



MAKING A DIFFERENCE FOR 25 YEARS

Subsidiaries' Financials 2015-16

INDEX

MARICO BANGLADESH LIMITED

Company Information	3
Auditor's Report.....	4
Balance Sheet	5
Statement of Profit or Loss and other Comprehensive Income.....	6
Cash Flow Statement	7
Statement of Changes in equity	8
Notes to Financial Statements.....	9

MBL INDUSTRIES LIMITED

Company Information	39
Auditor's Report.....	40
Balance Sheet	41
Profit or Loss Account.....	42
Cash Flow Statement	43
Statement of Changes in equity	44
Notes to Financial Statements.....	45

MARICO MIDDLE EAST FZE

Company Information	55
Auditor's Report.....	56
Balance Sheet	57
Statement of Comprehensive Income	58
Statement of Changes in equity	59
Cash Flow Statement	60
Notes to Financial Statements.....	61

MEL CONSUMER CARE SAE

Company Information	77
Auditor's Report.....	78
Balance Sheet	79
Income Statement	80
Statement of Changes in equity	81
Cash Flow Statement	82
Notes to Financial Statements.....	83

EGYPTIAN AMERICAN FOR INVESTMENT AND INDUSTRIAL DEVELOPMENT COMPANY

Company Information	92
Auditor's Report.....	93
Balance Sheet	94
Income Statement	95
Statement of Changes in equity	96
Cash Flow Statement	97
Notes to Financial Statements.....	98

MARICO EGYPT FOR INDUSTRIES (SAE)

Company Information	110
Auditor's Report.....	111
Balance Sheet	112
Income Statement	113
Statement of Changes in equity	114
Cash Flow Statement	115
Notes to Financial Statements.....	116

MARICO CONSUMER CARE LIMITED

Company Information	129
Auditor's Report.....	130
Balance Sheet	136
Statement of Profit or Loss	137
Cash Flow Statement	138
Notes to Financial Statements.....	140

MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED

Company Information	152
Statement of Director's Responsibility.....	153
Director's Report	154
Auditor's Report.....	155
Balance Sheet	156
Statement of Comprehensive Income	157
Statement of Changes in equity	158

Cash Flow Statement	159	INTERNATIONAL CONSUMER PRODUCT CORPORATION	
Notes to Financial Statements.....	160		
MARICO SOUTH AFRICA (PTY) LIMITED			
Company Information	186	Company Information	227
Statement of Director's Responsibility	187	Auditor's Report.....	228
Auditor's Report.....	189	Balance Sheet	229
Balance Sheet	190	Income Statement	231
Statement of Comprehensive Income	191	Cash Flow Statement	232
Statement of Changes in equity	192	Notes to Financial Statements.....	234
Cash Flow Statement	193	THUAN PHAT FOODSTUFF JOINT STOCK COMPANY	
Notes to Financial Statements.....	194	Company Information	257
MARICO MALAYSIA SDN. BHD.		Auditor's Report.....	259
Company Information	214	Balance Sheet	260
Director's Report	215	Income Statement	262
Auditor's Report.....	218	Cash Flow Statement	263
Balance Sheet	219	Notes to Financial Statements.....	264
Income Statement	220	MARICO INNOVATION FOUNDATION	
Statement of Changes in equity	221	Company Information	280
Cash Flow Statement	222	Auditor's Report.....	281
Notes to Financial Statements.....	223	Balance Sheet	283
		Income & Expenditure Statement.....	284
		Cash Flow Statement	285
		Notes to Financial Statements.....	286

MARICO BANGLADESH LIMITED

Board of Directors	Mr. Saugata Gupta Mr. Sanjay Mishra Mr. Vivek Karve Mr. Aditya Shome Mr. Barrister Ashraful Hadi Mr. Masud Khan Ms.Rokia Afzal Rehman	Chairman Director Director Managing Director Independent Director Independent Director Independent Director
Management Team	Mr. Aditya Shome Mr. Mohammad Iqbal Chowdhury Mr. Nawbut Ali Mr. Sidhartha Das Mr. Kazi Amirul Hoque Mr. Md. Nazim Uddin Mr. Md. Saiful Alam Ms.Christabel Randolph	Managing Director Chief Financial Officer Director-Marketing Director-HR Director-Sales Director-Supply Chain Director-Manufacturing Head-Legal & Secretarial
Company Secretary	Mr. Mohammad Iqbal Chowdhury	
Registered & Corporate Office	House-1, Road-1, Sector-1, Uttara, Dhaka-1230 Telephone: +880 28931202, Fax: +880 28932322	
Date of Incorporation	September 6, 1999	
Our Factories	Factory 1: Mouchak, Kaliakoir, Gazipur Factory 2: Shirchala, Mahona Bhabanipur, Gazipur	
Statutory Auditors	Hoda Vasi Chowdhury & Co.	
Legal Advisor	Corporate Counsel	
Principal Bankers	Standard Chartered Bank HSBC BRAC Bank Ltd. Islami Bank	
Stock Information	Dhaka Stock Exchange Chittagong Stock Exchange Stock Code: MARICO ISIN: BD0481MRICO6 Sector: Pharmaceuticals & Chemicals	
Investor Relations	Telephone: +880 28931202 Ext: 534 Fax: +880 28932322 Email: info@marico.com Website: www.marico.com/bangladesh	

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Marico Bangladesh Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Marico Bangladesh Limited (the "Company") which comprise the statement of financial position as at 31 March, 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly give a true and fair view of, in all material respects, the financial position of Marico Bangladesh Limited as at 31 March, 2016, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

Report on Other Legal and Regulatory Requirements

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

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

Dhaka, April 25, 2016

Hoda Vasi Chowdhury & Co.

Chartered Accountants

MARICO BANGLADESH LIMITED

BALANCE SHEET

As at March 31, 2016

Particulars	Note	As at March 31,			
		2016 Taka	2015 Taka	2016 ₹ Crore	2015 ₹ Crore
Assets					
Property, plant and equipment	4	595,760,075	731,713,275	50.34	58.76
Intangible assets	5	13,142,320	7,284,910	1.11	0.58
Deferred tax assets	6	81,632,588	33,726,602	6.90	2.71
Long-term deposits	7	2,706,000	2,835,912	0.23	0.22
Non-current assets		693,240,983	775,560,699	58.58	62.27
Inventories	8	1,262,292,780	1,822,852,895	106.66	146.37
Accrued interest		13,458,959	14,021,076	1.14	1.13
Advances, deposits and prepayments	9	169,523,023	49,507,281	14.32	3.98
Short-term investment	10	847,797,172	500,000,000	71.64	40.15
Cash and cash equivalents	11	480,524,575	191,990,392	40.60	15.42
Current assets		2,773,596,509	2,578,371,644	234.37	207.05
Total assets		3,466,837,492	3,353,932,343	292.95	269.32
Equity and Liabilities					
Equity					
Share capital	12	315,000,000	315,000,000	26.62	25.29
Share premium		252,000,000	252,000,000	21.29	20.24
Retained earnings		1,141,720,944	1,145,170,637	96.48	91.96
Total equity		1,708,720,944	1,712,170,637	144.39	137.49
Liabilities					
Provision for gratuity	13	35,250,107	20,465,488	2.98	1.64
Provision for leave encashment	14	9,012,992	6,428,033	0.76	0.52
Non-current liabilities		44,263,099	26,893,521	3.74	2.16
Provision for gratuity	13	5,183,998	2,646,276	0.44	0.21
Provision for leave encashment	14	1,844,907	1,310,915	0.16	0.11
Trade and other payables	15	1,283,487,511	1,245,243,909	108.45	99.99
Current tax liabilities	16	423,337,033	365,667,085	35.77	29.36
Current liabilities		1,713,853,449	1,614,868,185	144.82	129.67
Total liabilities		1,758,116,548	1,641,761,706	148.56	131.83
Total equity and liabilities		3,466,837,492	3,353,932,343	292.95	269.32

The annexed notes 1 to 33 form an integral part of these financial statements.

Company Secretary

Director

Managing Director

As per our annexed report of same date.

Hoda Vasi Chowdhury & Co.

Chartered Accountants

Dhaka, April 25, 2016

Note: The exchange rate use to convert Taka to ₹ 0.845 (Previous year Taka to ₹ 0.803)

MARICO BANGLADESH LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2016

Particulars	Note	Year ended March 31,			
		2016 Taka	2015 Taka	2016 ₹ Crore	2015 ₹ Crore
Revenue	17	7,339,285,874	7,348,826,563	620.16	590.12
Cost of sales	18	(3,884,804,007)	(4,042,601,061)	(328.27)	(324.63)
Gross profit		3,454,481,867	3,306,225,502	291.89	265.49
Marketing, selling and distribution expenses	19	(911,676,609)	(942,770,401)	(77.04)	(75.70)
General and administrative expenses	20	(735,664,847)	(636,462,886)	(62.17)	(51.11)
Other income	21	2,468,764	844,066	0.21	0.07
Profit from operation		1,809,609,175	1,727,836,281	152.89	138.75
Finance income, net	22	114,518,588	100,680,684	9.67	8.08
Profit before tax		1,924,127,763	1,828,516,965	162.56	146.83
Income tax expense	23	(510,077,456)	(483,747,430)	(43.10)	(38.84)
Profit after tax		1,414,050,307	1,344,769,535	119.46	107.99
Other comprehensive income		-	-	-	-
Total comprehensive income		1,414,050,307	1,344,769,535	119.46	107.99
Earnings per share					
Basic earnings per share (par value of Tk 10)	24	44.89	42.69	37.93	34.28

The annexed notes 1 to 33 form an integral part of these financial statements.

Company Secretary

Director

Managing Director

As per our annexed report of same date.

Hoda Vasi Chowdhury & Co.

Chartered Accountants

Dhaka, 25 April, 2016

Note: The exchange rate use to convert Taka to ₹ 0.845 (Previous year Taka to ₹ 0.803)

MARICO BANGLADESH LIMITED

CASH FLOWS STATEMENT

For the year ended March 31, 2016

Particulars	Year ended March 31,			
	2016 Taka	2015 Taka	2016 ₹ Crore	2015 ₹ Crore
Cash flows from operating activities				
Collection from customers	7,362,678,637	7,149,084,037	622.15	574.07
Payment to suppliers and for operating expenses	(4,820,387,737)	(6,325,870,698)	(407.32)	(507.97)
Interest paid	(928,127)	(2,502,325)	(0.08)	(0.20)
Interest received	110,361,916	167,912,236	9.33	13.49
Income tax paid	(500,313,493)	(580,950,405)	(42.28)	(46.65)
Net cash from operating activities	2,151,411,196	407,672,845	181.80	32.74
Cash flows from investing activities				
Acquisition of property, plant and equipment	(92,079,077)	(49,532,157)	(7.78)	(3.98)
Acquisition of intangible assets	(9,217,547)	(3,904,959)	(0.78)	(0.31)
Disposal of property, plant and equipment	3,716,783	1,721,794	0.31	0.14
(Investment in)/encashment of short-term investments	(347,797,172)	732,516,250	(29.39)	58.82
Net cash (used in)/from investing activities	(445,377,013)	680,800,928	(37.64)	54.67
Cash flows from financing activities				
Dividend paid	(1,417,500,000)	(1,338,750,000)	(119.78)	(107.50)
Net cash used in financing activities	(1,417,500,000)	(1,338,750,000)	(119.78)	(107.50)
Net increase/(decrease) in cash and cash equivalents	288,534,183	(250,276,227)	24.38	(20.09)
Opening cash and cash equivalents	191,990,392	442,266,619	16.22	35.51
Closing cash and cash equivalents	480,524,575	191,990,392	40.60	15.42

Note: The exchange rate use to convert Taka to ₹ 0.845 (Previous year Taka to ₹ 0.803)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31 , 2016

Particulars	Share capital	Share premium	Retained earnings	Total equity	Share capital	Share premium	Retained earnings	Total equity
	Taka	Taka	Taka	Taka	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Balance at 1 April, 2014	315,000,000	252,000,000	1,139,151,102	1,706,151,102	25.29	20.24	91.48	137.00
Comprehensive income for the year ended 31 March, 2015	-	-	1,344,769,535	1,344,769,535	-	-	107.98	107.98
Final dividend for 2013-2014	-	-	(157,500,000)	(157,500,000)	-	-	(12.65)	(12.65)
1st Interim dividend for 2014-2015	-	-	(472,500,000)	(472,500,000)	-	-	(37.94)	(37.94)
2nd Interim dividend for 2014-2015	-	-	(708,750,000)	(708,750,000)	-	-	(56.91)	(56.91)
Balance at 31 March, 2015	315,000,000	252,000,000	1,145,170,637	1,712,170,637	25.29	20.24	91.96	137.48
Balance at 1 April, 2015	315,000,000	252,000,000	1,145,170,637	1,712,170,637	26.62	21.29	96.77	144.68
Comprehensive income for the year ended 31 March, 2016	-	-	1,414,050,307	1,414,050,307	-	-	119.49	119.49
Final dividend for 2014-2015	-	-	(157,500,000)	(157,500,000)	-	-	(13.31)	(13.31)
1st Interim dividend for 2015-2016	-	-	(945,000,000)	(945,000,000)	-	-	(79.85)	(79.85)
2nd Interim dividend for 2015-2016	-	-	(315,000,000)	(315,000,000)	-	-	(26.62)	(26.62)
Balance at 31 March, 2016	315,000,000	252,000,000	1,141,720,944	1,708,720,944	26.62	21.29	96.48	144.39

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

1 Reporting entity

Marico Bangladesh Limited (hereinafter referred to as "MBL"/"the Company"), is a listed company incorporated on 6 September, 1999 in Bangladesh under the Companies Act, 1994. The Company is a subsidiary of Marico Limited, India. Since 2009 the Company's shares are being traded in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE).

1.1 Registered office

The address of the Company's registered office is House # 01, Road # 01, Sector # 01, Uttara Model Town, Dhaka-1230.

1.2 Nature of business activities

The Company manufactures and markets products under the brands such as Parachute, Nihar, Saffola, Hair Code, Livon, Parachute Advanced, Beliphool, Parachute Body Lotion and Set-wet in Bangladesh. The manufacturing plants of the Company 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, Jessore and Comilla. The Company started its commercial operations from 30 January, 2000.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

2.2 Authorisation for issue

The financial statements were authorised for issue by the Board of Directors in the 91st Board of Directors Meeting held on 25 April, 2016.

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

2.5 Reporting period

The financial statements of the Company covered one year from 1 April, 2015 to 31 March, 2016.

2.6 Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount 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 estimates are revised and in any future periods affected.

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

Note - 4	Property, plant and equipment
Note - 5	Intangible
Note - 8	Inventories
Note - 6	Deferred tax assets
Note -14	Employee benefits
Note -16	Current tax liabilities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

2.7 Basis of fair value measurement

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in the following note: Note 30: Financial instruments - Fair values and financial risk management.

2.8 Materiality and aggregation

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

2.9 Current vs. non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when it is:

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

The Company classifies all other liabilities as non-current.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

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

2.11 Statement of cash flows

Cash flows from operating activities have been presented under direct method as per BAS 7 Statement of Cash Flows.

3 Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

3.1 Foreign currency transactions

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

3.2 Property, plant and equipment

i) Recognition and measurement

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

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

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

ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure 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

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 recognised in profit or loss on straight line method over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated. Considering the estimated useful lives of the assets the following rates have been applied in current and comparative years:

Assets	Depreciation rate
Plant and machinery	10-33%
Factory equipment	20-33%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Moulds	15-33%
Factory building	10-20%
Laboratory equipment	20-33%
Office equipment	33-50%
Vehicles	20-25%
Computers	33-50%
Furniture and fixtures	20-50%
Office building	10-20%
A.C, refrigerators and water coolers	20-33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. There has been no change in estimate from last year.

Depreciation is charged from the month of acquisition of property, plant and equipment and no depreciation is charged in the month of disposal.

iv) Retirement and disposals

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

v) Capital work in progress

Capital work in progress 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.

3.3 Intangible assets

i) Recognition and measurement

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

ii) Amortisation

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

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

3.4 Inventories

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

3.5 Financial instruments

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

(i) Financial assets

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

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

The Company's financial assets comprise short term investment, accrued interest, refundable deposits and cash and cash equivalents.

Accrued interest

Interest accrued on fixed deposits which will be received at the end of maturity period is classified as held to maturity financial asset which is a part of original instrument of fixed deposits.

Short-term investment

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

Cash and cash equivalents

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

(ii) Financial Liabilities

The Company initially recognises financial liabilities on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

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

Trade and other payables

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

iii) Offsetting

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

3.6 Share capital

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

3.7 Dividend to the equity holders

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

3.8 Employee benefits

i) Short-term employee benefits

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

ii) Defined benefit plans

The Company operates unfunded gratuity scheme and leave encashment scheme, provision in respect of which is made annually covering all its eligible employees. These schemes are 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.

iii) Worker's profit participation and welfare fund

Workers' profit participation and welfare fund ("the Fund") qualifies as defined contribution plan. Each year the Fund will be entitled to get share of profit @ 5% on profit before tax of MBL as per provision of the Bangladesh Labor Act 2006.

The Fund is governed by Bangladesh Labour Act, 2006 as amended up to 22 July, 2013 and the trust deed.

3.9 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.

3.10 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

(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. Current tax payable also includes any tax liability arising from the declaration of dividends.

(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.

