification.  
(b) The Company has not been sanctioned working capital limits in excess of Rs. 5 crore during the year from banks on the basis of security of current assets. Therefore, the provisions of Clause 3(ii)(b) of the said Order are not applicable to the Company.
- iii. The Company has not made any investment, or provided any guarantee or security or granted any loans or advances in the nature of loans or stood guarantee, secured or unsecured, to company, firm, Limited Liability Partnerships or other party/entity during the year. Therefore, the provisions of Clause 3(iii)(a),(b),(c),(d),(e)&(f) of the Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. As per the information and explanation provided to us, the Company has not accepted any deposits or amount which are deemed to be deposit during the year. Further, we have not come across any such deposit(s) nor the management has reported any such deposit(s), therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable. Also, as per information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard. Therefore, the provision of clause 3(v) of the said order are not applicable to the company.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.

**INDEPENDENT AUDITOR'S REPORT**

- vii. In respect of statutory dues:
- a) In our opinion, the Company has generally been regular, though there has been delays in some cases, in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There are no arrears of outstanding undisputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues as referred to in sub-clause (a) above which have not been deposited on account of any dispute.
- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
- c) As per information and explanation provided to us, the term loans availed by the company were applied for the purpose for which the term loans were obtained.
- d) On an overall examination of the financial statements of the Company, funds raised on short- term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e) The Company does not have any subsidiaries, associates or joint ventures hence reporting on clause 3(ix)(e) and 3(ix)(f) of the Order are not applicable.
- x. a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Hence, reporting under clause (x)(b) of the order is not applicable.
- xi. a) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
- b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditor in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- c) As per the information and explanation given to us, no whistle blower complaints has been received by the Company during the year (and upto the date of this report). Therefore, reporting under clause (xi)(c) of the order is not applicable.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. As per the information and explanation given to us and on the basis of our examination of the records, transactions with related parties are in compliance with section 188 of Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

## APCOS NATURALS PRIVATE LIMITED (ANPL)

In our opinion and according to the information and explanation given to us, the Company being private limited company, provisions of section 177 of the Companies Act, 2013 is not applicable to the Company. Accordingly, Clause 3 (xiii) of the order to the extent it related to section 177 is not applicable to the Company.

- xiv. The company does not have any internal audit system. Hence, reporting under clause (xiv) of the order is not applicable.
- xv. As per the information and explanation given to us and on the basis of our examination of the records of the Company, the company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, Clause (xv) of para 3 of the Order is not applicable.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.  
  
(b) The Company does not have any subsidiaries, associates or joint ventures hence reporting on clause 3(xvi) (d) of the Order are not applicable.
- xvii. The Company has incurred cash losses during the financial year covered by our audit and the immediately preceding financial year of Rs 407.94 lacs and Rs.89.45 lacs respectively.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. Also, refer note no. 42(a) of financial statements for the year ended March 31, 2022. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. Provisions of Sec 135 of the Act is not applicable to company. Accordingly, Clause 3 (xx) of the Order is not applicable.

### **For S S KOTHARI MEHTA & COMPANY**

Chartered Accountants

Firm Registration Number: 000756N

#### **Harish Gupta**

Partner

Membership No. 098336

UDIN: 22098336AIJLUB9744

Place: New Delhi

Date: May 04th, 2022

# APCOS NATURALS PRIVATE LIMITED (ANPL)

## BALANCE SHEET

As at year ended March 31, 2022

(Amount in Rupees, except for share data and if otherwise stated)

(Amount in lakhs)

Particulars	Note	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	2	94.05	72.61	36.40
Right of use assets	3	127.51	150.10	197.77
Intangible assets	4	2.40	0.74	-
Deferred tax assets (net)	5	202.87	-	-
Other non-current assets	6	47.63	-	-
<b>Total non-current assets</b>		<b>474.46</b>	<b>223.45</b>	<b>234.17</b>
<b>Current assets</b>				
Inventories	7	327.97	121.05	69.14
Financial Assets				
(i) Trade receivables	8	533.05	158.28	133.86
(ii) Cash and cash equivalents	9	66.36	386.33	484.85
(iii) Bank balances other than cash & cash equivalents	10	506.41	256.00	106.00
(iv) Other Financial Assets	11	8.72	16.49	19.80
Current Tax Assets (Net)	12	8.52	1.92	0.23
Other current assets	13	115.43	21.74	60.93
<b>Total current assets</b>		<b>1,566.46</b>	<b>961.81</b>	<b>874.81</b>
<b>Total Assets</b>		<b>2,040.92</b>	<b>1,185.26</b>	<b>1,108.98</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital	14	1.62	5.61	5.61
Other Equity	15	926.78	580.33	744.49
<b>Total Equity</b>		<b>928.40</b>	<b>585.94</b>	<b>750.10</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Financial Liabilities				
(i) Borrowings	16	10.02	15.29	-
(ia) Lease Liabilities	17	96.91	114.89	158.60
Employee Benefit Obligations	18	39.33	19.06	1.24
<b>Total Non-current liabilities</b>		<b>146.26</b>	<b>149.24</b>	<b>159.84</b>
<b>Current liabilities</b>				
Financial Liabilities				
(i) Borrowings	16	187.13	83.70	3.97
(ia) Lease Liabilities	17	41.25	48.50	41.17
(ii) Trade payables	19			
Total outstanding dues of micro enterprises and small enterprises		70.06	23.23	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		546.17	259.33	123.84
(iii) Other financial liabilities	17	28.55	17.86	15.97
Other current liabilities	20	49.87	16.58	14.09
Provisions	21	20.00	-	-
Employee Benefit Obligations	18	23.23	0.88	-
<b>Total current liabilities</b>		<b>966.26</b>	<b>450.08</b>	<b>199.04</b>
<b>Total liabilities</b>		<b>1,112.52</b>	<b>599.32</b>	<b>358.88</b>
<b>Total equity and liabilities</b>		<b>2,040.92</b>	<b>1,185.26</b>	<b>1,108.98</b>

Summary of significant accounting policies

The accompanying notes are an integral part of these financial statements

1

**For S S Kothari Mehta & Company**

Firm Registration Number: 000756N

Chartered Accountants

**Harish Gupta**

Partner

Membership Number - 098336

Place: New Delhi

Date : 4th May, 2022

For and on behalf of the Board of Directors of

**APCOS Naturals Private Limited**

CIN: U74999PB2018PTC048652

**Arush Chopra**

Director

DIN: 08282394

Place: Mohali

Date : 4th May, 2022

**Megha Sabhlok**

Director

DIN: 08282396

Place: Mohali

Date : 4th May, 2022

# APCOS NATURALS PRIVATE LIMITED (ANPL)

## STATEMENT OF PROFIT & LOSS

for the period ended March 31, 2022

(Amount in Rupees, except for share data and if otherwise stated)

(Amount in lakhs)

Particulars	Note	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Revenue</b>			
Revenue from operations	22	3,506.23	1,725.70
Other Income	23	45.65	27.05
<b>Total Income</b>		<b>3,551.88</b>	<b>1,752.75</b>
<b>Expenses</b>			
Cost of material consumed	24	818.15	277.31
Changes in inventories of finished goods and work-in progress	25	(90.45)	(16.48)
Employee benefit expenses	26	429.36	210.06
Finance cost	27	22.39	25.58
Depreciation and amortisation expenses	28	71.47	64.97
Other expenses	29	3,001.21	1,345.75
<b>Total Expenses</b>		<b>4,252.13</b>	<b>1,907.19</b>
<b>Loss before tax</b>		<b>(700.25)</b>	<b>(154.44)</b>
Income Tax Expense			
Current Tax		-	-
Deferred Tax	5	199.33	-
<b>Total tax expense</b>		<b>199.33</b>	<b>-</b>
<b>Loss for the year</b>		<b>(500.92)</b>	<b>(154.44)</b>
<b>Other Comprehensive income</b>			
Other comprehensive income for the year		(13.61)	(9.22)
Deferred tax Impact on Other Comprehensive Income	5	3.54	-
<b>Total comprehensive income for the year</b>		<b>(510.99)</b>	<b>(163.66)</b>
<b>Earning per Equity share for (Nominal Value Rs. 10 per Share)</b>			
Basic Earning Per share		(0.04)	(0.02)
Diluted Earning Per share		(0.04)	(0.02)
<b>Summary of significant accounting policies</b>	1		
The accompanying notes are an integral part of these financial statements			

**For S S Kothari Mehta & Company**  
Firm Registration Number: 000756N  
Chartered Accountants

**Harish Gupta**  
Partner  
Membership Number - 098336  
Place: New Delhi  
Date : 4th May, 2022

For and on behalf of the Board of Directors of  
**APCOS Naturals Private Limited**  
CIN: U74999PB2018PTC048652

**Arush Chopra**  
Director  
DIN: 08282394  
Place: Mohali  
Date : 4th May, 2022

**Megha Sabhlok**  
Director  
DIN: 08282396  
Place: Mohali  
Date : 4th May, 2022

# APCOS NATURALS PRIVATE LIMITED (ANPL)

## STATEMENT OF CASH FLOW

For the year ended 31 March, 2022

(Amount in lakhs )

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Cash flows from operating activities</b>		
Profit for the year	(700.25)	(154.44)
<b>Adjustments for:</b>		
Depreciation/Amortization	71.47	64.97
Employee Benefit Obligations	29.05	5.45
Lease Equalisation Reserve Written Off	0.00	5.18
Goodwill Written Off	0.00	3.50
Interest Income	(20.84)	(7.98)
Lease Income	(14.43)	(19.07)
Finance Cost	19.65	23.93
<b>Operating Cash Flow before Working Capital Changes</b>	<b>(615.35)</b>	<b>(78.46)</b>
Adjustment for (increase)/decrease in operating assets:		
Inventories	(206.92)	(51.91)
Trade Receivables	(374.77)	(24.42)
Other Financial Assets	7.77	3.31
Other Current/Non-Current assets	(139.14)	46.14
Adjustment for increase/(decrease) in operating Liabilities:		
Trade Payables	333.67	158.72
Other current Liabilities	53.29	2.49
Other Financial Liabilities	10.69	1.89
<b>Cash generated from operations</b>	<b>(930.77)</b>	<b>(268.44)</b>
Taxes Paid (Net)	(6.60)	(1.69)
<b>Net Cash(Used in)/Generated from Operating Activities (A)</b>	<b>(937.37)</b>	<b>(270.13)</b>
<b>Cash flows from investing activities</b>		
Interest received	20.41	1.83
Bank Deposits (having original maturity of more than three months)	(250.41)	(150.00)
Purchase of property, plant and equipment	(40.64)	(47.72)
Payments for intangible assets	(1.92)	(0.76)
<b>Net cash (used in)/generated by investing activities</b>	<b>(272.56)</b>	<b>(196.65)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	0.15	0.00
Proceeds from securities premium	853.30	0.00
Proceeds/(Repayment) of Borrowings- Credit Cards	3.95	0.15
Proceeds/(Repayment) of Borrowings-Term Loan(Net)	(4.69)	19.98
Proceeds/(Repayment) of Borrowings- Cash Credit (Net)	98.88	74.89
Proceeds/(Repayment) of Lease liabilities	(56.29)	(48.19)
Interest paid	(5.34)	(4.81)
<b>Net cash used in financing activities</b>	<b>889.96</b>	<b>42.03</b>
<b>Net increase in cash and cash equivalents</b>	<b>(319.96)</b>	<b>(424.75)</b>
Cash and cash equivalents at the beginning of the year	60.10	484.85
<b>Cash and cash equivalents at the end of the year (Refer Note No. 9)</b>	<b>(259.86)</b>	<b>60.10</b>

Summary of significant accounting policies

The accompanying notes are an integral part of these financial statements

1

**For S S Kothari Mehta & Company**

Firm Registration Number: 000756N  
Chartered Accountants

**Harish Gupta**

Partner  
Membership Number - 098336  
Place: New Delhi  
Date : 4th May, 2022

**For and on behalf of the Board of Directors of**

APCOS Naturals Private Limited  
CIN: U74999PB2018PTC048652

**Arush Chopra**

Director  
DIN: 08282394  
Place: Mohali  
Date : 4th May, 2022

**Megha Sabhlok**

Director  
DIN: 08282396  
Place: Mohali  
Date : 4th May, 2022



## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March, 2022

Particulars	Total					
<b>As at 1st April 2020</b>	1.00					
Change in Equity share capital due to prior period error						
<b>Restated balance at the beginning of the current reporting</b>	<b>1.00</b>					
Changes in equity share capital	-					
<b>As at 31st March 2021</b>	<b>1.00</b>					
Change in Equity share capital due to prior period error						
<b>Restated balance at the beginning of the current reporting</b>	<b>1.00</b>					
Changes in equity share capital	0.61					
<b>As at 31st March 2022</b>	<b>1.62</b>					
<b>B. Other Equity</b>						
		Particulars	Notes	Attributable to owners Reserves and surplus	Capital Reserve	Total other equity
				Retained earnings	0.50	744.49
				(284.04)	-	-
<b>Balance as at 1st April, 2020</b>				<b>(284.04)</b>	<b>0.50</b>	<b>744.49</b>
Change in Accounting Policy or Prior period errors				(154.44)	-	(154.44)
<b>Restated balance at beginning of Previous period</b>			15	<b>(438.48)</b>	-	<b>(154.44)</b>
Profit for the year				(9.22)	-	(9.22)
Other comprehensive income for the year				(163.66)	0.50	864.87
<b>Total comprehensive income for the year</b>			15	<b>(172.88)</b>	<b>(0.50)</b>	<b>(0.50)</b>
Changes during the year				-	-	-
<b>Balance as at 31st March, 2021</b>				<b>(447.70)</b>	-	<b>580.33</b>
<b>Balance as at 1st April, 2021</b>				<b>(447.70)</b>	-	<b>580.33</b>
Change in Accounting Policy or Prior period errors				-	-	-
<b>Restated balance at beginning of Previous period</b>				<b>(447.70)</b>	-	<b>580.33</b>
Profit for the year				(500.92)	-	(500.92)
Other comprehensive income for the year			15	(10.07)	-	(10.07)
<b>Total comprehensive income for the year</b>			15	<b>(510.99)</b>	-	<b>(510.99)</b>
Changes During the year				-	-	-
<b>Balance as at 31st March, 2022</b>				<b>(958.69)</b>	-	<b>857.44</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

### Nature and purpose of reserves

#### Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

#### 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.

## NOTES

### To The Financial Statements For The Year Ended 31st March, 2022

#### Background and operations

Apcos Natural Private Limited was incorporated on 18 November 2018 under the Companies Act, 2013. The Company is carrying business of manufacturers, processors, producers, researchers and dealers in Herbal Beauty, skin care and ayurvedic healthcare and cosmetics products.

#### Note 1: Significant accounting policies:

This note provides a list of the significant accounting policies adopted in preparation of these financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements of the Company for the year ended 31st March, 2022 were approved for issue in accordance with the resolution of the Board of Directors on 04th May, 2022.

#### 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 (the Act) read with rule 4 of the Companies (Indian Accounting standards) Rules, 2015 and other relevant provisions of the Act.

##### ii. Historical cost convention:

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial instruments (including derivative instruments) and contingent consideration that are measured at fair value ;
- assets held for sale measured at lower of cost or fair value less cost to sell;
- defined benefit plan assets / liabilities measured at fair value; and
- share-based payments liability measured at fair value

##### iii. Current versus non-current classification:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time taken between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current.

#### b) Segment Reporting:

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The Managing Director & CEO is designated as CODM.

#### c) Foreign currency transactions:

##### 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 Apcos Naturals Private Limited.

##### ii. Transactions & Balances:

Foreign currency transactions are translated into the functional currency at the exchange rates on the date of transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from

## Notes to the financial statement for the year ended 31st March 2022

translation of monetary assets and liabilities at the year-end exchange rates are generally recognized in the Statement of 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.

### d) Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, goods and service taxes and amounts collected on behalf of third parties.

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. Sale of goods:

##### Timing of recognition:

Sale of goods is recognized when control of the goods has transferred to the customers, depending on individual terms i.e. at the time of dispatch, delivery or formal customer acceptance depending on agreed terms.

**Measurement of revenue:** Accumulated experience is used to estimate and provide for discounts, rebates, incentives & subsidies. No element of financing is deemed present as the sales are made with credit terms, which is consistent with market practice.

#### ii. Sale of services:

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations

### e) Income recognition:

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and applicable interest rate.

### f) 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.

## Notes to the financial statement for the year ended 31st March 2022

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.

### g) Property, plant and equipment:

Property, plant and equipment is recognised 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 stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any

Freehold land is carried at historical cost. All other 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 Property Plant and Equipments 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 the cost of Property, Plant and Equipment, net of 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:

Assets	Useful life (years)
Motor vehicle – motor car, bus and lorries, motor cycle, scooter	8
Office equipment – mobile and communication tools	2.5-5
Furniture and Fixture	5-10
Computer – Server network	1.5-3
Plant & equipment - Moulds	5-10
Leasehold land	Lease period
Right to Use Asset	Lease period

Apart from the above, the useful lives of other class of assets are in line with that prescribed in the Schedule II to the Companies Act, 2013.

## Notes to the financial statement for the year ended 31st March 2022

Fixtures in leasehold premises are amortized over the primary period of the lease or useful life of the fixtures whichever is lower.

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.

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 income.

### h) Intangible Assets:

#### i. Intangible assets with finite useful life:

Intangible assets with finite useful life are stated at cost of acquisition, less accumulated 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:

Particulars	Useful life (In years)
Computer Software	3

### i) Lease:

#### As a lessee

The Company's lease asset classes primarily consist of leases for Land and Buildings and Plant & Equipment. The Company assesses whether a contract is or contains a lease, at inception of a 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- i) the contract involves the use of an identified asset
- ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

## Notes to the financial statement for the year ended 31st March 2022

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### j) Investment & financial assets:

#### i. Classification:

The Company classifies its financial assets in the following measurement categories:

o those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

o those measured at amortised cost.

Classification of debt assets will be driven by the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

#### ii. Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

### 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 cashflows & 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 the Statement of Profit and Loss. When the

## Notes to the financial statement for the year ended 31st March 2022

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:** 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.

### Equity instruments

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

#### iii. Impairment of financial assets:

The Company assesses if there is any significant increase in credit risk pertaining to the assets and accordingly creates 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
- the Company 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.

#### k) Inventories:

Raw materials, packing materials, stores and spares are valued at lower of cost and net realizable value.

Work-in-progress, finished goods and stock-in-trade (traded goods) are valued at lower of cost and net realizable value.

By-products and unserviceable / damaged finished goods are valued at estimated net realizable value.

Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Cost is assigned on the basis of FIFO method. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

**Notes to the financial statement for the year ended 31st March 2022****l) Trade Receivables:**

Trade receivables are recognised initially at fair value and subsequently measured at cost less provision made for doubtful receivables as per expected credit loss method over the life of the asset depending on the customer ageing, customer category, specific credit circumstances and the historical experience of the Company.

**m) 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.

**n) Borrowings:**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**o) Borrowing Cost:**

General and specific borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**p) Employee Benefits:****i. Short term obligations:**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**ii. Defined contribution plan:****Provident fund:**

The company makes contribution in Provident fund according to 'The Employee Provident Fund and Miscellaneous Provision Act, 1952.



## Notes to the financial statement for the year ended 31st March 2022

### iii. Defined benefit plan:

#### a) Gratuity:

Liabilities with regard to the gratuity benefits payable in future are determined by actuarial valuation at each Balance Sheet date using the Projected Unit Credit method and contributed to Employees Gratuity Fund. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in other comprehensive income and shall not be reclassified to the Statement of Profit and Loss in a subsequent period.

#### b) Leave encashment / Compensated absences:

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each Balance Sheet date on the basis of an independent actuarial valuation and classified as long term and short term. Actuarial gains and losses arising from changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

### q) 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.

### r) Commitments:

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- (i) estimated amount of contracts remaining to be executed on capital account and not provided for;
- (ii) uncalled liability on shares and other investments partly paid;
- (iii) funding related commitment to subsidiary, associate and joint venture companies; and
- (iv) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

## Notes to the financial statement for the year ended 31st March 2022

### s) 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 net of outstanding bank overdraft.

### t) 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 group of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### u) Exceptional items:

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed as such in the financial statements.

### v) Earnings Per Share:

i. Basic earnings per share: Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- 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.

### w) 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.

### x) Recent Indian Accounting Standards (Ind AS):

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2022.

MCA issued notifications dated 24th March, 2022 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1st April, 2022.

**Notes to the financial statement for the year ended 31st March 2022****y) Critical Estimates:**

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 and associated assumptions are based on historical experience and management's best knowledge of current events and actions the Company may take in future.

Information about critical estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are included in the following notes:

- (a) Estimation of defined benefit obligations.
- (b) Estimation of provisions and contingencies.
- (c) Recognition of deferred tax assets including MAT credit.
- (d) Lease Accounting

Notes to the financial statement for the year ended 31st March 2022

2 Property, plant and equipment

(Amount in lakhs)

Particulars	Computers	Plant and equipment	Furniture and fixtures	Office equipment	Vehicle	Total
<b>Year ended March 31, 2022</b>						
Gross carrying amount						
Opening gross carrying amount	10.83	27.49	26.35	12.55	23.28	100.50
Additions	13.10	14.03	4.95	8.56	-	40.64
<b>Closing gross carrying amount</b>	<b>23.93</b>	<b>41.52</b>	<b>31.30</b>	<b>21.11</b>	<b>23.28</b>	<b>141.14</b>
Accumulated depreciation						
Opening accumulated depreciation	4.30	6.96	8.76	6.09	1.78	27.89
Depreciation charge during the year	3.33	3.47	7.11	2.53	2.76	19.20
<b>Closing accumulated depreciation</b>	<b>7.63</b>	<b>10.43</b>	<b>15.87</b>	<b>8.62</b>	<b>4.54</b>	<b>47.09</b>
<b>Net carrying amount</b>	<b>16.30</b>	<b>31.09</b>	<b>15.43</b>	<b>12.49</b>	<b>18.74</b>	<b>94.05</b>
Particulars	Computers	Plant and equipment	Furniture and fixtures	Office equipment	Vehicle	Total
<b>Year ended March 31, 2021</b>						
Gross carrying amount						
Opening gross carrying amount	4.87	16.36	23.74	7.81	-	52.78
Additions	5.96	11.13	2.61	4.74	23.28	47.72
<b>Closing gross carrying amount</b>	<b>10.83</b>	<b>27.49</b>	<b>26.35</b>	<b>12.55</b>	<b>23.28</b>	<b>100.50</b>
Accumulated depreciation						
Opening accumulated depreciation	1.92	4.46	6.19	3.81	-	16.38
Depreciation charge during the year	2.38	2.50	2.57	2.28	1.78	11.51
<b>Closing accumulated depreciation</b>	<b>4.30</b>	<b>6.96</b>	<b>8.76</b>	<b>6.09</b>	<b>1.78</b>	<b>27.89</b>
<b>Net carrying amount</b>	<b>6.53</b>	<b>20.53</b>	<b>17.59</b>	<b>6.46</b>	<b>21.50</b>	<b>72.61</b>
Particulars	Computers	Plant and equipment	Furniture and fixtures	Office equipment	Vehicle	Total
<b>As at April 1st, 2020</b>						
Gross carrying amount						
Opening gross carrying amount	0.00	0.00	0.00	0.00	0.00	0.00
Additions	4.87	16.36	23.74	7.81	0.00	52.78
<b>Closing gross carrying amount</b>	<b>4.87</b>	<b>16.36</b>	<b>23.74</b>	<b>7.81</b>	<b>0.00</b>	<b>52.78</b>
Accumulated depreciation						
Opening accumulated depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation charge during the year	1.92	4.46	6.19	3.81	0.00	16.38
<b>Closing accumulated depreciation</b>	<b>1.92</b>	<b>4.46</b>	<b>6.19</b>	<b>3.81</b>	<b>0.00</b>	<b>16.38</b>
<b>Net carrying amount</b>	<b>2.95</b>	<b>11.90</b>	<b>17.55</b>	<b>4.00</b>	<b>0.00</b>	<b>36.40</b>

## Notes to the financial statement for the year ended 31st March 2022

## 3 Right-of-use assets

(Amount in lakhs)

Particulars	Buildings	Total
<b>Year ended March 31, 2022</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount	200.41	200.41
Additions	97.57	97.57
Disposals / write off	112.81	112.81
Adjustments	-	-
<b>Closing gross carrying amount</b>	<b>185.17</b>	<b>185.17</b>
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	50.31	50.31
Depreciation charged during the year	52.01	52.01
Disposals / write off	44.66	44.66
<b>Closing accumulated depreciation</b>	<b>57.66</b>	<b>57.66</b>
<b>Net carrying amount</b>	<b>127.51</b>	<b>127.51</b>

Particulars	Buildings	Total
<b>Year ended March 31, 2021</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount	197.77	197.77
Additions	14.39	14.39
Disposals / write off	11.75	11.75
<b>Closing gross carrying amount</b>	<b>200.41</b>	<b>200.41</b>
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	-	-
Depreciation charged during the year	53.44	53.44
Disposals / write off	3.13	3.13
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>150.10</b>	<b>150.10</b>

Particulars	Buildings	Total
<b>Year ended March 31, 2020</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount	-	-
Additions	197.77	197.77
Disposals / write off	-	-
<b>Closing gross carrying amount</b>	<b>197.77</b>	<b>197.77</b>
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	-	-
Depreciation charged during the year	-	-
Disposals / write off	-	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>-</b>
<b>Net carrying amount</b>	<b>197.77</b>	<b>197.77</b>

Notes to the financial statement for the year ended 31st March 2022

4 Intangible Assets

(Amount in lakhs)