3.11 Revenue

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

3.12 Finance income and finance cost

(i) Finance income

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets. Interest income 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.

3.13 Operating lease

Leases that are not finance lease are considered as operating leases and the leased assets are not recognised in the Company's Statement of Financial Position. Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

3.14 Impairment

(i) Financial assets (non-derivative)

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

(ii) Non-financial assets

The carrying amounts of its 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.

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.

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 recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount. 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.

3.15 Contingencies

(i) Contingent liability

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

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

(ii) Contingent asset

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

The Company does not recognise contingent asset.

3.16 Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share 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, adjusted for own shares held. 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, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.17 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

4. Property, plant and equipment

Year 2016

Particulars	Cost				Accumulated depreciation				Carrying value
	As at 1 April, 2015	Addition during the year	Disposal / Adjustment during the year	As at 31 March, 2016	As at 1 April, 2016	Charged for the year	Adjustment for the year	As at 31 March, 2016	As at 31 March, 2016
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Plant and machinery	553,813,748	6,276,477	1,369,228	558,720,997	286,755,831	112,317,690	1,369,228	397,704,293	161,016,704
Freehold land	176,749,959	-	-	176,749,959	-	-	-	-	176,749,959
Vehicles	33,665,188	-	13,128,161	20,537,027	28,173,136	3,309,092	12,041,975	19,440,253	1,096,774
Factory equipment	4,839,004	-	-	4,839,004	3,947,447	377,457	-	4,324,904	514,100
Moulds	75,471,406	28,045,991	-	103,517,397	44,468,585	15,970,443	-	60,439,028	43,078,369
Factory building	177,441,713	25,832,619	-	203,274,332	77,899,706	35,554,814	-	113,454,520	89,819,812
Office building	193,910,204	-	-	193,910,204	71,575,262	22,542,278	-	94,117,540	99,792,664
Laboratory equipment	5,430,533	-	-	5,430,533	3,090,495	1,001,819	-	4,092,314	1,338,219
Office equipment	27,762,171	5,438,626	88,360	33,112,437	18,249,020	7,310,801	60,650	25,499,171	7,613,266
Computers	12,155,299	3,259,228	49,000	15,365,527	8,129,437	2,891,218	49,000	10,971,655	4,393,872
Furniture and fixtures	43,277,810	1,217,482	406,668	44,088,624	32,062,867	4,279,171	272,545	36,069,493	8,019,131
A.C., refrigerator and water coolers	9,847,014	2,294,127	110,430	12,030,711	8,298,988	1,514,948	110,430	9,703,506	2,327,205
Total	1,314,364,049	72,364,550	15,151,847	1,371,576,752	582,650,774	207,069,731	13,903,828	775,816,677	595,760,075

4. Property, plant and equipment

Year 2015

Particulars	Cost				Accumulated depreciation				Carrying value
	As at 1 April, 2014	Addition during the year	Disposal / Adjustment during the year	As at 31 March, 2015	As at 1 April, 2014	Charged for the year	Adjustment for the year	As at 31 March, 2015	As at 31 March, 2015
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Plant and machinery	546,155,363	7,658,385	-	553,813,748	187,299,595	99,456,236	-	286,755,831	267,057,917
Freehold land	176,749,959	-	-	176,749,959	-	-	-	-	176,749,959
Vehicles	37,932,178	-	4,266,990	33,665,188	25,413,291	6,127,264	3,367,419	28,173,136	5,492,052
Factory equipment	4,152,054	686,950	-	4,839,004	3,561,598	385,849	-	3,947,447	891,557
Moulds	62,350,403	13,545,034	424,031	75,471,406	27,772,614	17,120,002	424,031	44,468,585	31,002,821
Factory building	171,804,875	5,636,838	-	177,441,713	42,826,425	35,073,281	-	77,899,706	99,542,007
Office building	193,910,204	-	-	193,910,204	49,032,983	22,542,279	-	71,575,262	122,334,942
Laboratory equipment	5,360,853	69,680	-	5,430,533	2,077,004	1,013,491	-	3,090,495	2,340,038
Office equipment	19,320,316	10,732,922	2,291,067	27,762,171	14,841,336	5,615,956	2,208,272	18,249,020	9,513,151
Computers	9,554,113	3,098,907	497,721	12,155,299	6,421,856	2,171,431	463,850	8,129,437	4,025,862
Furniture and fixtures	42,949,068	3,053,729	2,724,987	43,277,810	30,562,446	3,916,788	2,416,367	32,062,867	11,214,943
A.C., refrigerators and water coolers	9,993,071	267,733	413,790	9,847,014	7,357,440	1,355,331	413,783	8,298,988	1,548,026
Total	1,280,232,457	44,750,178	10,618,586	1,314,364,049	397,166,588	194,777,908	9,293,722	582,650,774	731,713,275

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Year 2016

Particulars	Cost				Accumulated depreciation				Carrying value	
	As at 1 April, 2015	Addition during the year	Disposal / Adjustment during the year	As at 31 March, 2016	As at 1 April, 2015	Charged for the year	Adjustment for the year	As at 31 March, 2016	As at 31 March, 2016	
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	
Plant and machinery	46.80	0.53	0.12	47.21	24.25	9.51	0.12	33.64	13.57	
Freehold land	14.94	-	-	14.94	-	-	-	-	14.94	
Vehicles	2.84	-	1.11	1.73	2.38	0.28	1.02	1.64	0.09	
Factory equipment	0.41	-	-	0.41	0.33	0.03	-	0.36	0.05	
Moulds	6.38	2.37	-	8.75	3.76	1.35	-	5.11	3.64	
Factory building	14.99	2.18	-	17.17	6.58	3.00	-	9.58	7.59	
Office building	16.39	-	-	16.39	6.05	1.90	-	7.95	8.44	
Laboratory equipment	0.46	-	-	0.46	0.26	0.08	-	0.34	0.12	
Office equipment	2.35	0.46	0.01	2.80	1.54	0.62	0.01	2.15	0.65	
Computers	1.03	0.28	-	1.31	0.69	0.24	-	0.93	0.38	
Furniture and fixtures	3.66	0.10	0.03	3.73	2.71	0.36	0.02	3.05	0.68	
A.C., refrigerator and water coolers	0.83	0.19	0.01	1.01	0.70	0.13	0.01	0.82	0.19	
Total	111.08	6.11	1.28	115.91	49.25	17.50	1.18	65.57	50.34	

Year 2015

Particulars	Cost				Accumulated depreciation				Carrying value	
	As at 1 April, 2014	Addition during the year	Disposal / Adjustment during the year	As at 31 March, 2015	As at 1 April, 2014	Charged for the year	Adjustment for the year	As at 31 March, 2015	As at 31 March, 2015	
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	
Plant and machinery	43.86	0.61	-	44.47	15.05	8.00	-	23.05	21.42	
Freehold land	14.19	-	-	14.19	-	-	-	-	14.19	
Vehicles	3.05	-	0.34	2.71	2.04	0.49	0.27	2.26	0.45	
Factory equipment	0.33	0.06	-	0.39	0.29	0.03	-	0.32	0.07	
Moulds	5.01	1.09	0.03	6.07	2.23	1.37	0.03	3.57	2.50	
Factory building	13.80	0.45	-	14.25	3.44	2.82	-	6.26	7.99	
Office building	15.57	-	-	15.57	3.94	1.81	-	5.75	9.82	
Laboratory equipment	0.43	0.01	-	0.44	0.17	0.08	-	0.25	0.19	
Office equipment	1.55	0.86	0.18	2.23	1.19	0.45	0.18	1.46	0.77	
Computers	0.77	0.25	0.04	0.98	0.52	0.17	0.04	0.65	0.33	
Furniture and fixtures	3.45	0.25	0.22	3.48	2.45	0.31	0.19	2.57	0.91	
A.C., refrigerators and water coolers	0.80	0.02	0.03	0.79	0.59	0.11	0.03	0.67	0.12	
Total	102.81	3.60	0.84	105.57	31.91	15.64	0.74	46.81	58.76	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

4.1 Depreciation allocated to:

Particulars	2016	2015	2016	2015
	Taka	Taka	₹ Crore	₹ Crore
Cost of sales (Note 18)	172,443,428	160,270,064	14.57	12.87
General and administrative expenses (Note 20)	34,626,303	34,507,844	2.93	2.77
	207,069,731	194,777,908	17.50	15.64

5 Intangible assets

Year 2016

Particulars	Cost				Accumulated depreciation				Carrying value
	As at 1 April, 2015	Addition during the year	Disposal / Adjustment during the year	As at 31 March, 2016	As at 1 April, 2015	Charged for the year	Adjustment for the year	As at 31 March, 2016	As at 31 March, 2016
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Intangible assets	11,125,506	9,217,546	–	20,343,052	3,840,596	3,360,136	–	7,200,732	13,142,320

Year 2015

Particulars	Cost				Accumulated depreciation				Carrying value
	As at 1 April, 2014	Addition during the year	Disposal / Adjustment during the year	As at 31 March, 2015	As at 1 April, 2014	Charged for the year	Adjustment for the year	As at 31 March, 2015	As at 31 March, 2015
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Intangible assets	7,220,547	3,904,959	–	11,125,506	1,203,424	2,637,172	–	3,840,596	7,284,910

Year 2016

Particulars	Cost				Accumulated depreciation				Carrying value
	As at 1 April, 2015	Addition during the year	Disposal / Adjustment during the year	As at 31 March, 2016	As at 1 April, 2015	Charged for the year	Adjustment for the year	As at 31 March, 2016	As at 31 March, 2016
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Intangible assets	0.94	0.78	–	1.72	0.33	0.28	–	0.61	1.11

Year 2015

Particulars	Cost				Accumulated depreciation				Carrying value
	As at 1 April, 2014	Addition during the year	Disposal / Adjustment during the year	As at 31 March, 2015	As at 1 April, 2014	Charged for the year	Adjustment for the year	As at 31 March, 2015	As at 31 March, 2015
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Intangible assets	0.58	0.31	–	0.89	0.10	0.21	–	0.31	0.58

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

6 Deferred tax asset

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

Particulars	Carrying value as at 31 March,	Taka	Taka	Carrying value as at 31 March,	Rs.Crore	Rs.Crore
		Tax base as at 31 March,	Temporary Difference Taxable/ (deductible)		Tax base as at 31 March,	Temporary Difference Taxable/ (deductible)
Deferred tax asset/(liability)						
Year 2016						
Property, plant and equipment	432,149,520	441,991,217	(9,841,697)	36.52	37.35	(0.83)
Deferred revenue expense	-	8,791,645	(8,791,645)	-	0.74	(0.74)
Provision for gratuity	(40,434,105)	-	(40,434,105)	(3.42)	-	(3.42)
Provision for leave encashment	(10,857,899)	-	(10,857,899)	(0.92)	-	(0.92)
Royalty payable	(139,398,614)	-	(139,398,614)	(11.78)	-	(11.78)
Provision for cross charge	(117,206,393)	-	(117,206,393)	(9.90)	-	(9.90)
Net deductible temporary difference			(326,530,353)			(27.59)
Income tax rate *			25.00%			25.00%
Deferred tax asset (A)			(81,632,588)			(6.90)
Year 2015						
Property, plant and equipment	562,084,968	472,656,207	89,428,761	45.14	37.95	7.18
Deferred revenue expense	-	20,291,645	(20,291,645)	-	1.63	(1.63)
Provision for gratuity	(23,111,764)	-	(23,111,764)	(1.86)	-	(1.86)
Royalty payable	(182,294,450)	-	(182,294,450)	(14.64)	-	(14.64)
Net deductible temporary difference			(136,269,098)			(10.95)
Income tax rate *			24.75%			24.75%
Deferred tax asset (B)			(33,726,602)			(2.71)
Deferred tax (income)/expense (A-B)			(47,905,986)			(3.85)

* The Company has declared more than 30% interim dividend (cash) and thus its tax rate is 25% for the relevant assessment years.

7 Long-term deposits

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Security deposits	2,706,000	2,835,912	0.23	0.22
	2,706,000	2,835,912	0.23	0.22

8 Inventories

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Raw materials	830,903,025	1,378,515,052	70.20	110.69
Packing materials	71,917,837	38,719,047	6.08	3.11
Finished goods	142,234,909	287,803,616	12.02	23.11
Raw materials in transit	217,237,009	117,815,180	18.36	9.46
	1,262,292,780	1,822,852,895	106.66	146.37

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

9 Advances, deposits and prepayments

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Advances				
Advance for capital goods	45,429,748	2,331,504	3.83	0.19
Advance for services	79,757,718	21,430,594	6.74	1.72
Advance and loans to employees	8,616,651	6,169,332	0.73	0.50
	133,804,117	29,931,430	11.30	2.41
Deposits				
VAT current account	23,775,506	9,786,060	2.01	0.79
Supplementary duty	3,382,328	1,894,574	0.29	0.15
Security deposits	24,000	2,492,400	0.00	0.20
	27,181,834	14,173,034	2.30	1.14
Prepayments				
Prepaid expenses	8,537,072	5,402,817	0.72	0.43
	169,523,023	49,507,281	14.32	3.98

10 Short-term investment

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Fixed deposits of original maturity of more than three months (Note 10.1)	847,797,172	500,000,000	71.64	40.15

10.1 Fixed deposits of original maturity of more than three months

Fixed deposits with:

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Commercial Bank of Ceylon PLC	-	100,000,000	-	8.03
Delta Brac Housing Finance Corporation Ltd.	273,934,325	100,000,000	23.15	8.03
Eastern Bank Limited	35,000,000	-	2.96	-
IDLC Finance Limited	273,862,847	130,000,000	23.14	10.44
Islami Bank Bangladesh Limited	-	170,000,000	-	13.65
South East Bank Limited	265,000,000	-	22.39	-
	847,797,172	500,000,000	71.64	40.15

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

11 Cash and cash equivalents

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Cash in hand	245,677	119,360	0.02	0.01
Cash at banks:				
BRAC Bank Limited	13,605,147	19,352,758	1.15	1.55
Citibank N.A.	5,700	2,144,300	0.00	0.17
Islami Bank Bangladesh Limited	40,621	2,834,400	0.00	0.23
Prime Bank Limited	-	605,000	-	0.05
Sonali Bank Limited	21,062	14,059	0.00	0.00
Standard Chartered Bank*	(84,389,740)	5,179,790	(7.13)	0.42
The Hongkong and Shanghai Banking Corporation Limited	543,865	6,575,996	0.05	0.53
	(70,173,345)	36,706,303	(5.93)	2.95
Fixed deposits of original maturity of three months or less (Note 11.1)	550,452,243	155,164,729	46.51	12.46
	480,524,575	191,990,392	40.60	15.42

* The negative balance in the Standard Chartered Bank represents balance in the MBL books only whereas actual balance in the current account of Standard Chartered Bank as at 31 March, 2016 was Taka 6.6 million.