Particulars	Computer software	Total
<b>Year ended March 31, 2022</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount	0.76	0.76
Additions	1.92	1.92
Deletions	-	-
<b>Closing gross carrying amount</b>	<b>2.68</b>	<b>2.68</b>
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	0.02	0.02
Amortisation charged for the year	0.26	0.26
<b>Closing accumulated amortisation</b>	<b>0.28</b>	<b>0.28</b>
<b>Closing net carrying amount</b>	<b>2.40</b>	<b>2.40</b>

Particulars	Computer software	Total
<b>Year ended March 31, 2021</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount	-	-
Additions	0.76	0.76
Deletions	-	-
<b>Closing gross carrying amount</b>	<b>0.76</b>	<b>0.76</b>
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	-	-
Amortisation charged for the year	0.02	0.02
<b>Closing accumulated amortisation</b>	<b>0.02</b>	<b>0.02</b>
<b>Closing net carrying amount</b>	<b>0.74</b>	<b>0.74</b>

Particulars	Computer software	Total
<b>Year ended March 31, 2020</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount	-	-
Additions	-	-
Deletions	-	-
<b>Closing gross carrying amount</b>	<b>-</b>	<b>-</b>
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	-	-
Amortisation charged for the year	-	-
<b>Closing accumulated amortisation</b>	<b>-</b>	<b>-</b>
<b>Closing net carrying amount</b>	<b>-</b>	<b>-</b>

**Notes to the financial statement for the year ended 31st March 2022**

**5 Deferred Tax Asset/ (Liabilities)**

The balance comprises temporary differences attributable to :

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
<b>Deferred tax assets :</b>			
Additional depreciation/amortisation on property plant and equipment, for tax purposes due to lower tax depreciation rates.	2.24	-	-
Liabilities / provisions that are deducted for tax purposes when paid	21.47	-	-
Lease assets	3.22	-	-
Provision for doubtful debts/ loans/ advances that are deducted for tax purposes when written off	5.18	-	-
Unabsorbed Business Losses	<b>170.76</b>	-	-
<b>Total deferred tax assets</b>	<b>202.87</b>	-	-

**Note 1:-**

Effective Tax Reconciliation

(Amount in lakhs)

Particular	Base Amount	Tax Amount
<b>Loss before tax</b>	(700.25)	(182.07)
Tax @26%		
Add :- Expenses not allowed under income Tax		
Interest on TDS	1.33	0.35
Late deposit of Employee Share of ESI and EPF	5.69	1.48
Tax as per income tax calculated above	(693.23)	(180.24)
<b>Other differences</b>		
<b>Opening permanent Difference</b>		<b>(22.63)</b>
Tax as per income tax calculated above		(202.87)
Tax As per Financial Statements		
Current Tax		
Deferred Tax		(202.87)
Difference		0.00

**6 Other Non current Assets**

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Capital Advances	47.63	-	-
<b>Total</b>	<b>47.63</b>	-	-

**7 Inventories**

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Raw materials	82.52	34.45	15.68
Packing materials	129.03	60.63	43.97
Work-in-progress	18.33	10.14	6.65
Finished goods			
- In stock	94.09	15.83	2.84
- In transit	4.00	-	-
<b>Total</b>	<b>327.97</b>	<b>121.05</b>	<b>69.14</b>

Notes to the financial statement for the year ended 31st March 2022

8 Trade Receivables

As on 31st March 2022

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Trade receivables	5 52.97	1 59.63	1 42.96
Less: Allowance for doubtful debts	(19.92)	(1.35)	(9.10)
	5 33.05	1 58.28	1 33.86
<b>Total</b>	<b>5 33.05</b>	<b>1 58.28</b>	<b>1 33.86</b>
Current Portion	5 33.05	1 58.28	1 34.00
Non-Current Portion	-	-	-
Total	5 33.05	1 58.28	1 33.86

As on 31st March 2022

(Amount in lakhs)

Particulars	Outstanding as on 31st March, 2022 from due date of payment					Total
	<6 Months	6 Months - 1 Year	1-2 Year	2-3 years	>3 Years	
1 Undisputed Trade Receivables - Considered good	532.98	0.07	-	-	-	533.05
2 Undisputed Trade Receivables - which have significant increase in credit risk	-	-	19.92	-	-	19.92
3 Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-
4 Disputed Trade Receivable - Considered good	-	-	-	-	-	-
5 Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
6 Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-
Total	532.98	0.07	19.92	-	-	552.97

As on 31st March 2021

(Amount in lakhs)

Particulars	Outstanding as on 31st March, 2022 from due date of payment					Total
	<6 Months	6 Months - 1 Year	1-2 Year	2-3 years	>3 Years	
1 Undisputed Trade Receivables - Considered good	145.97	0.29	12.02	-	-	158.28
2 Undisputed Trade Receivables - which have significant increase in credit risk	-	1.35	-	-	-	1.35
3 Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-
4 Disputed Trade Receivable - Considered good	-	-	-	-	-	-
5 Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
6 Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-
Total	145.97	1.64	12.02	-	-	159.63



**Notes to the financial statement for the year ended 31st March 2022**

As on 31st March 2020

(Amount in lakhs)

Particulars	Outstanding as on 31st March, 2022 from due date of payment					
	<6 Months	6 Months - 1 Year	1-2 Year	2-3 years	>3 Years	Total
1 Undisputed Trade Receivables - Considered good	132.51	1.09	0.26	-	-	133.86
2 Undisputed Trade Receivables - which have significant increase in credit risk	-	9.10	-	-	-	9.10
3 Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-
4 Disputed Trade Receivable - Considered good	-	-	-	-	-	-
5 Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
6 Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-
<b>Total</b>	<b>132.51</b>	<b>10.19</b>	<b>0.26</b>	<b>-</b>	<b>-</b>	<b>142.96</b>

**9 Cash and Cash Equivalents**

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Bank balances in current accounts	65.77	385.40	483.90
Deposits with original maturity of less than three months	-	-	-
Cash on hand	<b>0.59</b>	<b>0.93</b>	<b>0.95</b>
<b>Total</b>	<b>66.36</b>	<b>386.33</b>	<b>484.85</b>

**10 Bank balances other than cash and cash equivalents**

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Fixed deposits with maturity more than 3 months but less than 12 months	506.41	256.00	106.00
<b>Total</b>	<b>506.41</b>	<b>256.00</b>	<b>106.00</b>

**11 Other Financial Assets**

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Security Deposits-Considered Good	8.29	10.34	17.77
Interest Accrued on Fixed deposit	0.43	6.15	2.03
<b>Total</b>	<b>8.52</b>	<b>16.49</b>	<b>19.80</b>

**12 Current Tax Assets (Net)**

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Tax Refundable	8.52	1.92	0.23
<b>Total</b>	<b>8.52</b>	<b>1.92</b>	<b>0.23</b>

Notes to the financial statement for the year ended 31st March 2022

13 Other Current Assets

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Advances to vendors	64.77	6.88	20.67
Prepaid expenses	3.68	-	-
Input tax credit receivable	46.98	14.86	40.26
<b>Total</b>	<b>115.43</b>	<b>21.74</b>	<b>60.93</b>

Shares held by Promoters at the year ended at March 31, 2022

Sr. No.	Promoter Name	As at March 31st, 2022			As at March 31st, 2021			As at April 1st, 2020	
		No. of shares	% of total share	% change during year	No. of shares	% of total share	% change during year	No. of shares	% of total share
1	Arush Chopra	3,462	21%	23%	4,500	45%	0%	4,500	45%
2	Megha Sabhlok	3,462	21%	23%	4,500	45%	0%	4,500	45%
	<b>Total</b>	<b>6,924</b>	<b>43%</b>	<b>23%</b>	<b>9,000</b>	<b>90%</b>	<b>0%</b>	<b>9,000</b>	<b>90%</b>

14 Equity Share Capital

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
<b>Authorised share capital</b>			
<b>As at 31st March, 2022</b>			
30000, (previous year 30,000) Equity shares of Re. 10/- each	3.00	3.00	3.00
7000, (previous year 7000) Compulsorily Convertible Preference shares of Rs. 100/- each	7.00	7.00	7.00
<b>Total</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>

**Issued, subscribed and paid-up as at March 31, 2022**

Equity shares of Rs. 10 each	16,156	1.62
<b>Total</b>	<b>16,156</b>	<b>1.62</b>

**Issued, subscribed and paid-up as at March 31, 2021**

Equity shares of Rs. 10 each	10,010	1.00
Preference Share Capital of Rs. 100 each	4,607	4.61
<b>Total</b>	<b>14,617</b>	<b>5.61</b>

**Issued, subscribed and paid-up as at April 1, 2020**

Equity shares of Rs. 10 each	10,010	1.00
Preference Share Capital of Rs. 100 each	4,607	4.61
<b>Total</b>	<b>14,617</b>	<b>5.61</b>

(i) Rights, preferences and restrictions attached to equity shares

The Company has issued only one class of ordinary shares having a par value of Rs.10 per share. Each shareholder of ordinary shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of ordinary shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of ordinary shares held by the shareholders.

## Notes to the financial statement for the year ended 31st March 2022

### Rights, preferences and restrictions attached to preference shares

The Company has issued only one class of compulsorily convertible preference shares having a par value of Rs. 100 per share. Each Seed CCPS shall have such number of votes as is equivalent to the number of equity shares into which such Seed CCPS wishes to exercise voting rights. Seed Compulsorily Convertible Preference Shares ("Seed CCPS") shall be entitled to a preferential non-cumulative dividend equal to 0.0001% per annum, subject to dividends being declared by the Board. In the event of liquidation of the Company, each holder of the Liquidity Preference (LP) shares shall be entitled to receive, on account of its LP shares prior to and in preference to any distribution of the proceeds of the Liquidity Event to the holders of Non-LP shares by reason of their ownership thereof, the higher of: (i) an amount per LP share equal to the applicable Subscription Price of the relevant LP Share or (ii) the amount per LP share as would have been payable had the proceeds of the Liquidity Event been distributed pro-rata to such holder's shareholding in the Company immediately prior to the occurrence of such Liquidity Event. For calculating Liquidation Preference, the Subscription Price of a CCPS shall be appropriately adjusted on a proportionate basis for stock/share splits and consolidations, stock dividends/bonus shares, recapitalizations and other similar occurrences.

Terms of Seed Compulsorily Convertible Preference Shares ("Seed CCPS"):

The Seed CCPS shall be convertible into equity shares upon the first to occur of the following events:

- (A) automatically, one day prior to the nineteenth anniversary from the date of issuance of the Seed CCPS; or
- (B) upon written request to the Company by a holder of Seed CCPS.

(ii) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares of Re. 10/- each fully paid-up				
Arush Chopra	3,462	21%	4,500	45%
Megha Sablok	3,462	21%	4,500	45%
Neena Chopra	769	5%	1,000	10%
Marico Ltd.	8,463	52%	-	-
Roots Ventures- I (Through its trustees Vistra ITCL (India) Limited)	-	-	-	-
Preference shares of Rs.10 each fully paid up held by (Refer Note (a) Below)	-	-	-	-
Root Venture	-	-	2,672	58%
Chirag Mansukhbhai Partner of Pan Capital Investments	-	-	447	10%
MSA Investment & Trading Company Pvt Ltd	-	-	358	8%
Sachit Passi	-	-	358	8%
Unique Lifestyle Pvt Ltd	-	-	224	5%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

## Notes to the financial statement for the year ended 31st March 2022

**Note (a)-** The Equity Share Holders and Preference Shareholders transferred their share holdings to Marico Ltd by virtue of Share Purchase Agreement on 14.07.2022 and thereafter the Preference Shares has been converted into the Equity Shares. Further Company has issued 1539 fresh Right issue to Marico Ltd at face value of Rs. 10/- and premium of Rs. 64, 983/-By Virtue of this transfer and fresh issue , Marico Ltd has become Holding company with 52% of Share holding.

(iii) The Company has not allotted any equity shares as fully paid up by the way of bonus shares or other than consideration in cash in the last 5 years.