11.1 Fixed deposits of original maturity of three months or less

Fixed deposits with:

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Islami Bank Bangladesh Limited	50,000,000	-	4.23	-
Standard Chartered Bank	270,452,243	155,164,729	22.84	12.46
United Commercial Bank Limited	230,000,000	-	19.44	-
	550,452,243	155,164,729	46.51	12.46

12 Share capital

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Authorised				
40,000,000 ordinary shares of Tk 10 each	400,000,000	400,000,000	33.80	32.12
Issued, subscribed and paid up				
Issued for cash	41,500,000	41,500,000	3.51	3.33
Issued for consideration other than cash	273,500,000	273,500,000	23.11	21.96
	315,000,000	315,000,000	26.62	25.29

12.1 Composition of shareholding

Particulars	2016	2015	2016	2015
	No. of shares	Percentage	No. of shares	Percentage
Marico Limited, India	28,350,000	28,350,000	90.00	90.00
Institutions	2,945,052	2,910,375	9.35	9.24
General shareholders	204,948	239,625	0.65	0.76
	31,500,000	31,500,000	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

12.2 Classification of shareholders by holding

Holdings	Number of holders		% Total holding	
	2016	2015	2016	2015
Less than 500 shares	1763	1796	0.35	0.37
500 to 5,000 shares	73	109	0.29	0.46
5,001 to 10,000 shares	11	9	0.25	0.22
10,001 to 20,000 shares	14	8	0.60	0.34
20,001 to 30,000 shares	4	4	0.28	0.33
30,001 to 40,000 shares	1	2	0.11	0.23
40,001 to 50,000 shares	1	1	0.16	0.16
50,001 to 100,000 shares	3	2	0.68	0.49
100,001 to 1,000,000 shares	9	10	7.27	7.41
Over 1,000,000 shares	1	1	90.00	90.00
	1880	1942	100.00	100.00

13 Provision for gratuity

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Opening balance	23,111,764	17,691,442	1.95	1.42
Add: Provision made during the year	20,403,672	7,201,039	1.72	0.58
	43,515,436	24,892,481	3.67	2.00
Less: Paid during the year	(3,081,331)	(1,780,717)	(0.26)	(0.14)
	40,434,105	23,111,764	3.41	1.86
Current and non-current classification:				
Current liability	5,183,998	2,646,276	0.44	0.21
Non-current liability	35,250,107	20,465,488	2.98	1.64
	40,434,105	23,111,764	3.42	1.85

14 Provision for leave encashment

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Opening balance	7,738,948	7,816,279	0.65	0.63
Add: Provision made during the year	4,221,216	5,007,353	0.36	0.40
	11,960,164	12,823,632	1.01	1.03
Less: Paid during the year	(1,102,265)	(5,084,684)	(0.09)	(0.41)
	10,857,899	7,738,948	0.92	0.63
Current and non-current classification:				
Current liability	1,844,907	1,310,915	0.16	0.11
Non-current liability	9,012,992	6,428,033	0.76	0.52
	10,857,899	7,738,948	0.92	0.63

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

15 Trade and other payables

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Trade payables				
Payable against raw material	155,034,673	117,177,909	13.10	9.41
Payable against packing material	2,910,227	34,535,172	0.25	2.77
Payable against services	58,475,824	100,594,779	4.94	8.08
	216,420,724	252,307,860	18.29	20.26
Other payables				
Workers' profit participation and welfare fund	101,269,882	96,237,735	8.56	7.73
Royalty payable	139,398,614	182,294,450	11.78	14.64
Bank guarantee commission payable	8,893,986	8,893,986	0.75	0.71
General and technical assistance fees payable	117,849,181	97,864,679	9.96	7.86
Advance from customers	50,928,403	27,535,640	4.30	2.21
Withholding tax and VAT payable	22,985,750	12,734,101	1.94	1.02
Payable against business promotion expenses	245,875,713	254,010,523	20.78	20.40
Payable against advertisement expenses	228,635,979	162,652,085	19.32	13.06
Audit fees payable	412,000	412,000	0.03	0.03
Payable against capital goods	24,281,133	897,416	2.05	0.07
Import duty and related charges payable	41,777,053	41,293,635	3.53	3.32
Payable against expenses	84,759,093	108,109,799	7.16	8.68
	1,067,066,787	992,936,049	90.16	79.73
	1,283,487,511	1,245,243,909	108.45	99.99

16 Current tax liabilities

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Provision for income tax (Note 16.1)	2,063,601,455	1,505,618,013	174.37	120.90
Less: Advance income tax (Note 16.2)	(1,640,264,422)	(1,139,950,928)	(138.60)	(91.54)
	423,337,033	365,667,085	35.77	29.36

16.1 Provision for income tax

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Opening balance	1,505,618,013	1,525,985,360	127.22	122.54
Add: Provision for current year	536,229,894	501,419,093	45.31	40.26
Provision for prior years				
Assessment year 2015-2016	1,253,548	-	0.11	-
Assessment year 2013-2014	20,500,000	-	1.73	-
Assessment year 2013-2014	-	24,972,662	-	2.01
Assessment year 2013-2014	-	9,098,540	-	0.73
	2,063,601,455	2,061,475,655	174.37	165.54
Less: Adjustment for prior years				

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Assessment year 2011-2012	-	(385,390,142)	-	(30.95)
Assessment year 2010-2011	-	(220,061,336)	-	(17.67)
Assessment year 2009-2010	-	49,593,836	-	3.98
	2,063,601,455	1,505,618,013	174.37	120.90

16.2 Advance income tax

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Opening balance	1,139,950,928	1,072,601,142	96.33	86.13
Add: Payment during the year				
Assessment year 2016-2017	202,500,000	-	17.11	-
Assessment year 2015-2016	297,500,017	236,210,635	25.13	18.97
Assessment year 2014-2015	-	344,739,770	-	27.68
Assessment year 2012-2013	313,477	-	0.03	-
	1,640,264,422	1,653,551,547	138.60	132.78
Less: Adjustment during the year				
Assessment year 2011-2012	-	(359,055,794)	-	(28.83)
Assessment year 2010-2011	-	(154,544,825)	-	(12.41)
	1,640,264,422	1,139,950,928	138.60	91.54

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

Accounting year ended	Assessment year	Provision for income tax	Advance income tax	₹ Crore	₹ Crore
31 March, 2016	AY 2016-17	536,229,894	297,500,017	45.31	25.14
31 March, 2015	AY 2015-16	502,672,641	438,992,339	42.48	37.09
31 March, 2014	AY 2014-15	475,304,697	468,166,315	40.16	39.56
31 March, 2013	AY 2013-14	303,189,572	199,086,374	25.62	16.82
31 March, 2012	AY 2012-13	237,106,111	236,519,377	20.04	19.99
30 September, 2008	AY 2009-10	9,098,540	-	0.77	-
Total		2,063,601,455	1,640,264,422	174.38	138.60

17 Revenue

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Parachute coconut oil	5,789,021,617	5,958,318,440	489.17	478.46
Value added hair oil (VAHO)	1,029,022,200	908,064,767	86.95	72.92
Haircode	99,347,363	121,445,442	8.39	9.75
Saffola – Edible oil	16,614,025	18,057,976	1.40	1.45
Parachute body lotion	70,418,732	16,840,222	5.95	1.35
Others	334,861,937	326,099,716	28.30	26.19
	7,339,285,874	7,348,826,563	620.16	590.12

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

18 Cost of sales

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Opening stock of finished goods	287,803,616	235,402,145	24.32	18.90
Cost of goods manufactured (Note 18.1)	3,739,235,300	4,095,002,532	315.97	328.84
	4,027,038,916	4,330,404,677	340.29	347.74
Closing stock of finished goods	(142,234,909)	(287,803,616)	(12.02)	(23.11)
	3,884,804,007	4,042,601,061	328.27	324.63

18.1 Cost of goods manufactured

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Materials consumed:				
Opening stock of raw and packing materials	1,535,049,279	683,878,955	129.71	54.92
Purchases during the year	3,033,620,119	4,654,268,420	256.34	373.74
Closing stock of raw and packing materials	(1,120,057,871)	(1,535,049,279)	(94.64)	(123.26)
	3,448,611,527	3,803,098,096	291.41	305.40
Factory overhead:				
Salaries and allowances	28,823,042	27,181,510	2.44	2.18
Cost of outsourced human resources	35,731,788	32,887,373	3.02	2.64
Power expenses	27,474,375	46,619,941	2.32	3.74
Repair and maintenance of plant and machinery	2,487,008	5,287,550	0.21	0.42
Repair and maintenance of factory building	1,081,885	169,000	0.09	0.01
Depreciation (Note 4.1)	172,443,428	160,270,064	14.57	12.87
LC charges	1,030,429	2,836,042	0.09	0.23
Communication expenses	1,568,349	780,029	0.13	0.06
Entertainment	2,752,922	2,322,042	0.23	0.19
Printing and stationery	714,594	719,037	0.06	0.06
Security charges	4,891,894	4,751,421	0.41	0.38
Travelling and conveyance-Local	5,446,210	5,364,014	0.46	0.43
Welfare expenses	311,786	353,594	0.03	0.03
Insurance premium	5,866,063	2,362,819	0.50	0.19
	290,623,773	291,904,436	24.56	23.43
	3,739,235,300	4,095,002,532	315.97	328.83

19 Marketing, selling and distribution expenses

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Advertisement	502,098,442	559,290,044	42.43	44.91
Business promotion expenses	156,903,787	160,613,234	13.26	12.90
Collection charges	788,427	1,960,471	0.07	0.16
Distribution expenses	47,975,534	41,723,662	4.05	3.35
Entertainment	8,631,544	7,276,698	0.73	0.58
Free sample	2,775,864	1,217,840	0.23	0.10
Freight – outward	60,185,649	61,014,343	5.09	4.90
Market research expenses	13,431,624	31,691,681	1.13	2.54
Redistribution expenses	118,885,738	77,982,428	10.05	6.26
	911,676,609	942,770,401	77.04	75.70

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

20 General and administrative expenses

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Salaries and allowances	259,320,998	198,846,378	21.91	15.97
Gratuity (Note 13)	20,403,672	7,201,039	1.72	0.58
Worker's profit participation and welfare fund	101,269,882	96,237,735	8.56	7.73
Rent, rates and taxes	1,253,191	1,588,554	0.11	0.13
Professional charges	36,455,903	43,822,572	3.08	3.52
Security charges	1,515,843	1,733,502	0.13	0.14
Legal charges	2,622,410	2,994,808	0.22	0.24
Stamp and license fees	3,499,009	4,426,472	0.30	0.36
Director's remuneration	23,990,570	24,560,293	2.03	1.97
Director's fees	667,644	662,500	0.06	0.05
Repair and maintenance	20,711,619	14,877,477	1.75	1.19
Communication expenses	8,785,471	8,112,103	0.74	0.65
Subscription to trade association	210,350	314,140	0.02	0.02
Entertainment	13,525,401	9,690,721	1.14	0.78
Printing and stationery	3,218,123	3,054,478	0.27	0.25
Vehicle running expenses	33,199,420	22,324,575	2.81	1.79
Travelling and conveyance-Local	8,719,445	8,993,051	0.74	0.72
Travelling and conveyance-Foreign	6,486,220	4,890,783	0.55	0.39
Audit fees	412,000	412,000	0.03	0.03
Recruitment expenses	4,094,562	3,214,395	0.35	0.26
Insurance premium	7,137,961	7,212,492	0.60	0.58
Books and periodicals	99,901	186,583	0.01	0.01
Bank charges	1,071,433	2,083,206	0.09	0.17
Staff welfare expenses	4,094,182	10,465,187	0.35	0.84
AGM and public relation expenses	2,586,562	1,336,617	0.22	0.11
Conference and training expenses	3,449,657	1,451,284	0.29	0.12
Electricity and gas charges	2,718,206	2,345,081	0.23	0.19
Amortisation (Note 5)	3,360,136	2,637,172	0.28	0.21
Royalty	69,340,052	70,058,562	5.86	5.63
Depreciation (Note 4.1)	34,626,303	34,507,844	2.93	2.77
Listing fees	157,500	140,000	0.01	0.01
General and technical assistance fees	42,769,367	37,812,464	3.61	3.04
CSR project (Note 20.1)	13,891,854	8,268,818	1.17	0.66
	735,664,847	636,462,886	62.17	51.11

20.1 MARICO Bangladesh Limited (MARICO) and Dhaka Ahsania Mission (DAM) entered into an agreement to implement "DAM-Marico Children Learning Centre (DAM-Marico CLC)" project from 01 October, 2014 to 30 September, 2017 in 1 (one) Upazila (Melandah) under Jamalpur District as per agreed Project Proposal and in line with the policies, strategies and guidelines of Government of Bangladesh (GoB) and MARICO. The beneficiaries of the project are uprooted children who are also dropped out from school.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

21 Other income

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Gain on sale of assets (Note 21.1)	2,468,764	844,066	0.21	0.07

21.1 Gain on sale of assets

Year 2016

Particulars	Original cost	Accumulated depreciation	Book value	Sale value	Gain on sale of assets
	Taka	Taka	Taka	Taka	Taka
Plant and machinery	1,369,228	1,369,228	-	195,450	195,450
Vehicles	13,128,161	12,041,975	1,086,186	3,325,000	2,238,814
Office equipment	88,360	60,650	27,710	30,083	2,373
Computers	49,000	49,000	-	3,000	3,000
Furniture and fixtures	406,668	272,545	134,123	144,250	10,127
A.C., refrigerators and water coolers	110,430	110,430	-	19,000	19,000
	15,151,847	13,903,828	1,248,019	3,716,783	2,468,764

Year 2016

Particulars	Original cost	Accumulated depreciation	Book value	Sale value	Gain on sale of assets
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Plant and machinery	0.12	0.12	-	0.02	0.02
Vehicles	1.11	1.02	0.09	0.28	0.19
Office equipment	0.01	0.01	0.00	0.00	0.00
Computers	0.00	0.00	-	0.00	0.00
Furniture and fixtures	0.03	0.02	0.01	0.01	0.00
A.C., refrigerators and water coolers	0.01	0.01	-	0.00	0.00
	1.28	1.18	0.10	0.31	0.21

Year 2015

Particulars	Original cost	Accumulated depreciation	Book value	Sale value	Gain on sale of assets
	Taka	Taka	Taka	Taka	Taka
Vehicles	4,266,990	3,367,419	899,571	1,947,137	1,047,566
Moulds	424,031	424,031	-	-	-
Office equipment	2,291,067	2,208,272	82,795	74,223	(8,572)
Computers	497,721	463,850	33,871	41,471	7,600
Furniture and fixtures	2,724,987	2,416,366	308,621	98,100	(210,521)
A.C., refrigerators and water coolers	413,790	413,783	7	8,000	7,993
	10,618,586	9,293,721	1,324,865	2,168,931	844,066

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Year 2015

Particulars	Original cost	Accumulated depreciation	Book value	Sale value	Gain on sale of assets
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Vehicles	0.34	0.27	0.07	0.16	0.09
Moulds	0.03	0.03	-	-	-
Office equipment	0.18	0.18	-	0.01	0.01
Computers	0.04	0.04	0.00	0.00	0.00
Furniture and fixtures	0.22	0.19	0.03	0.01	(0.02)
A.C., refrigerators and water coolers	0.03	0.03	0.00	0.00	0.00
	0.84	0.74	0.10	0.18	0.08

22 Finance income, net

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Interest on fixed deposits	(108,458,549)	(104,653,321)	(9.16)	(8.40)
Interest on call deposits	(1,341,250)	(2,148,056)	(0.11)	(0.17)
Interest on overdraft and STL	928,127	2,502,325	0.08	0.20
Foreign exchange (gain)/loss	(5,646,916)	3,618,368	(0.48)	0.29
	(114,518,588)	(100,680,684)	(9.67)	(8.08)

23 Income tax expense

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Current tax expense				
Current year (Note 16.1)	536,229,894	501,419,093	45.31	40.26
Adjustment for prior years (Note 16.1)	21,753,548	(8,185,821)	1.84	(0.66)
Deferred tax (income)/expense (Note 6)	(47,905,986)	(9,485,842)	(4.05)	(0.76)
	510,077,456	483,747,430	43.10	38.84

23.1 Reconciliation of effective tax

Particulars	31 March, 2016		31 March, 2015	
	%	Taka	%	Taka
Profit before tax		1,924,127,763		1,828,516,965
Income tax using the domestic corporate tax rate	25.00%	481,031,941	24.75%	452,557,949
Factors affecting the tax charge for current year				
Non deductible expenses		119,635,844		92,416,695
Deductible expenses		(64,437,891)		(43,555,552)
Adjustment for prior years		21,753,548		(8,185,821)
Deferred tax (income)/expense		(47,905,986)		(9,485,842)
Total income tax expenses	26.51%	510,077,457	26.46%	483,747,429

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

23.1 Reconciliation of effective tax

Particulars	31 March, 2016		31 March, 2015	
	%	₹ Crore	%	₹ Crore
Profit before tax		162.59		146.83
Income tax using the domestic corporate tax rate	25.00%	40.65	24.75%	36.34
Factors affecting the tax charge for current year				
Non deductible expenses		10.11		7.42
Deductible expenses		(5.45)		(3.50)
Adjustment for prior years		1.84		(0.66)
Deferred tax (income)/expense		(4.05)		(0.76)
Total income tax expenses	26.51%	44.00	26.46%	39.74

24 Earnings per share

24.1 Basic Earnings Per Share

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
The computation of EPS is given below:				
Earnings attributable to ordinary shareholders (Net profit after tax)	1,414,050,307	1,344,769,535	1,194,900,000	1,079,800,000
Weighted average number of ordinary shares outstanding during the year	31,500,000	31,500,000	31,500,000	31,500,000
Earnings per share (EPS) in Taka	44.89	42.69	37.93	34.28

24.2 Diluted earnings per share

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

25 Related party transactions

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

Name of the related party	Relationship	Nature of transactions	Transaction Amount Taka	As at 31 March, 2016 Taka	As at 31 March, 2015 Taka	Transaction Amount ₹ Crore	As at 31 March, 2016 ₹ Crore	As at 31 March, 2015 ₹ Crore
Marico Limited, India	Parent company	Purchase of RM, PM and FG	200,812,952	104,628,380	6,578,844	16.97	8.84	0.53
		Royalty	69,340,052	139,398,614	182,294,450	5.86	11.78	14.64
		Bank guarantee commission	-	8,893,986	8,893,986	-	0.75	0.71
		Dividend	1,275,750,000	-	-	107.80	-	-
		General and technical assistance fees	42,769,368	117,849,181	97,864,679	3.61	9.96	7.86
Marico Middle East FZE	Subsidiary of parent company	Purchase of raw materials	1,692,017,951	57,604,021	108,520,514	142.98	4.87	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

26 Capacity

Major product	Unit of measure	Budgeted capacity during the year
PCNO	KL	30,050
VAHO	KL	5,400
Copra	Ton	30,500

27 Operating leases – leases as lessee

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Non-cancellable operating lease rentals are payable as follows:				
No later than one year	1,635,000	1,635,000	0.14	0.13
Between two and five years	5,995,000	7,630,000	0.51	0.61
More than five years	-	-	-	-
	7,630,000	9,265,000	0.65	0.74

The Company leases a number of warehouses, deposits and sales offices facilities under operating leases.

During the year an amount of Taka 15,526,701 was recognised as an expense in profit or loss in respect of operating leases.

28 Commitment**(i) Capital commitment**

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Estimated amount of contracts remaining to be executed on capital account	166,565,101	34,509,088	14.07	2.77

(ii) Other commitment

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Outstanding L/C	395,857,230	118,708,178	33.45	9.53

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

29 Contingent Liabilities

The Company has contingent liability of Taka 1,233,516,048 as on 31 March, 2016 in respect of direct tax, indirect tax (VAT) and profit participation. These are being vigorously defended by the Company and the management do not consider that it is appropriate to make provision in respect of any of these claims.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

30 Financial instruments - Fair values and financial risk management

30.1 Accounting classifications and fair values

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

31 March, 2016

Particulars	Carrying amount										Fair value		
	Held for trading	Designated at fair value	Fair value - hedging instruments	Held -to-maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
													Total
Financial assets measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	
Financial assets not measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	
Accrued interest	-	-	-	13,458,959	-	-	-	13,458,959	-	-	-	-	
Short-term investment (Note 10)	-	-	-	847,797,172	-	-	-	847,797,172	-	-	-	-	
Cash and cash equivalents (Note 11)	-	-	-	-	480,524,575	-	-	480,524,575	-	-	-	-	
	-	-	-	861,256,131	480,524,575	-	-	1,341,780,706	-	-	-	-	
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	
Financial liabilities not measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	
Trade and other payables (Note 15)	-	-	-	-	-	-	1,283,487,511	1,283,487,511	-	-	-	-	
	-	-	-	-	-	-	1,283,487,511	1,283,487,511	-	-	-	-	

Figures in Taka

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Particulars	Carrying amount								Fair value			
	Held for trading	Designated at fair value	Fair value - hedging instruments	Held -to-maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value												
Accrued interest	-	-	-	14,021,076	-	-	-	14,021,076	-	-	-	-
Short-term investment (Note 10)	-	-	-	500,000,000	-	-	-	500,000,000	-	-	-	-
Cash and cash equivalents (Note 11)	-	-	-	-	191,990,392	-	-	191,990,392	-	-	-	-
	-	-	-	514,021,076	191,990,392	-	-	706,011,468	-	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value												
Trade and other payables (Note 15)								1,245,243,909				
								1,245,243,909				

31 March, 2015

Figures in Taka

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

₹ Crore

Particulars	Carrying amount							Fair value				
	Held for trading	Designated at fair value	Fair value - hedging instruments	Held -to-maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value												
Accrued interest	-	-	-	1.14	-	-	-	1.14	-	-	-	-
Short-term investment (Note 10)	-	-	-	71.64	-	-	-	71.64	-	-	-	-
Cash and cash equivalents (Note 11)	-	-	-	-	40.60	-	-	40.60	-	-	-	-
	-	-	-	72.78	40.60	-	-	113.38	-	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value												
Trade and other payables (Note 15)								108.45				108.45
								108.45				108.45

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

31 March, 2015

₹ Crore

Particulars	Carrying amount							Fair value				
	Held for trading	Designated at fair value	Fair value – hedging instruments	Held –to–maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value												
Accrued interest	-	-	-	1.13	-	-	-	1.13	-	-	-	-
Short-term investment (Note 10)	-	-	-	40.15	-	-	-	40.15	-	-	-	-
Cash and cash equivalents (Note 11)	-	-	-	-	15.42	-	-	15.42	-	-	-	-
	-	-	-	41.28	15.42	-	-	56.70	-	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value												
Trade and other payables (Note 15)	-	-	-	-	-	-	-	99.99	-	-	-	99.99
	-	-	-	-	-	-	-	99.99	-	-	-	99.99

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

30.2 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-

30.2.1 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:

Exposure of financial assets	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Accrued interest	13,458,959	14,021,076	1.14	1.13
Short-term investment (Note 10)	847,797,172	500,000,000	71.64	40.15
Cash and cash equivalents except cash in hand (Note 11)	480,278,898	191,871,032	40.58	15.41
Total financial assets	1,341,535,029	705,892,108	113.36	56.69

30.2.2 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:

Exposure of liquidity risk	Carrying amount	Cash flows	Upto 1 year	Above 1 year	Carrying amount	Cash flows	Upto 1 year	Above 1 year
	Taka	Taka	Taka	Taka	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Year 2016								
Trade and other payables (Note 15)	1,283,487,511	1,283,487,511	1,283,487,511	-	108.45	108.45	108.45	-
Year 2015								
Trade and other payables (Note 15)	1,245,243,909	1,245,243,909	1,245,243,909	-	99.99	99.99	99.99	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

30.2.3 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, 2016 are as follows:

Particulars	2016	2015	2016	2015
	US Dollar	US Dollar	₹ Crore	₹ Crore
Import of goods and services	(3,619,307)	(2,782,741)	(23.98)	(17.39)
Bank balance	84,597	87,666	0.56	0.55
	(3,534,710)	(2,695,075)	(23.42)	(16.84)

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

Particulars	Average rate		Year-end spot rate	
	2016	2015	2016	2015
Exchange rate (USD/BDT)	78.118	77.592	78.375	77.805
Exchange rate (USD/INR)	65.434	61.142	66.248	62.4975

ii) Foreign exchange rate sensitivity analysis

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

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

Particulars	Profit/(loss)		Equity	
	Strengthening	Weakening	Strengthening	Weakening
Effect in BDT				
31 March, 2016				
USD (1% movement)	(2,770,329)	2,770,329	(2,770,329)	2,770,329
31 March, 2015				
USD (1% movement)	(2,096,903)	2,096,903	(2,096,903)	2,096,903
Effect in ₹ in crores				
31 March, 2016				
USD (1% movement)	(16.00)	16.00	(16.00)	16.00
31 March, 2015				
USD (1% movement)	(11.00)	11.00	(11.00)	11.00

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

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, 2016, the interest rate profile of the Company's interest bearing financial instruments was:

Particulars	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
	Taka	Taka	₹ Crore	₹ Crore
Fixed rate instruments				
Financial assets				
Fixed deposit receipts	1,398,249,415	655,164,729	118.15	52.61
Financial liabilities	-	-	-	-
Variable rate instruments				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-

31. Value of import calculated on CIF Basis

Particulars	1 April, 2015	1 April, 2015
	to 31 March, 2016	to 31 March, 2016
	Taka	₹ Crore
Raw materials	2,064,014,143	174.41
Capital goods	50,157,179	4.24
	2,114,171,322	178.65

32. Number of employees

The number of employees engaged for the whole period or part thereof who received a total salary of Taka 36,000 p.a. and above was 227 (previous year: 189) among them 34 employees left from Marico Bangladesh Limited and total 193 employees existed as at 31 March, 2016.

33. Subsequent events

For the year ended 31 March, 2016 the Board of Directors recommended final cash dividend @ 50% per share at 91st Board of Directors Meeting held on 25 April, 2016.

There is no other event identified after the statement of financial position date which might be material.

MBL INDUSTRIES LIMITED

Board of Directors	Mr. Aditya Shome	Director
	Mr. Rohit Jaiswal	Director
	Mr. Pawan Agarwal	Director
	Mr. Vivek Karve	Director
Registered Office	House-1, Road-1, Sector-1 Uttara, Dhaka-1230, Bangladesh	
Auditors	Ahmed Mashuque & Co. Chartered Accountants	
Bankers	Standard Chartered Bank Citi N.A.	
Legal Advisors	Corporate Counsel Suite-802, Rahat Tower (7th Floor), 14, Baponon C/A, West Banglamotor, Dhaka-1000	

AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of MBL Industries Limited ("the Company") which comprise the balance sheet as at 30 September, 2015, and the profit and loss account, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 September, 2015, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) the Company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account.

Dated: October 17, 2015
Dhaka

Ahmed Mashuque & Co.
Chartered Accountants

BALANCE SHEET

As at September 30, 2015

Particulars	Note	As at September 30,			
		2015 Taka	2014 Taka	2015 ₹ Crore	2014 ₹ Crore
Source of funds					
Shareholders' funds					
Share capital	4	1,000,000	1,000,000	0.08	0.08
Retained earnings		2,001,162	23,986,653	0.17	1.91
Total		3,001,162	24,986,653	0.25	1.99
Application of funds					
Current assets					
Interest receivable	5	291,760	473,061	0.02	0.04
Short term investment	6	–	31,197,525	–	2.49
Cash and cash equivalents	7	33,042,637	355,313	2.78	0.03
		33,334,397	32,025,899	2.80	2.56
Current liabilities					
Payable for expenses	8	580,005	80,500	0.05	0.01
Payable to holding company	9	3,609,981	3,609,981	0.30	0.29
Dividend payable	10	24,000,000	–	2.02	–
Other payable	11	–	1,463,917	–	0.12
Current tax liabilities	12	2,143,249	1,884,848	0.18	0.15
		30,333,235	7,039,246	2.55	0.57
Net current assets		3,001,162	24,986,653	0.25	1.99
Total		3,001,162	24,986,653	0.25	1.99

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

Director

Director

Signed in terms of our separate report of even date annexed

Dated: October 17, 2015

Dhaka

Ahmed Mashuque & Co.

Chartered Accountants

Note: The exchange rate use to convert Taka to ₹ 0.843 (Previous year Taka to ₹ 0.798)

PROFIT AND LOSS ACCOUNT

For the year ended September 30, 2015

Particulars	Note	Year ended September 30,			
		2015 Taka	2014 Taka	2015 ₹ Crore	2014 ₹ Crore
Turnover		–	–	–	–
Cost of sales		–	–	–	–
Gross profit		–	–	–	–
General and administrative expenses	13	(814,221)	(182,377)	(0.07)	(0.03)
Other income		1,463,917	–	0.12	–
Net operating profit/(loss)		649,696	(182,377)	0.05	(0.03)
Finance income	14	2,573,519	2,998,818	0.22	0.24
Net profit before income tax		3,223,215	2,816,441	0.27	0.21
Income tax expense					
Current tax expenses	15	1,208,706	1,967,470	0.10	0.16
Net profit after income tax		2,014,509	848,971	0.17	0.05

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

Director

Director

Signed in terms of our separate report of even date annexed

Dated: October 17, 2015
Dhaka

Ahmed Mashuque & Co.
Chartered Accountants

Note: The exchange rate use to convert Taka to ₹ 0.843 (Previous year Taka to ₹ 0.798)

CASH FLOWS STATEMENT

For the year ended September 30, 2015

Particulars	Year ended September 30,			
	2015 Taka	2014 Taka	2015 ₹ Crore	2014 ₹ Crore
Cash flows from operating activities				
Net profit before income tax	3,223,215	2,816,441	0.27	0.21
Adjustment for:				
Changes in:				
Interest receivable	181,301	110,452	0.02	0.01
Payable for expenses	499,505	(569,000)	0.04	(0.05)
Other payable	(1,463,917)	(158,055)	(0.12)	(0.01)
Cash used in operating activities	2,440,104	2,199,838	0.21	0.16
Income tax paid	(950,305)	(1,873,761)	(0.08)	(0.15)
Net cash generated from operating activities	1,489,799	326,077	0.13	0.01
Cash flows from investing activities				
Encashment of fixed deposits	31,197,525	24,140,300	2.62	1.94
Investment in fixed deposits	—	(31,197,525)	—	(2.49)
Net cash from/(used in) investing activities	31,197,525	(7,057,225)	2.62	(0.55)
Cash flows from financing activities				
Net cash from financing activities	—	—	—	—
Net increase/(decrease) in cash and cash equivalents	32,687,324	(6,731,148)	2.75	(0.54)
Opening cash and cash equivalents	355,313	7,086,461	0.03	0.57
Closing cash and cash equivalents	33,042,637	355,313	2.78	0.03

Note: The exchange rate use to convert Taka to ₹ 0.843 (Previous year Taka to ₹ 0.798)

MBL INDUSTRIES LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended September 30, 2015

Particulars	Share capital	Retained earnings	Total	Share capital	Retained earnings	Total
	Taka	Taka	Taka	₹Crore	₹Crore	₹Crore
Balance as at 01 October, 2013	1,000,000	23,137,682	24,137,682	0.08	1.85	1.93
Profit for the year	–	848,971	848,971	–	0.06	0.06
Balance as at 30 September, 2014	<u>1,000,000</u>	<u>23,986,653</u>	<u>24,986,653</u>	<u>0.08</u>	<u>1.91</u>	<u>1.99</u>
Balance as at 01 October, 2014	1,000,000	23,986,653	24,986,653	0.08	2.02	2.10
Profit for the year	–	2,014,509	2,014,509	–	0.17	0.17
Interim dividend for 2014-2015	–	(24,000,000)	(24,000,000)	–	(2.02)	(2.02)
Balance as at 30 September, 2015	<u>1,000,000</u>	<u>2,001,162</u>	<u>3,001,162</u>	<u>0.08</u>	<u>0.17</u>	<u>0.25</u>

Note: The exchange rate use to convert Taka to ₹ 0.843 (Previous year Taka to ₹ 0.798)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2015

1. Reporting entity

1.1 Company profile

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

1.2 Nature of business

The principal activities of the Company are import trading and local trading, marketing and selling of coconut oil and hair code.

The main operation of the entity is discontinued since 2009. No sales has taken place for the year.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Date of authorisation

The Board of Directors has authorised these financial statements on 17 October, 2015.

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 financial year of the Company has been determined to be from 01 October to 30 September each year. These financial statements of the Company has been prepared as at and for the year ended 30 September, 2015 consistently.

2.6 Use of estimates and judgments

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

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

2.7 Statement of cash flows

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

2.8 Going concern

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2015

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

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

3. Significant accounting policies

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

3.1 Financial instruments

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

3.1.1 Financial assets

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

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

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

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

Short term investment

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2015

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

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

3.2 Provisions

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

3.3 Share capital

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

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

3.4 Taxation

Income tax expenses comprises 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. Share capital

Particulars	2015 Taka	2014 Taka	2015 ₹ Crore	2014 ₹ Crore
Authorized:				
1,000,000 Ordinary shares of Tk 10 each	10,000,000	10,000,000	0.84	0.80
Issued, subscribed and paid-up:				
100,000 Ordinary shares of Tk 10 each fully paid up in cash	1,000,000	1,000,000	0.08	0.08
Shareholding position of the Company is as follows				
Marico Middle East FZE (MME)	999,960	999,960	0.08	0.08
Directors (as joint holders with MME)	40	40	0.00	0.00
	1,000,000	1,000,000	0.08	0.08

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2015

5. Interest receivable

Particulars	2015	2014	2015	2014
	Taka	Taka	₹ Crore	₹ Crore
Interest on fixed deposit	291,760	473,061	0.02	0.04
	291,760	473,061	0.02	0.04

6. Short term investment

Particulars	2015	2014	2015	2014
	Taka	Taka	₹ Crore	₹ Crore
Fixed deposits with original maturity of more than three months:				
IDLC Finance Limited	–	1,500,000	–	0.12
Dhaka Bank Limited	–	29,697,525	–	2.37
	–	31,197,525	–	2.49

7. Cash and cash equivalents

Particulars	2015	2014	2015	2014
	Taka	Taka	₹ Crore	₹ Crore
Cash at banks:				
Standard Chartered Bank	119,427	120,927	0.01	0.01
Citibank, N.A.	48,393	234,386	0.00	0.02
	167,820	355,313	0.01	0.03
Fixed deposits with original maturity of three months or less:				
IDLC Finance Limited	32,874,817	–	2.77	–
	33,042,637	355,313	2.78	0.03

8. Payable for expenses

Particulars	2015	2014	2015	2014
	Taka	Taka	₹ Crore	₹ Crore
Audit fees	80,500	80,500	0.01	0.01
Services	499,505	–	0.04	–
	580,005	80,500	0.05	0.01

9. Payable to holding company

Particulars	2015	2014	2015	2014
	Taka	Taka	₹ Crore	₹ Crore
Bank guarantee commission	3,609,981	3,609,981	0.30	0.29

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2015

10. Dividend payable

Particulars	2015	2014	2015	2014
	Taka	Taka	₹ Crore	₹ Crore
Dividend payable	24,000,000	–	2.02	–

The Board of Directors declared an interim cash dividend based on nine months period ended 30 June, 2015 of Taka 240/- per share on face value of Taka 10/- .