### 15 Other Equity

#### Reserves and Surplus

(Amount in lakhs)

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Securities premium	1,885.47	1,028.03	1,028.03
Retained earnings	(958.69)	(447.70)	(284.04)
Capital Reserve	-	-	0.50
<b>Total</b>	<b>926.78</b>	<b>580.33</b>	<b>744.49</b>

#### (i) Securities premium

(Amount in lakhs)

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Opening balance	1,028.03	1,028.03	-
Add: Changes during the year	1,004.23	-	1,028.03
Less:- share issue expenses	146.79	-	-
<b>Closing balance</b>	<b>1,885.47</b>	<b>1,028.03</b>	<b>1,028.03</b>

#### (ii) Retained earnings

(Amount in lakhs)

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Opening balance	(447.70)	(284.04)	(0.66)
Net Profit/Loss during the period	(500.92)	(154.44)	(283.38)
Add: Adjustments for remeasurements of post employment benefits obligations	(10.07)	(9.22)	-
<b>Closing balance</b>	<b>(958.69)</b>	<b>(447.70)</b>	<b>(284.04)</b>

#### (iii) Capital Reserve

(Amount in lakhs)

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Opening balance	-	0.50	-
Add/(Less): Changes during the year	-	-0.50	0.50
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>0.50</b>

Notes to the financial statement for the year ended 31st March 2022

16 Non-Current Borrowings

(Amount in lakhs)

Particulars	Maturity Date	Terms of repayment	Coupon / Interest rate	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
<b>Secured</b>						
Term Loan						
From Banks	20-05-2023	The Loan is repayable over a period of 3 year commencing from 20th June, 2020 on monthly basis	11.75%	2.13	3.76	-
<b>From Financial Institution</b>	10-08-2025	The Loan is repayable over a period of 5 year commencing from 10th September, 2020 on monthly basis	9.26%	<b>13.16</b>	<b>16.22</b>	-
<b>Sub Total</b>				<b>15.29</b>	<b>19.98</b>	-
Less: Current Maturities of long-term debt				5.27	4.69	-
<b>Total</b>				<b>10.02</b>	<b>15.29</b>	-

Current Borrowings

(Amount in lakhs)

Particulars	Maturity Date	Terms of repayment	Coupon / Interest rate	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
<b>Current Maturities of long-term debt (Secured)</b>						
From banks	20-05-2023	The Loan is repayable over a period of 3 year commencing from 20th June, 2020 on monthly basis	11.75%	1.83	1.63	-
Cash Credit	N/A	on Demand	9% link to one year MCLR	173.95	75.06	0.17
From Financial Institution	10-08-2025	The Loan is repayable over a period of 5 year commencing from 10th September, 2020 on monthly basis	9.26%	3.44	3.06	-
Credit card payable				7.91	3.95	3.80
<b>Total</b>				<b>187.13</b>	<b>83.70</b>	<b>3.97</b>

17 Other Financial Liabilities

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
<b>Non-current</b>			
Lease Liabilities	96.91	114.89	158.60
<b>Total</b>	<b>96.91</b>	<b>114.89</b>	<b>158.60</b>
<b>Current</b>			
Salaries, bonus and other benefits payable to employees	28.55	17.86	15.97
Lease Liabilities	41.25	48.50	41.17
<b>Total</b>	<b>69.80</b>	<b>66.36</b>	<b>57.14</b>

Notes to the financial statement for the year ended 31st March 2022

18 Employee Benefit obligation Current

(Amount in lakhs)

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Gratuity	2.20	0.88	0.00
Leave Encashment	21.03	0.00	0.00
<b>Total</b>	<b>23.23</b>	<b>0.88</b>	<b>0.00</b>

Employee Benefit obligation Non- current

(Amount in lakhs)

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Gratuity	39.33	19.06	1.24
<b>Total</b>	<b>39.33</b>	<b>19.06</b>	<b>1.24</b>

(i) Gratuity

(a) Defined contribution plans

During the year the Company has recognized the following amounts in the Statement of Profit and Loss:-

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Employers contribution to provident fund	18.19	9.92	8.90
Employers contribution to ESIC	2.88	1.88	2.17
<b>Total</b>	<b>21.07</b>	<b>11.80</b>	<b>11.07</b>

(b) Defined benefit plan

The present value obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes:

(c) Other Short Term benefits

A. Actuarial assumptions

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Discount rate (per annum)	6.96%	6.81%	6.23%
Expected rate of increase in compensation levels (per annum)	20%	10%	5%
Retirement age (years)	58	58	58
<b>Mortality table</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

B. Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Opening present value of obligation	19.91	1.24	-
Interest cost	1.08	0.08	-
Current service cost	6.93	5.37	1.24
Gratuity liability from Business Acquisition	-	4.00	-
Past Service Cost	-	-	-
Benefits paid	-	-	-
Actuarial loss/ (gain) on obligation	13.61	9.22	-
<b>Closing present value of obligation</b>	<b>41.53</b>	<b>19.91</b>	<b>1.24</b>

**Notes to the financial statement for the year ended 31st March 2022**

**C. Expense recognized in the Statement of Profit and Loss** (Amount in lakhs)

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Current service cost	6.93	5.37	1.24
Past Service Cost		-	
Interest cost	1.08	0.08	-
<b>Expense recognized in the Statement of Profit and Loss</b>	<b>8.01</b>	<b>5.45</b>	<b>1.24</b>
Net actuarial loss/(gain) to be recognized in OCI	13.61	9.22	-
<b>Expense recognized in the Statement of Profit and Loss</b>	<b>21.62</b>	<b>14.67</b>	<b>1.24</b>

**D. Reconciliation of present value of defined benefit obligation and fair value of assets**

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Present value of defined benefit obligation	41.53	19.91	1.24
Fair value of plan assets		-	0.00
<b>Net funded status</b>	<b>41.53</b>	<b>19.91</b>	<b>1.24</b>
<b>Recognized under:</b>			
Long term provision	39.33	19.06	1.24
Short term provision	2.20	0.86	0.00

**E. Net assets / liability and actuarial experience gain / (loss) for present benefit obligation ('PBO') and plan assets on gratuity**

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
PBO	41.53	19.91	1.24
Plan assets		-	-
Net assets/(liability)	-41.53	-19.91	-1.24
Experience (gain)/loss on PBO	13.61	9.22	-
Experience (gain)/loss on plan assets		-	-

**F. Employer's best estimate for payment during next year**

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Gratuity	16.01	-	

**(ii) Provident fund**

The company has made contribution in Provident fund according to 'The Employee Provident Fund and Miscellaneous Provision Act, 1952.

**(iii) Leave Encashment/ compensated absences**

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each Balance Sheet date on the basis of an independent actuarial valuation. Current leave obligations expected to be settled within the next 12 months.

**Notes to the financial statement for the year ended 31st March 2022**

**19 Trade Payables**

(Amount in lakhs )

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
<b>Current</b>			
Trade payables:			
Total outstanding dues of micro enterprises and small enterprises	70.06	23.23	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	546.17	259.33	123.84
Dues to related parties			
<b>Total</b>	<b>616.23</b>	<b>282.56</b>	<b>123.84</b>

**Note 1**

The Company has certain 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:

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
I . The Principal amount remaining unpaid to any supplier as at the end of accounting year included in trade payable	70.06	23.23	-
II. Interest due thereon	-	-	-
Trade Payables due to micro and small enterprises	70.06	23.23	-
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>	<b>70.06</b>	<b>23.23</b>	<b>-</b>

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.



Notes to the financial statement for the year ended 31st March 2022

Note 2

As on 31st March, 2022

(Amount in Lakhs)

Sr. No	Particulars	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 year	
1	MSME (undisputed)	70.06	-	-	-	70.06
2	Others (Undisputed)	545.91	0.26	-	-	546.17
3	Disputed dues MSME	-	-	-	-	-
4	Disputed dues others	-	-	-	-	-
	<b>Total</b>	<b>615.97</b>	<b>0.26</b>	<b>-</b>	<b>-</b>	<b>616.23</b>

As on 31st March, 2021

(Amount in Lakhs)

Sr. No	Particulars	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 year	
1	MSME (undisputed)	23.23	-	-	-	23.23
2	Others (Undisputed)	259.22	0.11	-	-	259.33
3	Disputed dues MSME	-	-	-	-	-
4	Disputed dues others	-	-	-	-	-
	<b>Total</b>	<b>282.45</b>	<b>0.11</b>	<b>-</b>	<b>-</b>	<b>282.56</b>

As on 31st March, 2020

(Amount in Lakhs)

Sr. No	Particulars	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 year	
1	MSME (undisputed)	-	-	-	-	-
2	Others (Undisputed)	123.84	-	-	-	123.84
3	Disputed dues MSME	-	-	-	-	-
4	Disputed dues others	-	-	-	-	-
	<b>Total</b>	<b>123.84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123.84</b>

20 Other current liabilities

(Amount in lakhs)

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Advance from customers	20.26	8.14	3.26
Statutory Dues	29.61	8.44	10.83
<b>Total</b>	<b>49.87</b>	<b>16.58</b>	<b>14.09</b>

21 Provisions

(Amount in lakhs)

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Provision for sale return	20.00	-	-
<b>Total</b>	<b>20.00</b>	<b>-</b>	<b>-</b>

**Notes to the financial statement for the year ended 31st March 2022**

**22 Revenue from Operations** (Amount in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Sale of products	3,506.23	1,725.70
<b>Total Revenue</b>	<b>3,506.23</b>	<b>1,725.70</b>

**Details of sales** (Amount in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Hair Care	531.55	270.42
Skin Care	806.02	635.12
Body Care	123.32	54.86
Make -up	2,034.78	756.39
Other	10.56	8.91
<b>Total</b>	<b>3,506.23</b>	<b>1,725.70</b>

**Reconciliation of Revenue from sale of products with the contracted price** (Amount in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Contracted Price	3,764.80	1,734.32
Less: Discounts	284.56	18.81
Add: Shipping outward	25.99	10.19
<b>Sale of Products</b>	<b>3,506.23</b>	<b>1,725.70</b>

**23 Other Income** (Amount in lakhs)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Other income</b>		
Interest income from financial assets at amortised cost	20.84	7.98
Liabilities Written Back	1.77	-
GST Refund	8.61	-
<b>Lease Income</b>		
- Rental Concession	4.53	17.17
- Interest Income	0.90	1.90
- Gain on Lease cancellation	9.00	-
<b>Total</b>	<b>45.65</b>	<b>27.05</b>

## Notes to the financial statement for the year ended 31st March 2022

## 24 Cost of materials consumed

(Amount in lakhs)

Particulars	Year Ended	Year Ended
	March 31, 2022	March 31, 2021
<b>Raw materials at the beginning of the year</b>	34.45	15.68
Add: RM Purchases	351.40	109.09
Less: Raw materials at the end of the year	82.52	34.45
<b>Raw materials consumed</b>	<b>303.33</b>	<b>90.32</b>
Packing materials at the beginning of the year	60.63	43.97
Add: PM Purchases	583.22	203.65
Less: Packing materials at the end of the year	129.03	60.63
<b>Packing materials consumed</b>	<b>514.82</b>	<b>186.99</b>
<b>Total</b>	<b>818.15</b>	<b>277.31</b>

## 25 Changes in inventories of finished goods and work-in-progress

(Amount in lakhs)

Particulars	Year Ended	Year Ended
	March 31, 2022	March 31, 2021
<b>Opening inventories</b>		
Finished goods	15.83	2.84
Finished goods - in transit	-	-
Work-in-progress	10.14	6.65
	25.97	9.49
<b>Closing inventories</b>		
Finished goods	94.09	15.83
Finished goods - in transit	4.00	-
Work-in-progress	18.33	10.14
	116.42	25.97
<b>Total</b>	<b>(90.45)</b>	<b>(16.48)</b>

## 26 Employee Benefit Expense

(Amount in lakhs)

Particulars	Year Ended	Year Ended
	March 31, 2022	March 31, 2021
Salaries, wages and bonus	368.72	188.14
Contribution to provident and other funds	21.08	11.81
Leave Encashment	21.03	-
Gratuity	8.02	5.45
Staff welfare expenses	10.51	4.66
<b>Total</b>	<b>429.36</b>	<b>210.06</b>

**Notes to the financial statement for the year ended 31st March 2022**

**27 Finance Costs**

(Amount in lakhs)

<b>Particulars</b>	<b>Year Ended March 31, 2022</b>	<b>Year Ended March 31, 2021</b>
Interest expenses on financial liabilities at amortised cost	1.73	4.81
Bank and other financial charges	1.39	1.65
Lease finance cost	14.31	19.12
Bank Interest on CC Limit	3.61	-
Interest on TDS	1.33	-
Other interest	0.02	-
<b>Total</b>	<b>22.39</b>	<b>25.58</b>

**28 Depreciation, Amortization and Impairment Expense**

(Amount in lakhs)

<b>Particulars</b>	<b>Year Ended March 31, 2022</b>	<b>Year Ended March 31, 2021</b>
Depreciation on property, plant and equipment [refer note 2]	19.20	11.51
Amortisation of intangible assets [refer note 4]	0.26	0.02
Depreciation on Right to Use Assets[refer note 3]	52.01	53.44
<b>Total</b>	<b>71.47</b>	<b>64.97</b>

**29 Other Expenses**

(Amount in lakhs)

<b>Particulars</b>	<b>Year Ended March 31, 2022</b>	<b>Year Ended March 31, 2021</b>
Advertisement and sales promotion	2,204.03	912.14
Forwarding and Distribution expenses	420.28	246.83
Commission	50.81	24.76
Membership and Subscription Expenses	46.15	21.84
Legal and Professional Charges	147.20	77.16
Repairs and Maintenance	6.13	4.30
Rate and Taxes	5.85	10.28
Power, fuel and water	5.47	4.66
Labour Charges	19.77	-
Travelling, conveyance and vehicle expenses	5.75	3.46
Consumption of stores, spare and consumables	9.77	3.25
Bad debts	-	1.35
Provision for doubtful debts	19.92	-
Advances written off	1.60	-
Audit fees	-	-
- Statutory Audit fees	4.50	3.50
- Tax Audit fees	0.75	0.50
- Other	1.75	-
Foreign Exchange Difference	1.61	-
Rent and storage charges	8.25	6.29
Miscellaneous expenses	41.62	25.43
<b>Total</b>	<b>3,001.21</b>	<b>1,345.75</b>

## Notes to the financial statement for the year ended 31st March 2022

- (a) Miscellaneous expenses include printing and stationery, communication, rates and taxes, insurance and other expenses.
- (b) Corporate Social Responsibility  
As company is incurring losses in current year, CSR is not applicable on company
- (c) Research and Development expenses aggregating to Rs. 1.6Lakhs/-have been included under the relevant heads in the Statement of Profit and Loss. (Previous year ended 31st March, 2021 aggregating Rs. 0.3Lakhs/-).