11 Other payable

Particulars	2015	2014	2015	2014
	Taka	Taka	₹ Crore	₹ Crore
VAT and SD payable	–	1,463,917	–	0.12

12 Current tax liabilities

Particulars	2015	2014	2015	2014
	Taka	Taka	₹ Crore	₹ Crore
Provision for income tax (Note 12.1)	41,202,066	39,993,360	3.47	3.19
Advance income tax (Note 12.2)	(39,058,817)	(38,108,512)	(3.29)	(3.04)
	2,143,249	1,884,848	0.18	0.15

12.1 Provision for tax

Particulars	2015	2014	2015	2014
	Taka	Taka	₹ Crore	₹ Crore
Opening balance	39,993,360	39,016,944	3.37	3.11
Add: Provision made for:				
AY 2016–2017	1,208,706	–	0.10	–
AY 2015–2016	–	1,056,165	–	0.09
AY 2012–2013	–	911,305	–	0.07
Less: Tax paid for prior year				
Settlement of AY 2012–2013	–	(911,305)	–	(0.07)
Settlement of AY 2006–2007	–	(79,749)	–	(0.01)
	41,202,066	39,993,360	3.47	3.19

12.2 Advance income tax

Particulars	2015	2014	2015	2014
	Taka	Taka	₹ Crore	₹ Crore
Opening balance	38,108,512	37,225,805	3.21	2.97
Add: Advance income tax paid:				
TDS on interest	275,482	310,931	0.02	0.02
Tax deposited under section 74	674,823	571,776	0.06	0.05
	39,058,817	38,108,512	3.29	3.04

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2015

13 General and administrative expenses

Particulars	2015	2014	2015	2014
	Taka	Taka	₹ Crore	₹ Crore
Professional charges	660,287	–	0.06	–
Statutory audit fees	80,500	80,500	0.01	0.01
Bank charges	28,185	23,877	0.00	0.01
License fees	33,103	78,000	0.00	0.01
Legal fees	12,146	–	0.00	–
	814,221	182,377	0.07	0.03

14 Finance income

Particulars	2015	2014	2015	2014
	Taka	Taka	₹ Crore	₹ Crore
Interest on SND account	–	36,687	–	0.00
Interest on fixed deposits	2,573,519	2,962,131	0.22	0.24
	2,573,519	2,998,818	0.22	0.24

15 Current tax expenses

Particulars	2015	2014	2015	2014
	Taka	Taka	₹ Crore	₹ Crore
Current year tax expense	1,208,706	1,056,165	0.10	0.09
Prior year income tax expense for:				
AY 2012–2013	–	911,305	–	0.07
	1,208,706	1,967,470	0.10	0.16

16 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2015

16.1 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:

Particulars	Note	2015	2014	2015	2014
		Taka	Taka	₹Crore	₹Crore
Interest receivable	5	291,760	473,061	0.02	0.04
Short term investment	6	–	31,197,525	–	2.49
Cash and cash equivalents	7	33,042,637	355,313	2.79	0.03
		33,334,397	32,025,899	2.81	2.56

16.2 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:

Particulars	Note	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
		Taka	Taka	Taka	Taka	Taka	Taka	Taka
As at 30 September, 2015								
Payable for expenses	8	580,005	580,005	580,005	–	–	–	–
Payable to holding company	9	3,609,981	3,609,981	–	3,609,981	–	–	–
Dividend payable	10	24,000,000	24,000,000	24,000,000	–	–	–	–
		28,189,986	28,189,986	24,580,005	3,609,981	–	–	–

Particulars	Note	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
		₹Crore	₹Crore	₹Crore	₹Crore	₹Crore	₹Crore	₹Crore
As at 30 September, 2015								
Payable for expenses	8	0.05	0.05	0.05	–	–	–	–
Payable to holding company	9	0.30	0.30	–	0.30	–	–	–
Dividend payable	10	2.02	2.02	2.02	–	–	–	–
		2.37	2.37	2.07	0.30	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2015

Particulars	Note	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
		Taka	Taka	Taka	Taka	Taka	Taka	Taka
As at 30 September, 2014								
Payable for expenses	8	80,500	80,500	80,500	–	–	–	–
Payable to holding company	9	3,609,981	3,609,981	–	3,609,981	–	–	–
Other payable	11	1,463,917	1,463,917	1,463,917	–	–	–	–
		5,154,398	5,154,398	1,544,417	3,609,981	–	–	–

Particulars	Note	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
		₹Crore	₹Crore	₹Crore	₹Crore	₹Crore	₹Crore	₹Crore
As at 30 September, 2014								
Payable for expenses	8	0.01	0.01	0.01	–	–	–	–
Payable to holding company	9	0.29	0.29	–	0.29	–	–	–
Other payable	11	0.12	0.12	0.12	–	–	–	–
		0.42	0.42	0.13	0.29	–	–	–

16.3 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.

16.3.1 Currency risk

The Company is not exposed to any currency risk as the payable to holding company is denominated in a currency which 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 30 September, 2015.

16.3.2 Interest rate risk

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

17 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2015

18 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	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
Financial assets				
Assets carried at fair value through profit or loss	–	–	–	–
Held to maturity assets				
Short term investment (maturity period exceeding 3 months)	–	–	31,197,525	31,197,525
Loans and receivables				
Cash and cash equivalents	33,042,637	33,042,637	355,313	355,313
Available for sale financial assets	–	–	–	–
Financial liabilities				
Liabilities carried at fair value through profit or loss	–	–	–	–
Liabilities carried at amortised costs				
Payable for expenses	580,005	N/A*	80,500	N/A*
Payable to holding company	3,609,981	N/A*	3,609,981	N/A*
Dividend payable	24,000,000	N/A*	–	N/A*
Other payable	–	N/A*	1,463,917	N/A*

Particulars	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	₹Crore	₹Crore	₹Crore	₹Crore
Financial assets				
Assets carried at fair value through profit or loss	–	–	–	–
Held to maturity assets				
Short term investment (maturity period exceeding 3 months)	–	–	2.49	2.49
Loans and receivables				
Cash and cash equivalents	2.79	2.79	0.03	0.03
Available for sale financial assets	–	–	–	–
Financial liabilities				
Liabilities carried at fair value through profit or loss	–	–	–	–
Liabilities carried at amortised costs				
Payable for expenses	0.05	N/A*	0.01	N/A*
Payable to holding company	0.30	N/A*	0.29	N/A*
Dividend payable	2.02	N/A*	–	N/A*
Other payable	–	N/A*	0.12	N/A*

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2015

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

19 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.

20 Capital expenditure commitment

There is no such commitment as at 30 September, 2015.

21 Events after the reporting period

Events after reporting period that provide additional information about the company's position at the balance sheet date or those that indicate the going concern assumption is not appropriate, are reflected in the financial statements. Events after the reporting period that are non-adjusting events are disclosed in the notes when material.

MARICO MIDDLE EAST FZE

Board of Directors	Mr. B. Sridhar Mr. Vivek Karve Mr. Rohit Jaiswal	Director Director Director, Secretary, Manager and Negotiator
Registered Office	Office No. LOB 15326, Jebel Ali, Dubai, UAE	
Auditors	M/s. PricewaterhouseCoopers, Dubai	
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 financial statements

We have audited the accompanying financial statements of Marico Middle East FZE ("the company") which comprise the balance sheet as at 31 March, 2016 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

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 International 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 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 qualified audit opinion.

Basis for qualified opinion

The financial information of the company and its subsidiaries is consolidated into the ultimate holding company which prepares financial statements in accordance with Indian Generally Accepted Accounting Principles ("IGAAP"). These financial statements, prepared for statutory filing purposes, relate to the company only and do not consolidate the financial position, results of operations and cash flows of its subsidiaries. In our opinion, this is a departure from the requirements of IFRS 10, 'Consolidated Financial Statements' and clause 47 of the Implementing Regulations No. 1/92 pursuant to Law No. 9 of 1992 concerning the formation of Free Zone Establishments in the Jebel Ali Free Zone, which requires an entity, that controls one or more entity, to present consolidated financial statements.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the company as at 31 March, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Further, we report that, except for the matter described in the basis for qualified opinion paragraph, the financial statements of the company comply, in all material respects, with the applicable provisions of the Implementing Regulations No. 1/92 pursuant to Law No. 9 of 1992, concerning the formation of Free Zone Establishments in the Jebel Ali Free Zone.

PricewaterhouseCoopers

23 May, 2016

Mohamed ElBorno

Registered Auditor Number 946

Dubai, United Arab Emirates

BALANCE SHEET

As at March 31, 2016

Particulars	Note	As at March 31,			
		2016 AED	2015 AED	2016 ₹ Crore	2015 ₹ Crore
ASSETS					
Non-current assets					
Property and equipment	6	166,403	100,018	0.30	0.17
Investments in subsidiaries	7	422,294	422,294	0.76	0.72
		588,697	522,312	1.06	0.89
Current assets					
Inventories		1,420,873	267,005	2.56	0.45
Trade and other receivables	8	32,404,190	22,684,588	58.46	38.60
Advances to subsidiaries	9	3,302,550	6,608,250	5.96	11.24
Due from related parties	10	2,756,732	5,730,923	4.97	9.75
Cash and bank balances	11	91,676	87,363	0.17	0.15
		39,976,021	35,378,129	2.12	60.20
Total assets		40,564,718	35,900,441	73.18	61.09
EQUITY AND LIABILITIES					
EQUITY					
Capital and reserves					
Share capital	12	22,000,000	22,000,000	39.68	37.44
Accumulated losses		(110,236,432)	(105,962,341)	(198.83)	(180.31)
Net deficit		(88,236,432)	(83,962,341)	(159.15)	(142.87)
LIABILITIES					
Non-current liability					
Provision for employees' end of service benefits	13	1,238,794	857,064	2.23	1.46
Current liabilities					
Trade and other payables	14	44,740,762	37,967,413	80.71	64.61
Due to related parties	10	15,093,556	11,443,792	27.22	19.47
Bank borrowings and overdraft	15	67,728,038	69,594,513	122.16	118.42
		127,562,356	119,005,718	230.09	202.50
Total liabilities		128,801,150	119,862,782	232.33	203.96
Total equity and liabilities		40,564,718	35,900,441	73.18	61.09

These financial statements were approved by the Board of Directors on 23rd May, 2016 and signed on their behalf by:

Rohit Jaiswal
 Director

Vishvankant Seth
 Financial Manager

The notes on pages 7 to 24 form an integral part of these financial statements.

Note: The exchange rate use to convert AED to ₹ 18.037 (Previous year AED to ₹17.016)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended March 31, 2016

Particulars	Note	Year ended March 31,			
		2016 AED	2015 AED	2016 ₹ Crore	2015 ₹ Crore
Revenue		167,176,552	144,763,119	301.54	246.33
Other income		164,356	20,524	0.30	0.03
		167,340,908	144,783,643	301.83	246.36
Expenses					
Cost of inventories consumed		(118,830,147)	(111,400,969)	(214.33)	(189.56)
Staff costs	16	(11,557,005)	(12,152,114)	(20.85)	(20.68)
Depreciation expense	6	(103,865)	(160,493)	(0.19)	(0.27)
Impairment reversals - net	17	–	2,962,265	–	5.04
Dividend income	10	1,108,830	–	2.00	–
Other expenses	18	(41,477,198)	(27,676,279)	(74.81)	(47.09)
Operating loss		(3,518,477)	(3,643,947)	(6.35)	(6.20)
Finance income	19	–	53,749	–	0.09
Finance costs	19	(755,614)	(997,245)	(1.36)	(1.70)
Loss for the year		(4,274,091)	(4,587,443)	(7.71)	(7.81)
Other comprehensive income		–	–	–	–
Total comprehensive loss for the year		(4,274,091)	(4,587,443)	(7.71)	(7.81)

The notes on pages 7 to 24 form an integral part of these financial statements.

Note: The exchange rate use to convert AED to ₹ 18.037 (Previous year AED to ₹17.016)

STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2016

Particulars	Share	Accumulated	Total	Share	Accumulated	Total
	capital	losses		capital	losses	
	AED	AED		₹ Crore	₹ Crore	
At 1 April, 2014	22,000,000	(101,374,898)	(79,374,898)	35.87	(165.30)	(129.43)
Total comprehensive loss for the year	-	(4,587,443)	(4,587,443)	-	(7.48)	(7.48)
At 31 March, 2015	22,000,000	(105,962,341)	(83,962,341)	37.44	(180.31)	(142.87)
Total comprehensive loss for the year	-	(4,274,091)	(4,274,084)	-	(7.27)	(7.27)
At 31 March, 2016	22,000,000	(110,236,432)	(88,236,432)	39.68	(198.83)	(159.15)

The notes on pages 7 to 24 form an integral part of these financial statements.

Note: The exchange rate use to convert AED to ₹ 18.037 (Previous year AED to ₹17.016)

STATEMENT OF CASH FLOWS

For the year ended March 31, 2016

Particulars	Note	Year ended March 31,			
		2016 AED	2015 AED	2016 ₹ Crore	2015 ₹ Crore
Cash flow from operating activities					
Loss for the year		(4,274,091)	(4,587,443)	(7.71)	(7.81)
Adjustments for:					
Depreciation	6	103,865	160,493	0.19	0.27
Provision for impairment of investments	17	–	917,030	–	1.56
(Reversal of)/provision for impairment of advances to subsidiaries	17	–	(3,879,295)	–	(6.60)
Loss on sale of property and equipment		49	170	0.00	0.01
Provision for employees' end of service benefits	13	492,720	368,956	0.89	0.63
Finance costs	19	755,614	997,245	1.36	1.70
Finance income	19	–	(53,749)	–	(0.09)
Operating cash flows before payment of employees' end of service benefits and changes in working capital		(2,921,843)	(6,076,593)	(5.27)	(10.34)
Payment of employees' end of service benefits		(110,990)	(103,013)	(0.20)	(0.18)
Changes in working capital:					
Inventories		(1,153,868)	221,932	(2.08)	0.38
Trade and other receivables		(9,719,602)	(3,773,654)	(17.53)	(6.42)
Due to related parties		3,649,764	329,777	6.58	0.56
Due from related parties		2,974,191	(2,264,666)	5.36	(3.85)
Trade and other payables		6,773,349	1,386,141	12.22	2.36
Net cash used in operating activities		(508,999)	(10,280,076)	(0.92)	(17.49)
Cash flow from investing activities					
Purchase of property and equipment	6	(170,299)	(29,865)	(0.31)	(0.05)
Interest income		–	53,749	–	0.09
Amount received from subsidiaries		3,305,700	10,110,353	5.96	17.20
Net cash generated from/(used in) investing activities		3,135,401	10,134,237	5.66	17.24
Cash flow from financing activities					
Addition of term loan	15	–	5,509,500	–	9.37
Repayment of term loan	15	(5,503,500)	–	(9.93)	–
Interest paid	19	(755,614)	(997,245)	(1.36)	(1.70)
Net cash generated from/(used in) financing activities		(6,259,114)	4,512,255	(11.29)	7.68
Net increase/(decrease) in cash and cash equivalents		(3,632,712)	4,366,416	(6.55)	7.43
Cash and cash equivalents, beginning of the year	11	(12,575,650)	(16,942,066)	(22.68)	(28.83)
Cash and cash equivalents, end of the year	11	(16,208,362)	(12,575,650)	(29.24)	(21.40)

Note: The exchange rate use to convert AED to ₹ 18.037 (Previous year AED to ₹17.016)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

1 Legal status and activities

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

The principal activity of the company is the trading of beauty and personal care, hair care, food and health care products, dried vegetables and fruits and equipment. The company is a wholly owned subsidiary of Marico Limited ("the parent company"), a company incorporated in India and listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

2 Going concern

At 31 March, 2016, the company had net current liabilities of AED 87,586,328 (2015: AED 83,627,589) and negative equity of AED 88,236,425 (2015: AED 83,962,341). The ability of the company to continue as a going concern is contingent on the continued support of the parent company who has confirmed its intention to continue to provide financial support to the company for a period of at least twelve months from the date of approval of these financial statements.

3 Summary of significant accounting policies

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

3.1 Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRSs") and IFRS Interpretation Committee ("IFRS IC") applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The company has prepared these separate financial statements for statutory filing purposes. These financial statements, however, do not include the results of the operations and the assets and liabilities of its subsidiaries (Note 7) which is a departure from the requirements of the International Financial Reporting Standard 10, "Consolidated Financial Statements" ("IFRS 10"). The financial information of the company and its subsidiaries is consolidated into the ultimate holding company which prepares financial statements in accordance with Indian Generally Accepted Accounting Principles ("IGAAP"). However, the exemption from preparing consolidated financial statements included in IFRS 10 is not applicable since the ultimate holding company prepares consolidated financial statements in accordance with IGAAP and not IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(a) New standards and amendments adopted by the company

There are no new standards, amendments or interpretations which are effective for the financial year commencing on 1 April, 2015, which have a material impact on the company's financial statements.

(b) New standards and amendments to standards not yet adopted by the company

Certain new standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning after 1 April, 2015 or later periods, but have not been early

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

adopted by the company. Management is currently assessing the following standards and amendments which are likely to have an impact on the company's financial statements:

- IFRS 9, 'Financial instruments' (effective from 1 January, 2018);
- IFRS 15, 'Revenue from contracts with customers' (effective from 1 January, 2018); and
- IFRS 16, 'Leases' (effective from 1 January, 2019).

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company's financial statements.

3.2 Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced asset is derecognised. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation is computed using the straight line method at rates calculated to reduce the cost of assets to their estimated residual values over their expected useful lives, as follows:

	Years
Equipment	3
Fixture and fittings	8
Motor vehicles	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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 the statement of comprehensive income.

3.3 Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the company has control. The company controls an entity when the company 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. Investments in subsidiaries are stated at cost less provision for any impairment in value.

3.4 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

3.5 Financial assets

The classification of financial assets depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The company currently classifies its financial assets as loans and receivables.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. The company's loans and receivables comprise trade and other receivables (excluding prepayments and advances to suppliers) (Note 8), due from related parties (Note 10), advance to a subsidiary (Note 9) and cash and bank balances (Note 11).

(b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. The amortised cost is computed using the effective interest method.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or counterparty.

(d) Impairment of financial assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

3.6 Trade receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out (FIFO) method and includes all costs incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less variable selling expenses, if any.

3.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

3.9 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially 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.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

3.10 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

3.11 Provisions

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 has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.12 Provision for employees' benefits

A provision is made for the estimated liability for employees' entitlements to annual leave and leave passage as a result of services rendered by the employees up to the balance sheet date. A provision is also made, using actuarial techniques, for the end of service benefits due to employees in accordance with UAE labour law and labour regulations of Jebel Ali Free Zone Authority.

The provision relating to annual leave and leave passage is included in trade and other payables, while that relating to employees' end of service benefits is disclosed as a non-current liability.

3.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts and returns. The company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity, and when specific criteria have been met, for each of the company's activities as described below. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods – wholesale distributors

The company sells a range of consumer goods in the wholesale market. Sales of goods are recognised when the goods are shipped to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products.

3.14 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in UAE Dirhams ("AED"), which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

3.15 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash on hand, amounts held in bank accounts and bank overdrafts. In balance sheet, bank overdrafts are shown within borrowings in current liabilities.

3.16 Leases

Leases in which significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

3.17 Share capital

Ordinary shares are classified as equity.

4 Financial risk management

4.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

(a) Market risk

(i) Foreign exchange risk

The company does not have any significant foreign currency exposure, as a significant proportion of the revenue and purchases are denominated in USD or in AED.

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all the instruments traded in the market. The company has no significant exposure to price risk.

(iii) Cash flow and fair value interest rate risk

The company is exposed to interest rate risk on its interest bearing assets and liabilities. Borrowings at variable rates expose the company to cash flow interest rate risk. The company is not exposed to fair value interest rate risk because there are no borrowings at fixed rates. The table below indicates the interest rate exposure on borrowings with variable interest rates at 31 March, 2016 and 2015. The analysis calculates the effect on the statement of comprehensive income of a reasonably possible movement in interest rate.

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Interest cost				
+ 100 basis points	677,280	695,945	1.22	1.18
- 100 basis points	(677,280)	(695,945)	(1.22)	(1.18)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

(b) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from credit exposure to customers, amounts due from related parties and cash and cash equivalents.

The maximum exposure to credit risk at the reporting date represented by the carrying amounts of the financial assets classified as 'loans and receivables' is set out below:

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Trade and other receivables (excluding prepayments and advances to suppliers)	30,825,597	21,895,542	55.60	37.26
Advances to subsidiaries	3,302,550	6,608,250	5.96	11.24
Due from related parties	2,756,732	5,730,923	4.97	9.75
Cash and bank balances	91,676	87,363	0.17	0.15
	36,976,555	34,322,078	66.69	58.40

Management does not expect any losses from non-performance of the carrying amounts of the financial assets. The credit quality of trade receivables is disclosed in Note 8.

Banking transactions are limited to branches of reputed local and international banks.

The table below shows the credit quality of cash and bank balances with external counterparties at the balance sheet date:

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Cash at bank with credit rating (Moody's)				
A2	48,895	20,204	0.09	0.03
Baa2	7,782	2,252	0.01	0.00
Baa3	16,558	46,080	0.03	0.08
Cash on hand	18,441	18,827	0.03	0.03
Total	91,676	87,363	0.17	0.15

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The company maintains flexibility in funding by keeping committed credit lines available.

The table below analyses the company's financial liabilities classified as 'other liabilities' into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Carrying amount	Contractual cash flows	Less than 1 year
	AED	AED	AED	₹ Crore	₹ Crore	₹ Crore
At 31 March, 2016						
Trade and other payables	44,740,762	44,740,762	44,740,762	80.70	80.70	80.70
Due to related parties	15,093,556	15,093,556	15,093,556	27.22	27.22	27.22
Bank borrowings	67,728,038	68,648,684	68,648,684	122.16	123.82	123.82
	127,562,349	128,482,995	128,482,995	230.08	231.74	231.74

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Carrying amount	Contractual cash flows	Less than 1 year
	AED	AED	AED	₹ Crore	₹ Crore	₹ Crore
At 31 March, 2015						
Trade and other payables	37,967,413	37,967,413	37,967,413	64.61	64.61	64.61
Due to related parties	11,443,792	11,443,792	11,443,792	19.47	19.47	19.47
Bank borrowings	69,594,513	70,592,801	70,592,801	118.42	120.12	120.12
	119,005,718	120,004,006	120,004,006	202.50	204.20	204.20

(d) 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 to its shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may raise cash calls from its existing shareholder to increase or decrease its share capital.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by shareholder's funds. Net debt represents 'bank borrowings' less 'cash and bank balances' as shown in the balance sheet. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Total borrowings (Note 15)	67,728,038	69,594,513	122.16	118.42
Cash and bank balances (Note 11)	(91,676)	(87,363)	(0.17)	(0.15)
Net debt	67,636,362	69,507,150	122.00	118.27
Total equity	(88,236,425)	(83,962,341)	(159.15)	(142.87)
Total shareholder's funds	(20,600,063)	(14,455,191)	(37.16)	(24.60)
Gearing ratio	(328%)	(481%)	(328%)	(481%)

4.2 Fair value estimation

At 31 March, 2016 and 2015, financial assets and liabilities of the company approximate their fair values as none of them are non-current and the impact of discounting is considered immaterial.

5 Critical accounting estimates and judgements

Estimates and judgements 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.

5.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The company's estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year are as follows;

(a) Impairment of investments in subsidiaries

The company follows the guidance of IAS 39 to determine when an investment in a subsidiary is impaired. This determination requires significant judgement. In making this judgement, the company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

6 Property and equipment

Particulars	Equipments, fixture and fittings	Motor vehicles	Capital Work in Progress	Total
	AED	AED	AED	AED
Cost				
At 1 April, 2014	794,504	88,171	–	882,675
Additions	19,645	–	10,220	29,865
Disposals	(21,381)	–	–	(21,381)
At 31 March, 2015	792,768	88,171	10,220	891,159
Additions	170,299	–	–	170,299
Transfer	10,220	–	(10,220)	–
Disposals	(608,393)	–	–	(608,393)
At 31 March, 2016	364,894	88,171	–	453,065
Accumulated depreciation				
At 1 April, 2014	611,814	40,045	–	651,859
Charge for the year	147,852	12,641	–	160,493
Disposals	(21,211)	–	–	(21,211)
At 31 March, 2015	738,455	52,686	–	791,141
Charge of the year	91,223	12,642	–	103,865
Disposals	(608,344)	–	–	(608,344)
At 31 March, 2016	221,334	65,328	–	286,662
Net book amount				
At 31 March, 2016	143,560	22,843	–	166,403
At 31 March, 2015	54,313	35,485	10,220	100,018

Particulars	Equipments, fixture and fittings	Motor vehicles	Capital Work in Progress	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Cost				
At 1 April, 2014	1.30	0.14	-	1.44
Additions	0.03	-	0.02	0.05
Disposals	(0.04)	-	-	(0.04)
At 31 March, 2015	1.29	0.14	0.02	1.45
Additions	0.31	-	(0.02)	0.31
Transfer	-	-	-	0.00
Disposals	(1.10)	0.00	0.00	(1.10)
At 31 March, 2016	0.50	0.14	(0.00)	0.67
Accumulated depreciation				
At 1 April, 2014	1.00	0.07	-	1.06
Charge for the year	0.25	0.02	-	0.27
Disposals	(0.04)	-	-	(0.04)
At 31 March, 2015	1.21	0.09	0.00	1.30
Charge of the year	0.16	0.02	-	0.19

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Disposals	(1.10)	0.00	0.00	(1.10)
At 31 March, 2016	0.28	0.11	0.00	0.39
Net book amount				
At 31 March, 2016	0.24	0.03	(0.00)	0.27
At 31 March, 2015	0.08	0.06	0.02	0.15

7 Investments in subsidiaries

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
MEL Consumer Care Company	162,016	162,016	0.29	0.28
Egypt American Investment and Industrial Development Company (EAIIDC) - Gross	12,551,836	12,551,836	22.64	21.36
Marico Malaysia SDN. BHD - Gross	19,084,000	19,084,000	34.42	32.47
MBL Industries Limited	53,971	53,971	0.10	0.09
	31,851,823	31,851,823	57.45	54.20
Less: Provision for impairment of investment in EAIIDC	(12,551,836)	(12,551,836)	(22.64)	(21.36)
Less: Provision for impairment of investment in Marico Malaysia SDN. BHD	(18,877,693)	(18,877,693)	(34.05)	(32.12)
Investment in subsidiaries - Net	422,294	422,294	0.76	0.72

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

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
At 1 April,	31,429,529	30,512,499	56.69	51.92
Provision during the year (Note 17)	–	917,030	–	1.56
At 31 March,	31,429,529	31,429,529	56.69	53.48

Due to continued losses and the decision to reduce the scope of operations of two of the subsidiaries of the company, investments were reviewed for impairment as at 31 March, 2016. The recoverable amount was based on fair value less estimated cost to sell, fair value was determined by using the net assets of those entities, replacing material non-monetary assets with their current fair market value determined by either an independent valuer or based on signed agreements to sell those assets. No further provision has been recognised in the year ended 31 March, 2016 following an impairment review carried out by the company.

Valuation of the non-monetary assets (land and building) of one of the subsidiaries mentioned above falls under Level 2 as it was valued by an independent valuer applying the sales comparison approach. The most significant input into this valuation approach is price per square foot.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

8 Trade and other receivables

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Trade receivables	29,830,992	20,646,873	53.81	35.13
Advances to suppliers	1,050,715	353,117	1.90	0.60
Prepayments	527,878	435,929	0.95	0.74
Other receivables	994,605	1,248,669	1.79	2.12
	32,404,190	22,684,588	58.45	38.60

At 31 March, 2016, the company faced a concentration of credit risk with four customers (2015: four customers) accounting for 92 % (2015: 89%) of trade receivables at that date. There is no history of any material default with any of these customers.

Trade receivables that are less than 60 days outstanding amounting to AED 16,656,444 (2015: AED 17,890,515), are generally not considered impaired. As of 31 March, 2016, trade receivables amounting to AED 13,174,548 (2015: AED 2,756,358) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
60 - 90 days	7,470,179	2,086,555	13.47	3.55
Above 90 days	5,704,369	669,803	10.29	1.14
	13,174,548	2,756,358	23.76	4.69

As of 31 March, 2016 and 2015 none of the trade receivable balances were impaired and provided for.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

The carrying amount of trade and other receivables are either denominated in AED or USD and approximate their fair value. The company does not hold any collateral as security.

9 Advance to a subsidiary

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
MEL Consumer Care Company	3,302,550	6,608,250	5.96	11.24
	3,302,550	6,608,250	5.96	11.24

This represents interest free advances repayable within one year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

10 Related party transactions and balances

Related parties include the shareholder, associate, joint ventures, subsidiaries, key management personnel, directors and businesses including affiliates controlled directly or indirectly by the shareholder or over which they exercise significant management influence.

(a) Related party transactions

During the year, the following significant transactions were carried out with related parties in the ordinary course of business:

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Purchases of goods from an affiliated company	48,663,334	44,234,409	87.77	75.27
Sale of goods to an affiliated company	79,556,337	76,028,799	143.50	129.37
Royalty expense to parent company (Note 18)	2,131,287	687,343	3.84	1.17
Interest on short term advances from subsidiaries	–	53,749	–	0.09
Dividend income	1,108,830	–	2.00	–
Key management remuneration (including end of service benefits of AED 132,817 (2015: AED 87,716))	2,034,007	1,883,893	3.67	3.21
Amount received/advanced - net of repayments to subsidiaries	3,305,700	10,110,353	5.96	17.20

(b) Related party balances

The company maintains significant balances with the related parties which arise in the normal course of business from transactions that are carried out at terms mutually agreed between the parties.

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Due from related parties				
Affiliates	2,756,732	5,730,923	4.97	9.75
Due to related parties				
Parent company	15,052,297	11,410,102	27.15	19.42
Affiliates	41,259	33,690	0.07	0.06
	15,093,556	11,443,792	27.22	19.47

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

11 Cash and bank balances

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Cash at bank	73,235	68,536	0.13	0.12
Cash on hand	18,441	18,827	0.03	0.03
Cash and bank balances	91,676	87,363	0.17	0.15

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

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Cash and bank balances	91,676	87,363	0.17	0.15
Bank overdrafts (Note 15)	(16,300,038)	(12,663,013)	(29.40)	(21.55)
Cash and cash equivalents	(16,208,362)	(12,575,650)	(29.24)	(21.40)

12 Share capital

Share capital comprises twenty-two shares of AED 1 million each (2015: twenty-two shares of AED 1 million each), which is fully paid up.

13 Provision for employee's end of service benefits

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
At 1 April,	857,064	591,121	1.55	1.01
Charge for the year (Note 16)	492,720	368,956	0.89	0.63
Payments	(110,990)	(103,013)	(0.20)	(0.18)
At 31 March,	1,238,794	857,064	2.23	1.46

In accordance with the provisions of IAS 19, "Employee Benefits" (revised), management has carried out an exercise to assess the present value of its obligation at 31 March, 2016 and 2015, using the projected unit credit method, in respect of employee's end of service benefits payable under the labour regulations issued by Jebel Ali Free Zone Authority. Under this method, an assessment has been made of an employee's expected service life with the company and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion costs 5 % (2015: 5%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 3.18% (2015: 3.15%).

14 Trade and other payables

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Trade payables	10,129,943	3,726,380	18.27	6.34
Accruals and other payables	34,610,812	34,241,033	62.43	58.26
	44,740,755	37,967,413	80.70	64.61

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

15 Bank borrowings

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Term loans	51,428,000	56,931,500	92.76	96.87
Overdrafts (Note 11)	16,300,038	12,663,013	29.40	21.55
	67,728,038	69,594,513	122.16	118.42

Bank borrowings represent term loans and overdrafts availed from the banks for the purchases made by the company and these are repayable within 365 days from the date of issue. During the year, the interest rate on these bank borrowings ranged from LIBOR+0.7% to LIBOR+2% per annum (2015: LIBOR+0.9% to LIBOR+1.5% per annum). These bank borrowings are secured by a standby letter of credit issued by the bankers of the parent company.

16 Staff costs

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Salaries and wages	3,692,064	4,427,649	6.66	7.53
End of service benefits (Note 13)	492,720	368,956	0.89	0.63
Other benefits	7,372,221	7,355,509	13.30	12.52
	11,557,005	12,152,114	20.85	20.68

17 Impairment reversal - net

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Impairment of investment in subsidiaries (Note 7) - Marico Malaysia SDN. BHD	-	917,030	-	1.56
Reversal of provision for Impairment of advances to subsidiaries - EAIIDC	-	(3,879,295)	-	(6.60)
	-	(2,962,265)	-	(5.04)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

18 Other expenses

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Advertising and promotions	31,443,167	20,689,990	56.71	35.21
Royalty (Note 10)	2,131,287	687,343	3.84	1.17
Freight clearing and forwarding expense	1,637,329	1,763,022	2.95	3.00
Travel and conveyance	1,427,754	1,021,195	2.58	1.74
Legal and professional charges	1,352,969	1,423,362	2.44	2.42
Bank charges	1,201,481	640,878	2.17	1.09
Staff welfare expense	452,414	112,474	0.80	0.58
Rental expense	441,616	339,834	0.82	0.19
Printing, stationery and communication expense	266,228	263,443	0.48	0.45
Vehicle expense	162,846	130,974	0.29	0.22
Repairs and maintenance	79,639	111,807	0.04	0.07
Rates and taxes	62,850	34,702	0.14	0.19
Insurance	23,694	41,571	0.11	0.06
Other expenses	793,917	415,684	1.43	0.71
	41,477,191	27,676,279	74.81	47.09

19 Finance costs

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Finance costs				
Interest on bank borrowings	(755,614)	(997,245)	(1.36)	(1.70)
Finance income				
Interest income on advances	–	53,749	–	0.09
	(755,614)	(943,496)	(1.36)	(1.61)

20 Commitments

(a) Operating lease commitments

The company had contracted to lease office premises for a period of five years until 31 March, 2016 under non-cancellable operating lease agreements. Minimum lease payments under the leases are as follows:

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Not later than 1 year	302,382	289,180	0.55	0.49

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

21 Financial instruments by category

As of 31 March, 2016 and 2015, financial assets comprised trade and other receivables (excluding prepayments and advance to suppliers) advance to a subsidiary, due from related parties and cash and bank balances. These financial assets are classified as loans and receivables. Financial liabilities comprised trade and other payables, bank borrowings and due to related parties. These financial liabilities are classified as other financial liabilities.

Particulars	2016	2015	2016	2015
	AED	AED	₹ Crore	₹ Crore
Financial assets - Loans and receivables				
Trade receivables and other receivables (excluding prepayments and advance to suppliers)	30,825,597	21,895,542	55.60	37.26
Advance to a subsidiary	3,302,550	6,608,250	5.96	11.24
Due from related parties	2,756,732	5,730,923	4.97	9.75
Cash and bank balances	91,676	87,363	0.17	0.15
	36,976,555	34,322,078	66.69	58.40
Financial liabilities - Other financial liabilities				
Trade and other payables	44,740,762	37,967,413	80.70	64.61
Due to related parties	15,093,556	11,443,792	27.22	19.47
Bank borrowings	67,728,038	69,594,513	122.16	118.42
	127,562,356	119,005,718	230.08	202.50

MEL CONSUMER CARE SAE

Board of Directors	Mr. Rohit Jaiswal	Director
	Mr. Padmanabh Maydeo	Director
	Mr. Ashutosh Telang	Director
	Mr. B. Sridhar	Director
Registered Office	5th Floor, 53, Lebanon Street, Mohandseen, Gisa, Egypt	
Auditors	Moore Stephens	
Bankers	HSBC	
	SAIB Bank	
	Arab African Bank	
Legal Advisors	Yasser Maharem Office for Accounting & Auditing , Nassef Law Firm	

INDEPENDENT AUDITOR'S REPORT

To: The shareholders of MEL Consumer Care Company SAE

Report on the standalone financial statements

We have audited the accompanying separate Financial statements of MEL Consumer Care company SAE which comprise the separate balance sheet as of March 31, 2016 and the separate statements of income, separate changes shareholders' equity and separate cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

These separate financial statements are the responsibility of the company's management. The management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Egyptian Accounting Standards and in light of the prevailing Egyptian laws this responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error 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 standalone financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards and the relevant laws and regulations. Those standards require that we comply with ethical requirements to obtain reasonable assurance about whether the standalone financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the standalone 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 standalone financial statements.