### 30 Capital Management

#### (a) Risk Management

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 Management monitors the capital structure and the net financial debt at individual level currency. Net financial debt is defined as current and non current borrowings. The debt equity ratio highlights the ability of a business to repay its debts. Refer below for net Debt equity ratio. The Company complies with all statutory requirement as per the extent regulations.

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Net debt	197.15	98.99	3.97
Total equity	928.40	585.94	750.10
<b>Net debt to equity ratio</b>	<b>0.21</b>	<b>0.17</b>	<b>0.01</b>

### 31 Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company. The Company operates only in one business segment i.e. manufacturing and sale of Ayurvedic products within India and outside India, hence does not have any Reportable segment as per Indian Accounting Standard 108 "operating segments" in Standalone.

### 32 Lease

The company elected to apply Indian Accounting Standards 116 (IND AS 116) on leases with effect from 1st April, 2020 with modified approach. The company assesses each lease contract conveys, the right to control the use of an identified asset for the period of time in exchange of consideration, the company recognized Right to use Assets and lease liabilities for those lease contracts except the short term lease and lease of low value assets.

#### Amount recognized as Current and Non- Current Liabilities

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 1st April, 2020
Non Current Lease Liabilities	96.91	114.89	158.60
Current Lease Liabilities	41.25	48.50	41.17
<b>Total</b>	<b>138.16</b>	<b>163.39</b>	<b>199.77</b>

**Notes to the financial statement for the year ended 31st March 2022**

Amount recognized in Statement of Profit and Loss during the year on account of IND AS 116

(Amount in lakhs)

Particulars	As at	As at
	31st March, 2022	31st March, 2021
Lease Finance Cost	14.31	19.12
Depreciation on Right to use Assets	52.01	53.44
Lease expenses Derecognized	60.81	65.36
Interest income on Lease Assets	0.90	1.90
Gain on Lease cancellation	9.00	
Rent concession	4.53	17.17
Other Item included in statement of Profit and Loss during the year:-		
Short term and low value lease payment	2.28	2.03

**33 Disclosure of Related Party Transactions in accordance with - Related Party Disclosures.**

(Amount in lakhs)

Sr. No	Name of Related Party	Description of Relationship	Nature of Transaction	Amount	Balance
					Outstanding as on 31st March, 2022
1	Arush Chopra	Director	Remuneration	41.55	-
2	Arush Chopra	Director	Reimbursement of Expenses	0.00	-
3	Megha Sabhlok	Director	Remuneration	40.50	0.60
4	Megha Sabhlok	Director	Reimbursement of Expenses	0.04	-
5	Neena Chopra	Mother of Director/ Employee	Remuneration	15.75	1.43
6	Neena Chopra	Mother of Director/ Employee	Consultancy Charges	2.55	-
7	Neena Chopra	Mother of Director/ Employee	Reimbursement of Expenses	0.77	-
8	Pradeep Chopra	Father of Director	Rent	20.79	0.89
9	Pradeep Chopra	Father of Director	Reimbursement of Expenses	0.12	-
10	Marico Limited	Parent company	Share issue	0.15	-
11	Marico Limited	Parent company	Transfer of Equity Shares	0.23	-
12	Marico Limited	Parent company	Transfer of Preference Shares	0.46	-
13	Marico Limited	Parent company	Security Premium	1,004.23	-
14	Marico Limited	Parent company	Sale of Goods	75.58	12.26
15	Marico Limited	Parent company	Reimbursement of Expenses	20.51	-

APCOS NATURALS PRIVATE LIMITED

**Notes to the financial statement for the year ended 31st March 2022**

(Amount in lakhs )

Sr. No	Name of Related Party	Description of Relationship	Nature of Transaction	Amount	Balance Outstanding as on 31st March ,2022
1	Arush Chopra	Director	Remuneration	20.72	0.07
2	Arush Chopra	Director	Reimbursement of Expenses	0.10	-
3	Megha Sabhlok	Director	Remuneration	16.80	0.41
4	Megha Sabhlok	Director	Reimbursement of Expenses	11.40	-
5	Neena Chopra	Mother of Director/ Employee	Reimbursement of Expenses	0.54	0.03
6	Neena Chopra	Mother of Director/ Employee	Consultancy Charges	9.52	-
7	Pradeep Chopra	Father of Director	Reimbursement of Expenses	-	-
8	Pradeep Chopra	Father of Director	Rent	12.75	-
9	Apcos Naturals	Entity under control of one Individual	Rent	4.50	-
10	Apcos Naturals	Entity under control of one Individual	Business Transfer	-	-

(Amount in lakhs )

Sr. No	Name of Related Party	Description of Relationship	Nature of Transaction	Amount	Balance Outstanding as on 31st March ,2022
1	Arush Chopra	Director	Remuneration	21.28	-
2	Arush Chopra	Director	Reimbursement of Expenses	2.45	-
3	Megha Sabhlok	Director	Remuneration	17.25	1.57
4	Megha Sabhlok	Director	Reimbursement of Expenses	12.62	-
5	Neena Chopra	Mother of Director/ Employee	Reimbursement of Expenses	0.62	0.88
6	Neena Chopra	Mother of Director/ Employee	Consultancy Charges	11.12	-
7	Pradeep Chopra	Father of Director	Reimbursement of Expenses	0.08	0.07
8	Pradeep Chopra	Father of Director	Rent	-	-
9	Apcos Naturals	Entity under control of one Individual	Rent	17.25	-
10	Apcos Naturals	Entity under control of one Individual	Business Transfer	50.00	-

## Notes to the financial statement for the year ended 31st March 2022

### 34 Earnings Per Share

Basic EPS amounts are calculated by dividing the profit after tax for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit after tax for the year attributable to equity shareholders by weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 1st April, 2020
<b>(a) Basic earnings per share</b>		
Net Loss After Tax available for Equity Shareholders	( 510.99)	(163.66)
Weighted average number of equity shares used to compute basic earnings per share	14,342	10,010
Basic earnings per share (in Rs.)	(0.04)	(0.02)
<b>(b) Diluted earnings per share</b>		
Net Loss After Tax available for Equity Shareholders	( 510.99)	(163.66)
Weighted average number of equity shares used to compute basic earnings per share	14,342	10,010
Diluted earnings per share (in Rs.)	(0.04)	(0.02)

Note:-The effect of dilutive preference share is Anti dilutive, hence not considered.

### 35 Assets pledged as security

(Amount in lakhs)

Particulars	As at 31st March, 2022	As at 1st April, 2020
<b>Assets</b>		
First charge		
Asset 1	Generator	Generator
Asset 2	Vehicle	Vehicle
Asset 3		
<b>Floating charge</b>		
Asset 1	Stock in Trade	Stock in Trade
Asset 2	Book Debts	Book Debts
Asset 3		

The carrying amount of assets pledged as security for current and Non Current Borrowings are as follows:-

Generator	3.64	4.08
Vehicle	18.74	21.50
Stock in Trade	-	-
Book Debts	-	-
<b>Total</b>	<b>22.38</b>	<b>25.58</b>

#### Note

This includes hypothecation of stock and debtors for working capital facilities.



## Notes to the financial statement for the year ended 31st March 2022

### 36 Financial Risk Management

#### Financial Risks

In the course of its business, the Company is exposed to a number of financial risks: credit risk, liquidity risk, market risk (including foreign currency risk and interest rate risk, commodity price risk and equity price risk). This note presents the Company's objectives, policies and processes for managing its financial risk and capital.

#### (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, financial assets, derivative assets, trade and other receivables.

In respect of its investments the company aims to minimize its financial credit risk through the application of risk management policies. Credit limits are set based on a counterparty 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.

Trade receivables are subject to credit limits, controls & approval processes. Due to large geographical base & number of customers, the Company is not exposed to material concentration of credit risk. Basis the historical experience, the risk of default in case of trade receivable is low. Provision is made for doubtful receivables as per expected credit loss, using simplified approach over the life of the asset depending on the customer ageing, customer category, specific credit circumstances and the historical experience of the Company.

The gross carrying amount of trade receivables is Rs.533 Lakhs as at 31st March, 2022 , Rs. 158Lakhs as at 31st March, 2021and Rs.134Lakhs. As at 1st April 2020.

#### Reconciliation of loss allowance provision- trade receivables

(Amount in lakhs)

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Loss allowance at the beginning of the year	1.35	9.10	-
Less: Used for Write Off	1.35	9.10	-
Add : Changes in loss allowances	19.92	1.35	9.10
<b>Loss allowance at the end of the year</b>	<b>19.92</b>	<b>1.35</b>	<b>9.10</b>

Security deposits are interest free deposits given by the company for properties taken on lease. Provision is taken on a case to case basis depending on circumstances with respect to non recoverability of the amount. The gross carrying amount of Security deposit is Rs 8.29 Lakhs as at 31st March, 2022 and Rs 10.33 Lakhs as at 31st March, 2021.

#### (B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability of committed credit lines.

The current ratio of the company as at 31st March, 2022 is 1.61 (as at 31st March, 2021 is 2.11) whereas the liquid ratio of the company as at 31st March, 2022 is 1.14(as at 31st March, 2021 is 1.80).

Notes to the financial statement for the year ended 31st March 2022

Maturities of financial liabilities (Amount in lakhs)

Contractual maturities of financial liabilities 31st March 2022	Note	Less than 1 year	1 year to 2 years	2 years to 3 years	3 years and above	Total
<b>Non-derivatives</b>						
Borrowings (including interest accrued)	16	187.13	4.06	4.13	1.82	197.15
Trade Payables	19	615.97	0.26	-	-	616.23
Lease Liabilities	17	41.25	42.40	14.87	39.63	138.16
Other Financial Liabilities	17	28.55	-	-	-	28.55
<b>Total Non- derivative liabilities</b>		<b>872.90</b>	<b>46.72</b>	<b>19.01</b>	<b>41.45</b>	<b>980.08</b>

(Amount in lakhs)

Contractual maturities of financial liabilities 31st March 2021	Note	Less than 1 year	1 year to 2 years	2 years to 3 years	3 years and above	Total
<b>Non-derivatives</b>						
Borrowings (including interest accrued)	16	83.70	5.27	4.06	5.95	98.99
Trade Payables	19	282.45	0.11	-	-	282.56
Lease Liabilities	17	48.50	48.04	54.11	12.74	163.39
Other Financial Liabilities	17	17.86	-	-	-	17.86
<b>Total Non- derivative liabilities</b>		<b>432.51</b>	<b>53.42</b>	<b>58.17</b>	<b>18.69</b>	<b>562.79</b>

(Amount in lakhs)

Contractual maturities of financial liabilities 1st April 2020	Note	Less than 1 year	1 year to 2 years	2 years to 3 years	3 years and above	Total
<b>Non-derivatives</b>						
Borrowings (including interest accrued)	16	3.97	-	-	-	3.97
Trade Payables	19	123.84	-	-	-	123.84
Lease Liabilities	17	41.17	49.00	45.36	64.24	199.77
Other Financial Liabilities	17	15.97	-	-	-	15.97
<b>Total Non- derivative liabilities</b>		<b>184.95</b>	<b>49.00</b>	<b>45.36</b>	<b>64.24</b>	<b>343.55</b>

**(C) Market Risk**

The Company is exposed to risk from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities and future transactions.

(i) Foreign currency risk

The Company is exposed to foreign currency risk from transactions and translation.

Transactional exposures arise from transactions in foreign currency. They are managed within a prudent and systematic hedging policy in accordance with the company's specific business needs through the use of currency forwards and options.

## Notes to the financial statement for the year ended 31st March 2022

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR as on 31st March 2022

Particulars	USD	CAD	EUR
<b>Financial assets</b>			
Foreign currency debtors for export of goods	12,157	-	-
Other receivable / (payable) including advance for Export	(1,013)	(717)	-
<b>Net Exposure to foreign currency risk (assets)</b>	<b>11,144</b>	<b>(717)</b>	<b>-</b>

Particulars	USD	CAD	EUR
<b>Financial liabilities</b>			
Foreign currency Creditors for Import of goods and services	(34,011)	-	(17,611)
<b>Net Exposure to foreign currency risk (liabilities)</b>	<b>(34,011)</b>	<b>-</b>	<b>(17,611)</b>

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR as on 31st March 2021

Particulars	USD	CAD	EUR
<b>Financial assets</b>			
Foreign currency debtors for export of goods	11,912	-	-
Other receivable / (payable) including advance for Export	(156)	-	-
<b>Net Exposure to foreign currency risk (assets)</b>	<b>11,756</b>	<b>-</b>	<b>-</b>

Particulars	USD	CAD	EUR
<b>Financial liabilities</b>			
Foreign currency Creditors for Import of goods and services	(1,425)	-	0
<b>Net Exposure to foreign currency risk (liabilities)</b>	<b>(1,425)</b>	<b>-</b>	<b>0</b>

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR as on 1st April, 2020

Particulars	USD	CAD	EUR
<b>Financial liabilities</b>			
Foreign currency debtors for export of goods	14,449	-	-
<b>Net Exposure to foreign currency risk (assets)</b>	<b>14,449</b>	<b>-</b>	<b>-</b>

Particulars	USD	CAD	EUR
<b>Financial liabilities</b>			
Foreign currency Creditors for Import of goods and services	-	-	-
<b>Net Exposure to foreign currency risk (liabilities)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the financial statement for the year ended 31st March 2022

ii) Interest rate risk

The Company is exposed primarily to fluctuation in interest rates in domestic market.

The Company manages its cash flow interest rate risk on long term borrowing, if any, by using floating-to-fixed interest rate swaps. Under these swaps, the company agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The Company's fixed rate borrowings, if any, are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	31st March 2022	31st March 2021
Variable rate borrowings	9.00%	10.75%
<b>Fixed rate borrowings</b>	<b>0.00%</b>	<b>9.26%/11.26%</b>

Interest bearing Financial assets classified at amortized cost , such as Fixed Deposit balances with Banks have fixed interest rate. Hence, the Company is not subject to interest rate risk on such financial assets.

### 37 Contingent liabilities

(a) Contingent liabilities

The company had contingent liabilities at 31 March 2022 in respect of :

(Amount in lakhs)

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
(i) Claims against the company not acknowledge as debt			
Disputed tax demands / claims :			
Income tax	3.10	-	-
(ii) Guarantees excluding financial guarantees	-		
Letter of credit	-		
<b>Total</b>	<b>3.10</b>	<b>-</b>	<b>-</b>

Note

- The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements
- The Company has ongoing disputes with income tax authorities. The disputes relate to tax treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives and allowances. The Company has contingent liability of Rs.3Lakhs and nil as at March 31, 2022 and March 31, 2021 respectively, in respect of proposed adjustment under section 143(1) which are being contested by the Company based on the management evaluation and advice of tax consultants.

**Notes to the financial statement for the year ended 31st March 2022**

**38 Payment to Auditor**

(Amount in lakhs)

Particulars	As at	As at
	31st March, 2022	31st March, 2021
Audit Fees		
Statutory Audit	4.50	3.50
Tax Audit	0.75	0.50
<b>Total</b>	<b>5.25</b>	<b>4.00</b>

**39 Share Based Payment**

The Company does not have any Share Based Payment.

**40 Contractual Commitments**

The Company has no contractual Commitments and corporate guarantee during the year under audit.

**41 Capital Commitments**

Capital Expenditure contracted for at the end of the reporting period , but not recognised as liabilities is as follow

(Amount in lakhs)

Particulars	As at	As at	As at
	31st March, 2022	31st March, 2021	1st April, 2020
Property, Plant and Equipment	18.50		
<b>Capital Expenditure not recognised as liabilities</b>	<b>18.50</b>	<b>-</b>	<b>-</b>

**42(a) Ratios**

Ratio	Items included in numerator and denominator for computing	As at 31st March, 2022	As at 31st March, 2021	Variation beyond 25%
(a) Current Ratio,	Current Assets / Current Liabilities	1.62	2.14	No
(b) Debt-Equity Ratio,	Total Borrowings/Shareholders' Funds ( Share Capital + Reserves & surplus)	0.21	0.17	Yes
(c) Debt Service Coverage Ratio,	Net Profit after taxes + Non-cash operating expenses + Interest + other /Debt service = Interest & Lease Payments + Principal Repayments	(1.52)	(0.52)	Yes
(d) Return on Equity Ratio,	Net Profit after tax/ average Shareholders' Funds (opening + closing)/2)	(0.66)	(0.23)	Yes
(e) Inventory turnover ratio,	Cost of Revenue from Operation /Average Inventory  Cost of Revenue from Operation = Cost of materials consumed + purchase of stock-in-trade + change in Inventory (FG; WIP and Stock in trade) Average Inventory = (Opg Inventory + Closing Inventory)/2	3.24	2.74	No
(f) Trade Receivables turnover ratio,	Revenue from Operations/ Average Trade Receivable  Average Trade Receivable = (Opg Trade Receivable + Clg Trade Receivable)/2	10.14	11.81	No
(g) Trade payables turnover ratio,	Net Credit Purchases/ Average Trade Payable  Average Trade Payable = (Opg Trade Payable + Clg Trade Payable)/2	9.39	6.40	Yes
(h) Net capital turnover ratio,	Revenue from Operations/ working Capital (Current Assets-Current Liabilities)	5.84	3.37	Yes
(i) Net profit ratio,	Net Profit After tax/ Revenue from Operations	(0.14)	(0.09)	Yes
(j) Return on Capital employed,	Net Profit before interest and tax/ Capital Employed  Capital Employed = Shareholders' Funds ( Share Capital + Reserves & surplus) + Non-Current liabilities ( Long term borrowings + Long term Provisions)	(0.65)	(0.20)	Yes
(k) Return on investment.	Net Profit before tax/ Shareholders' Funds ( Share Capital + Reserves & surplus)	(0.75)	(0.26)	Yes

## Notes to the financial statement for the year ended 31st March 2022

**42(b)** The Company has started its operations during financial year 2019-20 and since incurred losses due to start up phase of business. Further, during the current year, the company has entered into a Share Purchase Agreement (SPA) with Marico Ltd. by virtue of which, the company has become subsidiary of Marico Ltd. As per the Share Holder's Agreement (SHA), holding company has committed to infuse the funds up to Rs. 20cr. in two tranches to meet company's fund flow requirement in near future. Based on the company's future plans and holding company's commitment to fund the operations of the company, the management of the Company is of the view that these losses are temporary based on its future business plans. Accordingly, the accounts of the Company have been prepared on a going concern basis.

### 43 First time adoption of Ind AS

There are Company's First Financial Statements prepared in accordance with IND AS.

The Accounting policies set out in Note no. 1 has been applied in preparing the Financial Statements for the year ended 31st March, 2022, the comparative information presented in these financial statements for the year ended 31st March, 2021 and in the preparation of an opening Ind AS Balance sheet as at 1st April, 2020 (the company date of transition). In preparing its opening Ind AS Balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the Accounting standards notified under companies (Accounting Standards) rules, 2006 (as amended) and other relevant provisions of the Act (Indian GAAP).

An Explanation of how the transition from previous GAAP to Ind AS has affected the company's financials position, financial performance and cash flows is set out in the following tables and notes

#### A Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS

##### A.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

##### A.2 Right to use Assets

Ind AS 116 requires the Lessee to recognise a right-of-use asset ("ROU") and a corresponding lease liability at the date of commencement of the lease for all lease arrangements except for leases with a term of twelve months or less (short-term leases) and leases of low-value assets. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs. The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease agreement or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Lease liability and ROU assets have been separately presented in the Balance Sheet. Ind AS 101 permits first-time adopter to recognise lease liabilities at the date of transition to Ind AS at the present value of the remaining lease payments discounted using the incremental borrowing rate at the date of transition to Ind AS. Ind AS 101 also permits the first-time adopters to recognise a right-of-use asset at the date of transition to Ind AS at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet immediately before the date of transition to Ind AS. Accordingly, the lease liability is recognised basis the remaining lease payment using the incremental borrowing rate at the transition date and such liability is accredited through interest expense over the lease term and repaid through lease payments. The ROU is depreciated over the remaining lease term on a straight line basis.

**Notes to the financial statement for the year ended 31st March 2022**

**B Reconciliation Between the Previous GAAP and IND AS**

Reconciliation of Balance Sheet as at date of Transition (1st April, 2020)

(Amount in lakhs)

Particulars	Previous GAAP as at 1st April 2020	GAAP adjustments as at 1st April 2020	Ind AS as at 1st April 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	36.40	-	36.40
Right of use assets	-	197.77	197.77
<b>Financial assets</b>			
- Other Financial Assets	22.07	-4.30	17.77
<b>Total non-current assets</b>	<b>58.47</b>	<b>193.47</b>	<b>251.94</b>
<b>Current assets</b>			
Inventories	69.13	-	69.13
Financial Assets		-	-
(i) Trade receivables	133.87	-	133.87
(ii) Cash and cash equivalents	484.85	-	484.85
(iii) Bank balances other than (iii) above	106.00	-	106.00
(iv) Other Financial Assets	2.03	-	2.03
Current Tax Assets (Net)	0.23	-	0.23
Other current assets	60.94	-	60.94
<b>Total current assets</b>	<b>857.05</b>	<b>-</b>	<b>857.05</b>
<b>Total Assets</b>	<b>915.52</b>	<b>193.47</b>	<b>1,109.99</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	5.61	-	5.61
Other Equity	744.49	-	744.49
<b>Total Equity</b>	<b>750.10</b>	<b>-</b>	<b>750.10</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Other financial liabilities	-	158.60	158.60
Provisions	6.30	-6.30	0.00
Employee Benefit Obligations	1.24	-	1.24
<b>Total Non-current liabilities</b>	<b>7.54</b>	<b>152.30</b>	<b>159.84</b>
<b>Current liabilities</b>			
Financial Liabilities			
(i) Borrowings	0.17	-	0.17
(ii) Trade payables	-	-	-
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	123.84	-	123.84
(iii) Other financial liabilities	19.77	41.17	60.94
Other current liabilities	14.10	-	14.10
Employee Benefit liability	0.00	-	0.00
Current Tax Liabilities (Net)			-
<b>Total current liabilities</b>	<b>157.88</b>	<b>41.17</b>	<b>199.05</b>
<b>Total liabilities</b>	<b>165.42</b>	<b>193.47</b>	<b>358.89</b>
<b>Total equity and liabilities</b>	<b>915.52</b>	<b>193.47</b>	<b>1,109.99</b>

Notes to the financial statement for the year ended 31st March 2022

Reconciliation of Balance sheet (31st March, 2021)

(Amount in lakhs)

Particulars	Previous GAAP as at March 31, 2021	GAAP adjustments as at March 31, 2021	Ind AS as at March 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	77.26	-4.65	72.61
Right of use assets	-	1,500.96	150.10
<b>Goodwill</b>	2.10	-2.10	-
Other intangible assets	0.74	-0.00	0.74
<b>Financial assets</b>		-	-
Other Financial Assets	13.84	-3.50	10.34
<b>Total non-current assets</b>	<b>93.94</b>	<b>139.84</b>	<b>233.79</b>
<b>Current assets</b>			-
Inventories	121.05	-	121.05
Financial Assets		-	-
(i) Trade receivables	158.28	-	158.28
(ii) Cash and cash equivalents	386.33	-	386.33
(iii) Bank balances other than (iii) above	256.00	-	256.00
(iv) Other Financial Assets	6.15	-	6.15
Current Tax Assets (Net)	1.92	-	1.92
Other current assets	21.74	-	21.74
Assets classified as held for sale			-
<b>Total current assets</b>	<b>951.46</b>	<b>-</b>	<b>951.46</b>
<b>Total Assets</b>	<b>1,045.40</b>	<b>139.84</b>	<b>1,185.25</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	5.61	-	5.61
Other Equity	592.40	-12.06	580.34
<b>Total Equity</b>	<b>598.01</b>	<b>-12.06</b>	<b>585.94</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(i) Borrowings-	19.98	-	19.98
(ii) Other financial liabilities	-	114.89	114.89
Provisions	11.48	-11.48	
Employee Benefit Obligations	19.06	-	19.06
<b>Total Non-current liabilities</b>	<b>50.52</b>	<b>103.41</b>	<b>153.93</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	75.06	-	75.06
(ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	23.23	-	23.23
Total outstanding dues of creditors other than micro enterprises and small enterprises	255.33	-	255.33
(iii) Other financial liabilities	25.81	48.50	74.31
Other current liabilities	16.59	-	16.59
Employee Benefit liability	0.86	-	0.86
<b>Total current liabilities</b>	<b>396.87</b>	<b>48.50</b>	<b>445.37</b>
<b>Total liabilities</b>	<b>447.39</b>	<b>151.91</b>	<b>599.30</b>
<b>Total equity and liabilities</b>	<b>1,045.40</b>	<b>139.84</b>	<b>1,185.25</b>



**Notes to the financial statement for the year ended 31st March 2022**

Reconciliation of Total comprehensive Income for the year ended 31st March, 2021

(Amount in lakhs)