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

Opinion

In our opinion, the standalone financial statements present fairly in all material respects, the financial position of MEL Consumer Care Company and its partner WIND SAE as of March 31, 2016 and of its financial performance and its standalone cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and the relevant laws and regulations relating to the preparation of these standalone financial statements.

Emphasis of matter

Without qualifying our opinion, we draw attention to follow:-

As mentioned in note No.(16) from the accompanying notes of the separate financial statements, the accumulated losses including losses of the year ended March 31, 2016 amounted to EGP 15,023,595 and that exceeded the paid-up capital. Also the current liabilities amounted to EGP 97,294,098 and the current assets amounted to EGP 79,608,446 which caused deficit in working capital with an amount to EGP 17,685,652 which indicates the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. In accordance with the company law no. (159) of 1981, the Board of directors should invite to an Extraordinary General Assembly Meeting of Shareholders to decide on continuity of the Company.

As mentioned in note (17) from the accompanying notes of the separate financial statements, "contingent liabilities", the company owns investments in subsidiary company MEL Consumer Care company and its partner company "WIND" (partnership company) amounted to EGP 1,609,640 representing 99% of the company's capital (Main partner), the accumulated losses of the company at 31 December 2015 amounted to EGP 41,545,603 on which the company had to make impairment to the investment value.

Report on other legal and regulatory requirements

The company keeps proper accounting records, include all that is required by law to be recorded therein and the accompanying separate financial statements are agreement therewith.

The financial information included in the board of directors' report in compliance with companies law No. 159 year 1981 and its executive regulation and its agreement with the accounting record of the company to the extent that such information is recorded therein.

Cairo, 25 May 2016
Sherin Nouredin
R.A.A 6809
Moore Stephens Egypt

BALANCE SHEET

As at March 31, 2016

Particulars	Note No.	As at March 31,			
		2016 EGP	2015 EGP	2016 ₹ Crore	2015 ₹ Crore
Long-term assets					
Fixed assets (net)	7	9	9	0.01	0.01
Investments in subsidiaries	8	3,116,358	3,116,358	2.33	2.57
Total Long-term Assets		3,116,367	3,116,367	2.34	2.58
Current assets					
Due from related parties	9	77,819,988	64,211,490	58.09	52.94
Debtors and other debit balances	10	11,259	9,105	0.01	0.01
Banks - current accounts	11	1,777,199	381,550	1.33	0.31
Total current assets		79,608,446	64,602,145	59.43	53.26
Current liabilities					
Bank overdraft		–	4,878	–	0.01
Provision		198,033	198,033	0.15	0.16
Due to related parties	12	97,062,526	79,455,904	72.46	65.50
Creditors & other credit balances		33,539	25,002	0.03	0.02
Total current Liabilities		97,294,098	79,683,817	72.64	65.69
(Deficit) in working capital		(17,685,652)	(15,081,672)	(13.21)	(12.43)
Total (deficit) in investment		(14,569,285)	(11,965,305)	(10.88)	(9.86)
To be financed as follows					
Shareholder's equity					
Issued and paid-up-capital	13	250,000	250,000	0.19	0.21
Legal reserve		204,310	204,310	0.15	0.17
Accumulated (losses)		(15,023,595)	(12,419,615)	(11.22)	(10.24)
Total (Deficit) shareholders' equity		(14,569,285)	(11,965,305)	(10.88)	(9.86)
Total finance(deficit) of working capital and long-term assets		(14,569,285)	(11,965,305)	(10.88)	(9.86)

- The accompanying notes from (1) to (17) form an integral part of these standalone financial statements and are to be read there with.

Auditor's report attached.

Financial Manager
Vishal Jain

Chairman
Rohit Jaiswal

Note: The exchange rate use to convert EGP to ₹ 7.465 (Previous year EGP to ₹ 8.244)

MEL CONSUMER CARE SAE

INCOME STATEMENT

For the year ended March 31, 2016

Particulars	Note No.	For the year ended March 31,			
		2016 EGP	2015 EGP	2016 ₹ Crore	2015 ₹ Crore
Expenses					
General and administrative expenses		261,273	67,149	0.20	0.06
Add					
Loss from currency revaluation difference		2,342,707	1,392,164	1.75	1.15
Net (Losses) of the year		(2,603,980)	(1,459,313)	(1.94)	(1.20)
(Losses) per share	6	(10,415.92)	(5,837.25)	(0.01)	(0.00)

- The accompanying notes from (1) to (17) form an integral part of these standalone financial statements and are to be read therewith

Note: The exchange rate use to convert EGP to ₹ 7.465 (Previous year EGP to ₹ 8.244)

STANDALONE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended March 31, 2016

Description	Issued & paid -up-capital	Legal reserve	Accumulated (losses)	Total
2016	EGP	EGP	EGP	EGP
Balance as of 1/4/2015	250,000	204,310	(12,419,615)	(11,965,305)
Net (losses) for the year	-	-	(2,603,980)	(2,603,980)
Balance as of 31/3/2016	250,000	204,310	(15,023,595)	(14,569,285)

Description	Issued & paid -up-capital	Legal reserve	Accumulated (losses)	Total
2016	₹Crore	₹ Crore	₹ Crore	₹ Crore
Balance as of 1/4/2015	0.19	0.15	(9.27)	(8.93)
Net (losses) for the year	-	-	(1.94)	(1.94)
Balance as of 31/3/2016	0.19	0.15	(11.21)	(10.87)

Description	Issued & paid -up-capital	Legal reserve	Accumulated (losses)	Total
2015	EGP	EGP	EGP	EGP
Balance as of 1/4/2014	250,000	204,310	(10,960,302)	(10,505,992)
Net (losses) for the year	-	-	(1,459,313)	(1,459,313)
Balance as of 31/3/2015	250,000	204,310	(12,419,615)	(11,965,305)

Description	Issued & paid -up-capital	Legal reserve	Accumulated (losses)	Total
2015	₹Crore	₹ Crore	₹ Crore	₹ Crore
Balance as of 1/4/2014	0.21	0.17	(9.04)	(8.66)
Net (losses) for the year	-	-	(1.20)	(1.20)
Balance as of 31/3/2015	0.21	0.17	(10.24)	(9.86)

- The accompanying notes from (1) to (17) form an integral part of these standalone financial statements and are to be read therewith.

Note: The exchange rate use to convert EGP to ₹ 7.465 (Previous year EGP to ₹ 8.244)

STANDALONE CASH FLOW STATEMENT

For the year ended March 31, 2016

Particulars	Note No.	Year ended March 31,			
		2016	2015	2016	2015
		EGP	EGP	₹ Crore	₹ Crore
Cash flows from operating activities					
Net (losses) of the year		(2,603,980)	(1,459,313)	(1.94)	(1.20)
Operating (losses) before change in working capital		(2,603,980)	(1,459,313)	(1.94)	(1.20)
Change in due from related parties		(13,608,498)	(17,409,799)	(10.16)	(14.35)
Change in debtors and other debit balances		(7,282)	10,245	(0.01)	0.01
Change in due to related parties		17,606,622	19,240,512	13.14	15.86
Change in Banks overdraft		(4,878)	4,878	(0.00)	0.00
Change in Creditors & other credit balances		13,665	(14,998)	0.01	(0.01)
Net Cash flows provided from operating activities		1,395,649	371,525	1.04	0.31
Net change in cash and cash equivalents during the year		1,395,649	371,525	1.04	0.31
Cash and cash equivalents at the beginning of the year		381,550	10,025	0.28	0.01
Cash and cash equivalents at the end of the year	11	1,777,199	381,550	1.33	0.31

Note

- The figures for the previous year have been regrouped where necessary to conform to current year's classification.
- The accompanying notes from (1) to (17) form an integral part of these standalone financial statements and are to be read therewith.

Note: The exchange rate use to convert EGP to ₹ 7.465 (Previous year EGP to ₹ 8.244)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2016

1. The company's background and its activities

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.20683 dated October 1st 2006.

The objective of the company

The company's main objective is to produce products related to consumer care and skin care at third party'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 them affiliated there to according to the provision of law and its executive regulations.

2. Significant accounting policies

2.1 Compliance with accounting standards

The financial statements are prepared in accordance with the Egyptian Accounting Standards, laws & current regulations.

On July 9, 2015, the Minister of Investment issued a decree no. (110) of 2015 regarding the new Egyptian Accounting Standards include 39 standards and a frame that will be used in the preparation and presentation of financial statements replacing the former Egyptian Accounting Standards that has been issued by Ministerial Decree No. (243) of 2006 and is to be applied starting from the first of January 2016.

The new standards will be applied by entities that begin its fiscal year from this date or after it. The company is currently assessing whether these changes will affect the financial statements in the period of initial application.

2.2 Basis of preparation of financial statements

The financial statement has been prepared in Egyptian pound. - The financial statement has been prepared according to historical cost and continuity presumption. - According to Egyptian Standard No. 17 specified for financial statements , item No. (26.10) ; the company is not required to prepare consolidate financial statement.

2.3 Changes in accounting principles

The accounting principles applied in the current year comply with those adopted in the previous year.

2.4 Translation of foreign currencies

Foreign currency transactions are translated into Egyptian pounds using the fixed exchange rates amended monthly. Monetary assets and liabilities in foreign currencies are revaluated at the date of statements preparation at the exchange rates then prevailing. Foreign exchange gains and losses resulting from the settlement of such transactions and valuation differences are recognized in the income statement.

2.5 Fixed assets and its depreciation

Recognition measurement

Fixed assets are reported at historical cost minus accumulated depreciation and impairment losses. These costs include when realized and at its recognition, the cost of the replaced part of buildings and land. When applying an overall test its cost is recognized in case of compliance with recognition conditions with the book value of the replacement of buildings and equipment. All fixing and other maintenance expenses are recognized in the income statement when realized.

STANDALONE CASH FLOW STATEMENT

For the year ended March 31, 2016

Description

Depreciation is calculated by straight-line method according to the estimated useful life of the asset as follows:

Furniture & office equipment	4
Computers	2

2.6 Investment in subsidiaries

Subsidiary and affiliated companies are companies that are under the control of the Company. Such control is achieved when the company is in control of the financial and operation policies of that company for the purpose of obtaining the benefit result from its activities. When ascertaining the amount of future voting power and its affect on the control and domination, the company studies all the circumstances and facts that affect the future voting power.

The investment in subsidiary and affiliated companies is recorded at the acquisition cost. In case that there is a reduction in the fair value below the book value, the book value is amended to reflect the reduced value and it is reflected in the income statement under impairment in the value of investments in subsidiary and affiliated companies. In case that there is an appreciation in the fair value, it will be added to the same item to the extent that it has been charged in the income statement for previous periods for each investment separately.

The accounting for investments in subsidiary and affiliated companies is according to the cost method and the revenues generated from such investment is booked according to the amount collected by the company from the dividends of the company invested in which has been achieved after its acquisition. This is starting from the date of the resolution of the general assembly of the company invested in and that has approved such distribution.

2.7 Impairment in the value of non-financial assets

The book value of the Company's non-financial assets, other than inventory and deferred tax assets is reviewed at the date of each financial position to ascertain the amount of impairment. The Company carries out a regular review to ascertain if there has been impairment in the value of an asset and in case that there is an indication of such impairment; the resale value is compared to the book value. If the book value is above the resale value, then there is impairment in the value of the asset and the resale value is reduced and the loss is charged in the income statement.

The amount of impairment may be returned in case that there is a change in the resale value to the extent that the amount was reduced in the past.

2.8 Impairment in the value of financial assets

On the date of each balance sheet, an objective estimate is carried out to ascertain if there is true indication that any of the assets have been impaired. Once there is a impairment in the value of an asset the loss is recorded only if there are objective proofs that the impairment of the value was due to an incident or more after the initial realization of the asset and that such incident or incidents had an effect that can be evaluated in a reliable manner for the expected future cash flow from the asset. In the case of financial assets that are recorded according to their amortized cost impairment, the loss due to impairment of its value between the book value of such asset and the present value of the future cash flow that has been discounted by the original actual interest rate relating to this asset.

The book value of the financial asset is reduced directly except in case of clients' accounts that is reduced using provisions. Any amount that is not to be collected is to be written off from the provision and the amount of the realized loss will be reimbursed either directly or by settling the provisions account. It should be ensured that such reversal will not generate a book value for the asset which is higher than the amortized cost at the date of

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2016

the writing off of the amount of impairment if such impairment has not been recognized. The amount of write off will be reflected in the income statement.

2.9 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a 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 of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost

2.10 Employee's benefits

- Insurance and pension system

The Company participates in the governmental social insurance of the employee's benefits according to social insurance law no.79 for the year 1975 and its amendments, employee's and the Company participate according to this law in the system by a fixed present of wages, the Company's obligations are limited in its value of participation, the Companies participations are charged in the income statement according to accrual basis.

- Share of employees in profit

According to its constitution, the Company distributes part of the dividends to the employees as a share of profit according to the recommendations stipulated by the Board of Directors and approved by the General Assembly. The employee share of profit will be recognized as distribution of profit in shareholder's equity statement and as an obligation for the period that the Company's shareholders have approved such distribution.

2.11 Current and deferred income tax

The income tax of the year is calculated according to the current tax law on the date of the financial statement. Management annually evaluates the tax position and taking into consideration the differences that could arise from different justifications of management and organization, the suitable provision for it is set according to estimated settled amounts for the tax authority.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of their book value in the financial statement.

The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a business contribution that at the time of the transaction affects neither accounting nor taxable profits.

Deferred income tax is specified by using tax rate, according to the applied laws in the date of the financial statement, which is predicted to be equal when using the assets deferred tax or settling the liabilities deferred tax.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized that could form deferred tax differences.

2.12 Related parties transactions

All transactions with related parties are booked by the company in the same manner as any other normal transaction with other parties.

STANDALONE CASH FLOW STATEMENT

For the year ended March 31, 2016

2.13 Expenses

All expense, including administrative and general expenses, are to be charged to the income statement in the financial period that such expenses were incurred.

2.14 Legal reserve

According to the Company's articles no.159 for the year 1981 , 5% of the net profits of the year is transferred to the legal reserve, according to the proposal of the Board of Directors, the setting aside of legal reserve could be stopped, when this reserve reaches 50% of the issued capital. The legal reserve should not be distributed on the shareholders

2.15 Cash flow statement

The cash flow statement prepared according to the indirect method.

2.16 Cash at bank

For the presentation of the cash flows, cash at bank are to be considered current accounts, cash on hand, and at banks balances, short term deposits and deposits with maturity of three months or less.

2.17 Comparative figures

The comparative figures shall be reclassified when necessary to be in conformity with the changes to presentation used in the current year.

2.18 Losses per share

Losses per share is calculated by the weighted average method according to the number of outstanding common stocks during the year after deducting the employee's share and benefits of the board of directors' from the profits.

3. Financial Instruments

Financial instruments are made up of any contractual agreement that gives the right in financial assets of the company and creates a financial obligation or shareholding to the other side of the contract.

3.1. Debtors and other debit balances

Receivables are recognized initially by fair value and subsequently measured at amortized value using the effective interest method, less any reduction in the value. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms with debtors.

In the case, there are significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than granted credit limits) are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted by the lending price for the effective asset which used to determine the amortized cost. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables.

3.2. Creditors

Creditors are recognized initially by Actual value .

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2016

4. Financial Instruments & related Risk

Financial risks

Financial risks are represented in market risks that include (changes in foreign exchange rate, price risk and interest rate risk on cash flows and fair value) also, credit and liquidity risk. The company doesn't use any financial derivatives for hedging specific risks.

4.1 Credit risk

Credit risk arises in customers' and individuals' accounts represented in receivables account. For banks, the Company deals with banks according to high credit rating and banks with high credit worthiness in case of absence of the separate credit rate. For customers, management evaluates their credit worthiness with their cash position and historical dealings and other effects. Required provisions are formed to face adequacy risk of customers individually.

4.2 Foreign exchange rate risk

The Company is exposed to risk of changes in exchange rates as a result of various activities and mainly USD. Risk of changes in exchange rates is due to future commercial transactions, assets and liabilities in foreign currency on the date of the financial statement.

As stated in notes no. (2-4) foreign currency translation, assets and liabilities were revaluated at year end at the exchange rate declared as of the date of balance sheet.

4.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through and adequate amounts of available credit finance. Due to dynamic nature of the underlying business, the company's management aims to maintain flexibility in funding through associate company.

4.4 Interest rate risk

Interest rate risk appears in the change in interest rate that may affect the business output. This risk is not applicable as the Company does not depend on credit facilities from banks to finance working capital or long term assets.

4.5 Fair value estimation

The fair value of financial assets and liabilities with maturities of less than one year is assumed to be approximated carrying value. The fair value of financial liabilities-for disclosure purpose-is estimated by discounting the future cash flow at the current market interest rate that is available to the Company for similar financial instruments.