Particulars	Previous GAAP Year Ended March 31, 2021	GAAP adjustments Year Ended March 31, 2021	Ind AS Year Ended March 31, 2021
<b>Revenue</b>			
<b>Revenue from operations</b>	1,725.70	-	1,725.70
Other Income	7.98	19.07	27.05
<b>Total Income</b>	<b>1,733.68</b>	<b>19.07</b>	<b>1,752.75</b>
<b>Expenses</b>			
Cost of material consumed	277.31	-	277.31
Changes in inventories of finished goods, stock-in-trade and work-in progress	-16.49	-	-16.49
Employee benefits expenses	219.27	-9.22	210.05
Finance cost	6.46	19.12	25.59
Depreciation and amortisation expenses	8.28	56.70	64.97
Other expenses	1,390.43	-44.69	1,345.74
<b>Total Expenses</b>	<b>1,885.27</b>	<b>21.91</b>	<b>1,907.18</b>
<b>Profit before share of net profits of investments accounted for using equity method and tax</b>	<b>-151.59</b>	<b>-2.84</b>	<b>-154.43</b>
Share of net gain/(loss) of joint ventures accounted for using the equity method			
<b>Profit before exceptional items and tax</b>	<b>-151.59</b>	<b>-2.84</b>	<b>-154.43</b>
Exceptional Items			-
<b>Profit/(Loss) before tax</b>	<b>-151.59</b>	<b>-2.84</b>	<b>-154.43</b>
Income Tax Expense			
Current Tax	-	-	-
Deferred Tax	-	-	-
<b>Total tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit/(Loss) for the year (A)</b>	<b>-151.59</b>	<b>-2.84</b>	<b>-154.43</b>
<b>Other Comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of post employment benefit obligations		-9.22	
<b>Income tax relating to items that will not be reclassified to profit or loss</b>			
<b>Other comprehensive income for the year (B)</b>	<b>-</b>	<b>-9.22</b>	<b>-9.22</b>
<b>Total comprehensive income for the year (A+B)</b>	<b>-151.59</b>	<b>-12.06</b>	<b>-163.65</b>

## Notes to the financial statement for the year ended 31st March 2022

### C Notes on First-time adoption

#### 1 Right to use Assets

Ind AS 116 requires the Lessee to recognise a right-of-use asset ("ROU") and a corresponding lease liability at the date of commencement of the lease for all lease arrangements except for leases with a term of twelve months or less (short-term leases) and leases of low-value assets. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease and any initial direct costs. The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease agreement or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Lease liability and ROU assets have been separately presented in the Balance Sheet.

Ind AS 101 permits first-time adopter to recognise lease liabilities at the date of transition to Ind AS at the present value of the remaining lease payments discounted using the incremental borrowing rate at the date of transition to Ind AS. Ind AS 101 also permits the first-time adopters to recognise a right-of-use asset at the date of transition to Ind AS at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet immediately before the date of transition to Ind AS. Accordingly, the lease liability is recognised basis the remaining lease payment using the incremental borrowing rate at the transition date and such liability is accredited through interest expense over the lease term and repaid through lease payments. The ROU is depreciated over the remaining lease term on a straight line basis.

Further, Ind AS 116 defines a lease modification as a change in the scope of a lease or consideration for a lease and such changes needs to be accounted for as a separate lease unless changes meet particular criteria. An amendment has been made with respect to accounting of COVID-19 related rent concession and such amendment permits, as a practical expedient, not to assess such rent concessions that occur as a direct consequences of COVID-19 pandemic as lease modification if rent concessions affects lease payments due on or before June 30, 2022 and there are no substantive changes to the other terms and condition of the lease.

Accordingly, the rent concessions provided by the lessor has been considered as variable lease payments and accounted for in the profit & loss account.

#### 2 Depreciation

The method of depreciation under Indian GAAP has been changed retrospectively from WDV to SLM. Such change is method of depreciation under Ind AS is change in accounting estimate and needs to be applied prospectively. On 1 April 2020, Net Block on WDV as deemed cost exemption. Depreciation expense in FY 2020-21 needs to be recalculated basis prospective approach and difference between depreciation already calculated under IGAAP and revised depreciation is shown as GAAP adjustments.

#### 3 Goodwill

Goodwill is recognised only in acquisition method and transaction under common control is recorded at book value / carrying value - the amount of consideration over assets acquired to be charged off.

#### 4 Employee Benefit

Gratuity expenses are reclassified from Employee cost which is required under Gaap to Remeasurements of post employment benefit obligations

## Notes to the financial statement for the year ended 31st March 2022

### 5 Share issue expenses

Para 35 of IND AS 32, Transaction costs of an equity transaction shall be accounted for as a deduction from equity, net of any related income tax benefit.

- 44 (i) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**For S S Kothari Mehta & Company**  
Firm Registration Number: 000756N  
Chartered Accountants

**Harish Gupta**  
Partner  
Membership Number - 098336  
Place: New Delhi  
Date : 4th May, 2022

**For and on behalf of the Board of Directors of**  
APCOS Naturals Private Limited  
CIN: U74999PB2018PTC048652

**Arush Chopra**  
Director  
DIN: 08282394  
Place: Mohali  
Date : 4th May, 2022

**Megha Sabhlok**  
Director  
DIN: 08282396  
Place: Mohali  
Date : 4th May, 2022

## MARICO GULF LLC (MLLC)

**BOARD OF DIRECTORS**  
**(AS ON MARCH 31, 2022)**

Mr. Jitendra Mahajan  
Mr. Binjit Kadakapedlikayal  
Mr. Tarun Aggarwal

**MANAGER**

Mr. Binjit Kadakapedlikayal

**REGISTERED OFFICE**

P.O. Box: 50394, Dubai, UAE

**AUDITORS**

KPMG Lower Gulf Limited, UAE

**BANKERS**

Standard Chartered Bank

## INDEPENDENT AUDITOR'S REPORT

To,

The Directors,  
M/s Marico Gulf L.L.C  
Dubai, UAE

### Report on the Audit of Financial Statements Opinion

We have audited the financial statements of M/s Marico Gulf L.L.C, Dubai, UAE ("the

company"), which comprise the statement of financial position as at March 31, 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2022 and its financial performance and its cash flows for the period 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 the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements 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's 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 judgment and maintain professional scepticism throughout the audit. We also:

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

## MARICO GULF LLC (MLLC)

- 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.
- 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**

As required by UAE Federal Law No. (2) of 2015, we further confirm that:

1. we have obtained all information and explanations necessary for our audit,
2. that proper financial records have been kept by the company, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
3. that the contents of the director's report which relate to these financial statements is in agreement with company's financial records;
4. note 6 to the financial statements discloses material related party transactions and the terms under which they are conducted; and
5. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the company has contravened during the financial period ended March 31, 2022 with any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or its Memorandum and Articles of Association, which would materially affect its activities or its financial position as at March 31, 2022.

### **M/s RBS & Abdulrahman Auditing**

**Sijin.K.Ravi**

Auditors' Registration No: 722

Dubai, United Arab Emirates

**July 05, 2022**

# MARICO GULF LLC (MLLC)

## STATEMENT OF FINANCIAL POSITION

As of 31 March, 2022

(In United Arab Emirates Dirhams)

Particulars	Notes	March 31, 2022 AED
<b>Assets</b>		
<b>Current assets</b>		
Trade receivables	5	212,671
Other receivables and prepayments	7	253
Cash on hand and in banks	8	300,000
<b>Total assets</b>		<b>512,924</b>
Liabilities and shareholders' equity		
<b>Shareholders' equity</b>		
Share capital	9	300,000
Retained earnings		(5,514)
Shareholders' current a/c		-
<b>Total shareholders' equity</b>		<b>294,486</b>
<b>Current liabilities</b>		
Due to related parties	6	171,354
Trade payables	10	28,704
Sundry payables and accruals	11	18,380
<b>Total liabilities</b>		<b>218,438</b>
<b>Total liabilities and shareholders' equity</b>		<b>512,924</b>

The accompanying notes form an integral part of these financial statements. The report of the auditor is set out on pages 4 to 6.

The financial statements on pages 7 to 26 were approved by the board of directors on July 05, 2022 and signed on its behalf by:

**For Marico Gulf L.L.C**

**Binjit Kumar Kadakapcedlikayal Ajit Babu Kadakapcedlikayal**

July 05, 2022

**Director**

# MARICO GULF LLC (MLLC)

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended March 31, 2022

(In United Arab Emirates Dirhams)

	Notes	August 26, 2021 to March 31, 2022 AED
Revenue	12	202,544
Cost of revenue	13	81,651
<b>Gross profit for the period</b>		<b>120,893</b>
General and administrative expenses	14	126,407
<b>Total operating expenses</b>		<b>126,407</b>
<b>Net (loss) for the period</b>		<b>(5,514)</b>

The accompanying notes form an integral part of these financial statements. The report of the auditor is set out on pages 4 to 6.

The financial statements on pages 7 to 26 were approved by the board of directors on July 05, 2022 and signed on its behalf by:

**For Marico Gulf L.L.C**

**Binjit Kumar Kadakapedlikayal Ajit Babu Kadakapedlikayal**

July 05, 2022

**Director**

The accompanying notes are an integral part of these financial statements.



# MARICO GULF LLC (MLLC)

## Statement of Cash Flows

For the period ended March 31, 2022

(In United Arab Emirates Dirhams)

	August 26, 2021 to March 31, 2022 AED
<b>Cash flows from / (used in) operating activities:</b>	
Net (loss) for the period	(5,514)
Adjustments for:	
<b>Operating profit before changes in operating assets and liabilities</b>	<b>(5,514)</b>
(Increase) in trade receivables	(212,671)
(Increase) in other receivables and prepayments	(253)
Increase in sundry payables and accruals	18,380
Increase in trade payables	28,704
Increase in due to related parties	171,354
<b>Net cash flows (used in) operating activities</b>	<b>-</b>
<b>Cash flows from / (used in) investing activities:</b>	
<b>Net cash flows (used in) / from investing activities</b>	<b>-</b>
<b>Cash flows from / (used in) financing activities:</b>	
Introduction of share capital	300,000
<b>Net cash flows from / (used in) financing activities</b>	<b>300,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>300,000</b>
Cash and cash equivalents, beginning of the period	-
<b>Cash and cash equivalents, end of the period</b>	<b>300,000</b>
<b>Represented by:</b>	
Cash on hand	-
Bank balances - in current accounts	300,000
	<b>300,000</b>

The accompanying notes form an integral part of these financial statements. The report of the auditor is set out on pages 4 to 6.

The financial statements on pages 7 to 26 were approved by the board of directors on July 05, 2022 and signed on its behalf by

**For Marico Gulf L.L.C**

**Binjit Kumar Kadakapedlikayal Ajit Babu Kadakapedlikayal**

July 05, 2022

**Director**

# MARICO GULF LLC (MLLC)

## Statement of Changes in Shareholders' Equity

For the period ended March 31, 2022

(In United Arab Emirates Dirhams)

	Share capital	Retained earnings	Shareholders' current a/c	Total
	AED	AED	AED	AED
a. Capital introduced	300,000	-	(300,000)	
b. Net (loss) for the period	-	(5,514)	-	(5,514)
c. Net movement during the period	-	-	300,000	300,000
<b>Balance at March 31, 2022</b>	<b>300,000</b>	<b>(5,514)</b>	<b>-</b>	<b>294,486</b>

The accompanying notes form an integral part of these financial statements. The report of the auditor is set out on pages 4 to 6.

The financial statements on pages 7 to 26 were approved by the board of directors on July 05, 2022 and signed on its behalf by:

**For Marico Gulf L.L.C**

**Binjit Kumar Kadakapedlikayal Ajit Babu Kadakapedlikayal**

July 05, 2022

**Director**

The accompanying notes are an integral part of these financial statements.

## Notes to the Financial Statements

for the period ended March 31, 2022

### 1 LEGAL STATUS & ACTIVITIES

- a) Marico Gulf L.L.C, Dubai, UAE (“the company”) is registered with limited liability under Dubai Economic Department and the company operates under the trade license no. 975333 issued on August 26, 2021.
- b) The principal activity of the company is General Trading.
- c) The authorised, issued and paid up capital of the company comprises of 300 shares of AED 1,000 each. The company was incorporated on August 26, 2021 on behalf of M/s Marico Middle East FZE by Binjit Kumar Kadakapcedlikayal Ajit Babu Kadakapcedlikayal and with effect from January 17, 2022, the company operates as a wholly owned subsidiary of M/s Marico Middle East FZE.

The shareholding pattern as on the balance sheet date is as follows:

Name of the shareholder	Place of Incorporation	No. of shares	Share Capital	Percentage of holding
Marico Middle East FZE	United Arab Emirates	300	300,000	100%
<b>Total</b>		300	300,000	100%

- d) The registered office of the company is Ras Al Khor Industrial Third, Dubai, UAE.
- e) The board of directors of the company comprises of Binjit Kumar Kadakapcedlikayal Ajit Babu Kadakapcedlikayal, Tarun Aggarwal and Jitendra Ananda Mahajan, the directors of the company.

### 2 BASIS OF PREPARATION

#### Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC), and comply, where appropriate, with the Articles of Association of the company and requirements of UAE Federal Law No. (2) of 2015.

#### Basis of measurement

The financial statements are prepared under the historical cost convention, modified to incorporate the movements on carrying values of assets and liabilities.

These financial statements reflect the assets, liabilities, revenue, expenses and cash flows of the company in the UAE only, as recorded locally. Accordingly, reference should be made to the financial statements of the parent company for information relating to the parent company as a whole.

#### Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirhams (“AED”), which is the functional currency of the company.

#### Use of estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards (“IFRS”) requires management to make judgments, estimates and assumptions that 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 carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## Notes to the Financial Statements

for the period ended March 31, 2022

Estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Changes in significant accounting policies

The company has initially adopted Definition of a Business (Amendments to IFRS 3) and Interest Rate Benchmark Reform – IBOR ‘phase 2’ (Amendments to IFRS 9, IAS 39 and IFRS 7) from January 01, 2021 and Covid -19 Related Rent Concessions (Amendments to IFRS – 16). A number of other new standards are also effective from January 01, 2021 but they do not have a material effect on the company’s financial statements.

### Significant accounting policies

A summary of the significant accounting policies, which have been applied consistently, are set out below:

#### a) Revenue recognition:

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue represents the invoiced value of goods rendered during the year net of discounts, if any, falling with in the company’s ordinary activities.

As per IFRS 15 revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over a good or service to a customer.

#### b) Property, plant and equipment:

Property, plant and equipment is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, levies, duties and any directly attributable cost of bringing the asset to its working condition. The cost of property, plant and equipment is depreciated using the straight-line method over their expected useful lives. However on the balance sheet date the company do not have any property, plant and equipment.

#### c) Provision for staff termination benefits:

Amounts required to cover end of service indemnity at the statement of financial position date are computed pursuant to the United Arab Emirates Federal Labour Law based on the employees’ period of service and current basic remuneration at the statement of financial position date. However as on the balance sheet date the company do not have any employees.

#### d) Impairment of assets:

Property, plant and equipments are reviewed for impairment, wherever events or changes in circumstances indicates that the carrying amount of an asset may not be recoverable. Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairments loss is recognized in the statement of profit or loss and other comprehensive income.

#### e) Leases:

The company assesses whether a contract is, or contains, a lease. 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. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

## Notes to the Financial Statements

for the period ended March 31, 2022

**f) Foreign currencies:**

Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the statement of financial position date. Gains and losses arising are included in the statement of profit or loss and other comprehensive income.

**g) Provisions:**

Provisions are recognised when the company has a present obligation as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

**h) Cash and cash equivalents:**

For the purpose of the statement of cash flow, cash and cash equivalents consists of cash and balances with the bank and deposits with the banks maturing within 3 months from the date of acquisition, free of encumbrances.

**i) Financial instruments:**

Financial instruments comprise financial assets and financial liabilities. Financial assets and financial liabilities are recognised on the company's statement of financial position when the company has become a party to the contractual provisions of the instrument.

A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable or an equity instrument, excluding investments in subsidiaries, associates or joint ventures.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable.

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.

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 de-recognition is also recognised in profit or loss.

The company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

## Notes to the Financial Statements

for the period ended March 31, 2022

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the company applied the policies on accounting for modifications to the additional changes.

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 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.

The company recognises loss allowances for ECLs on:

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

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, that includes forward-looking information.

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). Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

**j) Accounts receivables:**

Accounts receivables are stated at their nominal value, as reduced by appropriate allowances for estimated doubtful amounts. The management undertakes a periodic review of amounts recoverable from trade and other receivables, and determines recoverability based on various factors such as ageing of receivables, payment history, collateral available and other knowledge about the receivables.

**k) Accounts payables:**

Accounts payables are stated at their nominal value.

**l) Duties and taxes payable (VAT):**

The company assesses the timing of when to accrue the taxes imposed by the Federal Tax Authority at the end

## Notes to the Financial Statements

for the period ended March 31, 2022

of the tax year. The company recognised a liability to pay as Value Added Tax (VAT) on March 31, 2021, when the obligating event as stated in the act occurred. It paid that liability in full at a later date.

### Adoption of new and revised International Financial Reporting Standards

The following new and revised standards including amendments thereto and interpretations which become effective for the current reporting period have been adopted. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the financial reporting for future transactions or arrangements.

### Adoption of new and revised International Financial Reporting Standards(continued)

Amendments to IFRS 3	References to Conceptual Framework in IFRS Standards
Amendments to IAS 1 and IAS 8	Amendment - Disclosure initiative - Definition of Material
Amendments to IFRS 3	Amendment – Definition of Business
Amendments to IAS 40	Transfers of Investment Property
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16	Interest rate Benchmark Reform
Amendment to IFRS 16	Covid -19 Related Rent Concessions

### Standard issued but not yet effective

A number of new standards are effective for annual periods beginning after August 26, 2021 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.

New standards or amendments	Effective date
Onerous Contracts - cost of fulfilling a Contract (Amendments to IAS 37)	January 01, 2022
Annual Improvements to IFRS Standards 2018 – 2020	January 01, 2022
Property, Plant and Equipment : Proceeds before intended to Use (Amendments to IAS 16)	January 01, 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 01, 2022
Classification of Liabilities as Current or Non current (Amendments to IAS 1)	January 01, 2023
IFRS 17 Insurance Contracts and amendments	January 01, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 01, 2023
Definition of Accounting Estimates – Amendments to IAS 8	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28)	Deferred Indefinitely
(The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted)	

### 3. DETERMINATION OF FAIR VALUES

A number of accounting policies and disclosures require the determination of fair values, for both financial and non - financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumption made in determining the fair values is disclosed in the notes specific to that asset or liability.

When one is available, the company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

## Notes to the Financial Statements

for the period ended March 31, 2022

If there is no quoted price in an active market, then the company uses valuation techniques that maximise the use of relevant observable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or liability measured at fair value has a bid price and an ask price, then the company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

### a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably and willingly. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

## 4 FINANCIAL RISK MANAGEMENT

### Overview

Generally, companies have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market rate risk

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

The company's manager has overall responsibility for the company and oversight of the company's risk management framework. The company's risk management framework is a combination of formally documented policies in certain areas and informal approach to risk management in others.

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

### a) 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 receivables from customers, other receivables, balances with bank and amounts due from related parties. The exposure to credit risk on accounts receivables and other receivables is monitored on an ongoing basis by management and these are considered recoverable by the company's management. The company's cash is placed with banks of good repute.



## Notes to the Financial Statements

for the period ended March 31, 2022

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered.

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered. The company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee. The company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively.

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 company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

### b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to payables to suppliers and the repayment of bank borrowings and amounts due to related parties. The company 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 company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

### c) Market rate risk

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

#### **Managing interest rate benchmark reform and associated risks**

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The company has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The company's main IBOR exposure at December 31, 2021 was indexed to sterling LIBOR and US dollar LIBOR. The alternative reference rate for sterling LIBOR is the Sterling Overnight Index Average (SONIA) rate and for US dollar LIBOR it is the Secured Overnight Financing Rate (SOFR). Amendments to financial instruments with contractual terms indexed to sterling LIBOR such that they incorporate new benchmark rates were completed by December 31, 2021.

The company monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The company considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

## Notes to the Financial Statements

for the period ended March 31, 2022

The company's risk management strategy has not changed due to the Covid-19 coronavirus pandemic. However, the economic downturn caused by the Covid-19 pandemic has significantly impacted the company's budgets and plans and its assessments of whether forecast foreign currency sales are highly probable and expected to occur.

### i. Currency risk

Generally, companies are exposed to currency risk mainly on purchases and sales that are denominated in a currency other than the functional currency of the company. The currency in which these transactions primarily are denominated in United Arab Emirates Dirham (AED) or United States Dollars (USD). The exchange rate of AED is pegged against USD and hence the company's exposure to currency risk is not materially significant in case of AED / USD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

### ii. Interest rate risk

At the reporting date the company has no exposure to interest rate risk as it has no interest rate bearing financial instruments.

### iii. Capital management

The company is not subject to externally imposed capital requirements. There were no change in company's approach to capital management during the period.

## 5. Trade receivables

	March 31, 2022
	AED
<b>Trade receivables</b>	212,671
	<u><u>212,671</u></u>

### a) Ageing analysis

	March 31, 2022
	AED
0-30 days	212,671
	<u><u>212,671</u></u>

### b) Credit analysis

At the financial statement date, there were 1 customer accounted for 100% of the total outstanding trade receivables. As confirmed by the management, the exposure to credit risk and expected credit loss (ECL) is nil.

c) The fair value of trade receivables is not materially different from their balances shown in the financial statement.

## 6 Due from / to related parties

The company enters into transactions with companies and entities that fall within the definition of a related party as contained in International Financial Reporting Standards (IFRS). Related parties comprise companies and entities under common ownership and / or common management and control, their partners and key management personnel.

The company believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

## Notes to the Financial Statements

for the period ended March 31, 2022

The company provide / receive funds to / from related parties as and when required as working capital facilities.

At the financial statement date, due from / to related parties were as follows:

	March 31, 2022
	AED
<b>Due to related parties</b>	
Marico Middle East FZE, UAE	104,780
Marico Limited, India	66,574
	<u>171,354</u>

### Related party transactions

During the year, the company mainly entered into the following transactions with the related parties:

	March 31, 2022
	AED
<b>a) Nature of transactions from / to related party</b>	
Purchases	61,510
Royalty payable	5,064
Net (repayment) / receipt of loans to / from related parties	<u>104,780</u>

### 7. Other receivables and prepayments

	March 31, 2022
	AED
Advances	253
	<u>253</u>

### 8. Cash on hand and in banks

	March 31, 2022
	AED
Cash on hand	-
Bank balances - in current accounts	300,000
	<u>300,000</u>

#### Note: components of cash and cash equivalent:

	March 31, 2022
	AED
Cash on hand and in banks	300,000
Less: deposits	-
Cash & cash equivalents for the purpose of cashflow statement	<u>300,000</u>

**Notes to the Financial Statements**

for the period ended March 31, 2022

**9. Share capital**

	March 31, 2022
	AED
Authorised, issued and fully paid; 300 ordinary shares of AED 1,000 each	300,000
	<u>300,000</u>

**10. Trade payables**

	March 31, 2022
	AED
Trade payables	28,704
	<u>28,704</u>

**11. Sundry payables and accruals**

	March 31, 2022
	AED
Professional fees payable	8,000
Duties and taxes	10,380
	<u>18,380</u>

Note: (a) The UAE has issued Federal Decree Law No. (8) of 2017 on Value Added Tax (VAT) ("VAT Law") which is implemented in the UAE effective January 01, 2018 at a standard rate of 5%.

**12. Revenue**

	August 26, 2021 to
	March 31, 2022
	AED
Sale of goods	202,544
	<u>202,544</u>

**13. Cost of revenue**

	August 26, 2021 to
	March 31, 2022
	AED
Purchase of goods	81,651
	<u>81,651</u>

**14. General and administrative expenses**

	August 26, 2021 to
	March 31, 2022
	AED
Legal, professional and municipal charges	111,778
Sales and distribution expenses	8,815
Royalty expenses	5,064
Printing & stationary	750
	<u>126,407</u>

## Notes to the Financial Statements

for the period ended March 31, 2022

### 15 Financial instruments

Financial instruments of the company comprises of cash and bank balances, trade receivables, other assets, trade payables and other liabilities.

a) Credit risk

Financial assets which potentially expose the company to concentration of credit risk comprise principally bank accounts, trade receivables and other receivables.

The company bank accounts are placed with high quality financial institutions.

b) Currency risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in United Arab Emirates Dirhams.

c) Interest rate risk

At the reporting date the company have no exposure to interest rate risk as it has no interest rate bearing financial instruments.

d) Liquidity risk

The company manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due. The company maintains good working relations with its banks.

e) Fair values

At the financial statement date, the fair values of company financial assets and liabilities approximate their carrying amounts.

### 16 Contingent assets and liabilities

Except ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitment on company account as of balance sheet date.

### 17 Comparative amounts

This is the first year of audit from the date of incorporation, i.e., August 26, 2021 to March 31, 2022. Accordingly, there are no comparative figures for the previous period.

The financial statements on pages 7 to 26 were approved by the board of directors on July 05, 2022 and signed on its behalf by:

**For Marico Gulf L.L.C**

**Binjit Kumar Kadakapcedlikayal Ajit Babu Kadakapcedlikayal**

July 05, 2022

**Director**



**Registered Office**

Marico Limited  
7<sup>th</sup> floor, Grande Palladium  
175, CST Road, Kalina, Santacruz (East)  
Mumbai 400 098



**Purpose Statement**

To transform in a sustainable manner, the lives of those we touch,  
by nurturing and empowering them to maximise their true potential.

 [www.facebook.com/MaricoCampusConnections](http://www.facebook.com/MaricoCampusConnections)  
[www.facebook.com/MaricoLimited/](http://www.facebook.com/MaricoLimited/)

 [www.youtube.com/user/MaricoLimited](http://www.youtube.com/user/MaricoLimited)

 [www.linkedin.com/company/maricolimited](http://www.linkedin.com/company/maricolimited)

 [@maricocareers](https://www.instagram.com/maricocareers)