5. Significant accounting estimates and personal judgements

5.1 Significant accounting estimates and judgements

Estimates and assumptions are evaluated on basis of historical experience and other factors including expectations about future events that are believed to be reasonable under certain circumstances.

The Company makes future estimates and assumptions, which may not be equal to the actual results. Estimates and assumptions that are used by the Company are shown as follows:

STANDALONE CASH FLOW STATEMENT

For the year ended March 31, 2016

a. Income tax

The Company is subjected to corporate income tax. The Company estimates the income tax provision by using expert's advice. In case of any difference between any of the final and preliminary results, these differences will affect the income tax and deferred income tax provision in these periods.

b. Impairment of trade receivables

The evaluation in the value of receivables is made through debt aging. The Company management is studying the credit position and the ability of payments of the customers who their numerous debts are due during the credit limit granted for them and the impairment is recorded with the value of the due amounts on the customers who the Company management sees that their credit position do not allow them to pay their liabilities.

c. Useful lives of fixed assets

The estimated useful life is depending on estimation and personal judgement based on the experience of the Company with similar fixed assets taking into consideration the estimated usage of the asset and number of working shifts and technical limitations. Residual values and useful lives of assets are reviewed on periodic basis.

d. Write down in value of inventory

The company provides for slow moving and obsolete inventory based on the reports which are related to its condition and future utility.

5.2 Significant personal judgements in applying the Company's accounting policies

In general the application of the Company's accounting policies do not require from management the use of personal judgement which may have a major impact on the value recognized in the financial statement.

6. Earnings per share

Particulars	2016	2015	2016	2015
	EGP	EGP	₹ Crore	₹ Crore
Net (losses) of the year	(2,603,980)	(1,459,313)	(1.94)	(1.20)
No. of Shares	250	250	—	—
(Losses) per share for the year (EGP/Share)	(10,415.92)	(5,837.25)	(0.01)	(0.01)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2016

7. Fixed assets (Net)

Description 2016	Computers EGP	Total EGP	Computers ₹Crore	Total ₹Crore
Cost as of 1/4/2015	342,917	342,917	0.31	0.31
Cost as of 31/3/2016	342,917	342,917	0.31	0.31
Acc. depreciation at 1/4/2015	342,908	342,908	0.31	0.31
Acc. depreciation as of 31/3/2016	342,908	342,908	0.31	0.31
Net fixed assets as of 31/3/2016	9	9	0.00	0.00

Description 2015	Computers EGP	Total EGP	Computers ₹Crore	Total ₹Crore
Cost as of 1/4/2014	342,917	342,917	0.31	0.31
Cost as of 31/3/2015	342,917	342,917	0.31	0.31
Acc. depreciation as of 1/4/2014	342,908	342,908	0.31	0.31
Acc. depreciation as of 31/3/2015	342,908	342,908	0.31	0.31
Net fixed assets as of 31/3/2015	9	9	0.00	0.00

8. Investments in subsidiaries

Particulars	2016 EGP	2015 EGP	2016 ₹ Crore	2015 ₹ Crore
Marico Egypt Industries Company (MEI) SAE	1,506,718	1,506,718	1.12	1.24
MEL Consumer Care & its Partner Company (Wind) (Partnership Co.)	1,609,640	1,609,640	1.20	1.33
	3,116,358	3,116,358	2.33	2.57

- The contribution percentage in Marico Egypt Industries Company (MEI) is 99%.
- The contribution percentage in MEL Consumer Care & its Partner Company (Wind) is 99%.

9. Due from related parties

Particulars	2016 EGP	2015 EGP	2016 ₹ Crore	2015 ₹ Crore
MEL Consumer Care & its Partner Company (Wind)	59,207,966	51,603,334	44.20	42.54
Egyptian American for investment and Industrial Development Co. (EAIIDC) (SAE)	18,612,022	12,608,156	13.89	10.39
	77,819,988	64,211,490	58.09	52.94

10. Debtors and other debit balances

Particulars	2016 EGP	2015 EGP	2016 ₹ Crore	2015 ₹ Crore
General authority for social insurance	-	2,846	-	0.00
Other debit balances	11,259	6,259	0.01	0.01
	11,259	9,105	0.01	0.01

STANDALONE CASH FLOW STATEMENT

For the year ended March 31, 2016

11. Banks - Current accounts

Particulars	2016	2015	2016	2015
	EGP	EGP	₹ Crore	₹ Crore
Bank - Local currency	26,645	–	0.02	–
Bank - Foreign currency	1,750,554	381,550	1.31	0.31
	1,777,199	381,550	1.33	0.31

12. Due to related parties

Particulars	2016	2015	2016	2015
	EGP	EGP	₹ Crore	₹ Crore
Marico Middle East Company (MME) - Holding Company	7,987,500	13,645,800	5.96	11.25
Marico Egypt for Industries Company (MEI) SAE	89,075,026	65,810,104	66.49	54.25
	97,062,526	79,455,904	72.46	65.50

13. Capital

The authorized capital was determined by EGP 2,500,000 (Two million five hundred thousand Egyptian pounds) and the issued and paid-up- capital is 250,000 (two hundred fifty thousand Egyptian pounds) distributed into 250 shares (Two hundred fifty shares), the nominal value of each share is EGP 1000 (One thousand Egyptian pounds), distributed among shareholders as follows

Name	Nationality	No. of share	Issued & paid	Issued & paid
			up- capital EGP	up- capital ₹ Crore
1- Vivek Anant Karve	Indian	1	1,000	–
2- Saugata Gupta	Indian	1	1,000	–
3- Vijay Subramaniam	Indian	1	1,000	–
4- Marico Middle East	Emirates	247	247,000	0.18
		250	250,000	0.19

14. Related parties transactions

The Related parties transactions as of March 31, 2016 represents as follows

Party name	Nature of Relation	Nature of transaction	Size of transaction EGP	Balance	Size of transaction	Balance
				2016 EGP	₹ Crore	2016 ₹ Crore
MEL Consumer Care & Partner Company (Wind)	Related party	Financing	7,604,632	59,207,966	5.68	44.20
Egyptian American Co. for investment and Industrial Development (EAIIDC)	Related party	Financing	6,003,867	18,612,022	4.48	13.89
Marico Middle East Company (MME) -Holding Company	Related party	Financing	5,658,300	(7,987,500)	4.22	(5.96)
Marico Egypt for Industries Company (MEI) SAE	Related party	Financing	(23,264,922)	(89,075,026)	(17.37)	(66.49)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended March 31, 2016

15. Tax status**a. Corporate tax**

- The company submits its tax return on the legal date and the latest for the year ended 31/12/2015.
- The company did not examine till now.

b. Salaries & wages tax

- The company was examined from the beginning of activity till March 31, 2008.
- The company pays salaries & wages tax regularly.

c. Stamp duty

- The company was examined from the beginning of activity till December 31, 2013.
- The company pays stamp duty according to taxes system.

d. Withholding tax

- The company pays withholding tax regularly on Form No. (41).
- The company didn't examine till now.

e. Sales tax

- The company was examined from beginning of activity till August 31, 2013.
- The company submits the sales tax reports regularly.

16. Going Concern

The accumulated losses includes losses for the year ended 31/03/2016 amounted to EGP 15,023,595 which exceeded the company paid-up capital, the current liabilities amounted to EGP 97,294,098 and the current assets amounted to EGP 79,608,446 that leads to a deficit of working capital amounted to EGP 17,685,652, which indicates the existence of a material uncertainty which may cost signification doubt, about the Company's ability to continue as a going concern. In accordance with the article No. (159) of 1981, the Board of directors should invite to an Extraordinary General Assembly Meeting of Shareholders to decide on the continuity of the Company.

17. Contingent liabilities

The company owns investments in subsidiary company MEL Consumer Care Company and its partner company "WIND" (Partnership Company) amounted to EGP 1,609,640 representing 99% of the company's capital (Main partner), the accumulated losses of the company at 31 December 2015 balance amounted to EGP 41,545,603 and there is a plan to restructure the company to cover these losses in the subsequent period.

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

Board of Directors	Mr. Rohit Jaiswal	Director
	Mr. Padmanabh Maydeo	Director
	Mr. Ashutosh Telang	Director
	Mr. B. Sridhar	Director
Registered Office	11B Hegaz Sq. Mohandesen, Gisa, Egypt	
Auditors	Moore Stephens	
Bankers	HSBC	
	QNB Al-Ahly	
	Arab African Bank	
Legal Advisors	Yasser Maharem Office for Accounting and Auditing	
	Nassef Law Firm	

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To: The shareholder's of Egyptian American Co. For Investment and Industrial Development (SAE) Cairo Egypt

Report on the financial statements

We have audited the accompanying financial statements of Egyptian American Company For Investment and Industrial Development (SAE) which comprise the balance sheet as of December 31, 2015 and statements of income, changes in shareholder's equity and cash flows for the 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. The management is responsible for the preparation and fair presentation of these financial statements in accordance with Egyptian Accounting Standards and in the light of the Egyptian laws. This 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, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable to 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 Auditing Standards and the relevant laws and regulations. Those standards require planning and audit performance to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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 assessment, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control . An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of Egyptian American Co. For Investment and Industrial Development (SAE) as of December 31, 2015 and of its financial performance and its cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and the relevant laws and regulations.

Emphasis of matter

Without qualifying our opinion as indicated in no (19) from the notes to the financial statements, the accumulated losses at the balance sheet date exceeded the half of issued capital which amounted EGP 19,091,516. This condition indicates the existence of a material uncertainty, which indication significant doubt about the company's ability to continue as a going concern. In accordance with articles 69 of the company's law No. 159 of 1981, the regulatory should invite the extraordinary General Assembly Meeting of Shareholders to decide the continuity of the company.

Report on other legal and regulatory requirements

The company keeps proper accounting records, include all that is required by law to be recorded therein and the accompanying financial statements are agreement therewith.

The financial information included in the board of director's report in compliance with companie's law No. 159 year 1981 and its executive regulation and it's agreed with the accounting record of the company to the extent that such information is recorded therein.

Cairo January 21, 2016

Sherin Noureldin
R.A.A 6809
EFSAA 88
Moore Stephens Egypt

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

BALANCE SHEET

As at December 31, 2015

Particulars	Note No.	As at December 31,			
		2015 EGP	2014 EGP	2015 ₹ Crore	2014 ₹ Crore
Assets					
Long-term assets					
Fixed assets (net)	8	912,796	982,310	0.77	0.87
Total long-term assets		912,796	982,310	0.77	0.87
Current Assets					
Debtors and other debit balances	9	123,864	92,002	0.10	0.08
Current accounts at banks	10	5,201,467	19,056	4.41	0.02
Total current assets		5,325,331	111,058	4.51	0.10
Current liabilities					
Provisions	11	519,407	390,000	0.44	0.34
Due to related parties	12	17,671,823	11,163,668	14.97	9.84
Suppliers and notes payable	13	45,000	45,000	0.04	0.04
Creditors and other credit balances	14	21,060	72,525	0.02	0.06
Total current liabilities		18,257,290	11,671,193	15.47	10.29
(Deficit) in working capital		(12,931,959)	(11,560,135)	(10.95)	(10.19)
Total (deficit) Investment		(12,019,163)	(10,577,825)	(10.18)	(9.32)
To be financed as follows					
Shareholder's Equity					
Issued capital	15	6,892,000	6,892,000	5.84	6.07
Legal reserve		504,666	504,666	0.42	0.44
Other reserves		493	493	0.00	0.01
Accumulated (losses)		(19,091,516)	(18,060,085)	(16.17)	(15.92)
Total Shareholder's Equity		(11,694,357)	(10,662,926)	(9.91)	(9.41)
Long-term liabilities					
Deferred tax liabilities	16	(324,806)	85,101	(0.28)	0.08
Total long term liabilities		(324,806)	85,101	(0.28)	0.08
Total Shareholder's Equity and long-term liabilities		(12,019,163)	(10,577,825)	(10.18)	(9.32)

- The accompanying notes from (1) to (21) form an integral part of these financial statements and are to be read therewith.

- Auditor's report attached

Chairman

Financial Manager

Note: The exchange rate use to convert EGP to ₹ 8.471 (Previous year EGP to ₹ 8.814)

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

INCOME STATEMENT

For the year ended December 31, 2015

Particulars	Note No	Year ended December 31,			
		2015	2014	2015	2014
		EGP	EGP	₹Crore	₹ Crore
Sales (net)	6	–	9,231,408	–	8.14
Less					
Cost of sales		–	7,815,832	–	6.89
Gross profit		–	1,415,576	–	1.25
Less					
Selling and distribution expenses		(51,000)	56,628	(0.04)	0.05
General and administrative expenses		186,914	448,605	0.16	0.40
Depreciation of fixed assets		68,216	119,117	0.06	0.10
Royalty			6,814	0.00	0.01
		204,130	631,164	0.17	0.56
Operating (loss)/ income		(204,130)	784,412	(0.17)	0.69
Add / (Less)					
Capital gains		2,039	133,166	0.00	0.12
(Losses) from currency revaluation differences		(1,348,551)	(378,198)	(1.14)	(0.33)
Revenues from exports subsidies		–	53,840	–	0.05
Other Income		240,000	195,261	0.20	0.17
Impairment of fixed assets		(1,290)	–	(0.00)	–
Provision		(129,407)	–	(0.11)	–
		(1,237,209)	4,069	(1.05)	0.01
Net (losses)/profit for the year		(1,441,339)	788,481	(1.22)	0.70
Add/(Less)					
Deferred tax (assets)		409,908	–	0.35	–
Net (losses)/profits for the year		(1,031,431)	788,481	(0.87)	0.70
Earnings (losses)/Profit per share (EGP/Share)		(14.97)	11.44	(00.00)	00.00

– The accompanying notes from (1) to (21) form an integral part of these financial statements and are to be read therewith.

Note: The exchange rate use to convert EGP to ₹ 8.471 (Previous year EGP to ₹ 8.814)

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

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2015

Description	Issued & paid capital	Legal reserve	Other reserves	Accumulated (losses)	Total
	EGP	EGP	EGP	EGP	EGP
2015					
Balance as of Jan 1.2015	6,892,000	504,666	493	(18,060,085)	(10,662,926)
Net (losses) of the year	–	–	–	(1,031,431)	(1,031,431)
Balance as of December 31, 2015	6,892,000	504,666	493	(19,091,516)	(11,694,357)

2014					
Balance as of January 1,2014	6,892,000	465,242	493	(18,809,142)	(11,451,407)
Transferred to legal reserve for 2014	–	39,424	–	(39,424)	–
Net profit for the year	–	–	–	788,481	788,481
Balance as of December 31,2014	6,892,000	504,666	493	(18,060,085)	(10,662,926)

Description	Issued & paid capital	Legal reserve	Other reserves	Accumulated (losses)	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
2015					
Balance as of Jan 1.2015	5.84	0.43	0.00	(15.30)	(9.03)
Net (losses) of the year	–	–	–	(0.87)	(0.87)
Balance as of December 31, 2015	5.84	0.43	0.00	(16.17)	(9.91)
2014					
Balance as of January 1,2014	6.07	0.41	0.00	(16.58)	(10.09)
Transferred to legal reserve for 2014	–	0.03	–	(0.03)	–
Net profit for the year	–	–	–	0.69	0.69
Balance as of December 31,2014	6.07	0.44	0.00	(15.92)	(9.40)

– The accompanying notes from (1) to (21) form an integral part of these financial statements and are to be read therewith.

Note: The exchange rate use to convert EGP to ₹ 8.471 (Previous year EGP to ₹ 8.814)

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

STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

Particulars	Year ended December 31,				
	Note	2015	2014	2015	2014
	No.	EGP	EGP	₹ Crore	₹ Crore
Cash flows from operating activities					
Net (losses)/profits for the year		(1,441,339)	788,481	(1.22)	0.69
Adjustments to reconcile net (losses) with Cash flows from operating activities					
Depreciation of fixed assets		68,216	233,336	0.06	0.21
Capital gain		(2,039)	(133,166)	(0.00)	(0.12)
Impairment of fixed assets		1,290	–	0.00	–
Formed from provisions		129,407	–	0.11	–
Net (losses)/profits before changes in working capital		(1,244,465)	888,651	(1.05)	0.78
Change in inventory (net)		–	5,259,549	–	4.64
Change in receivables		–	7,048,816	–	6.21
Change in debtors and other debit balances		(31,862)	157,760	(0.03)	0.14
Change in due to related parties		6,508,155	(5,720,952)	5.51	(5.04)
Change in payables and notes payable		–	(7,832,715)	–	(6.90)
Change in creditors and other credit balances		(51,465)	(2,541,197)	(0.04)	(2.24)
Net cash flows provided from (used in) operating activities		5,180,363	(2,740,088)	4.39	(2.42)
Cash flows from investment activities					
Proceeds from sale of fixed assets		2,048	267,086	0.01	0.24
Net cash flows provided from investment activities		2,048	267,086	0.01	0.24
Cash flows from financing activities					
(Payments)/proceeds from banks overdraft		–	(216,862)	–	(0.19)
Net cash flows (used in) financing activities		–	(216,862)	–	(0.19)
Net change in cash and cash equivalents during the year		5,182,411	(2,689,864)	4.39	(2.37)
Cash and cash equivalents at the beginning of the year		19,056	2,708,920	0.02	2.39
Cash and cash equivalents at the end of the year	10	5,201,467	19,056	4.41	0.02

- The accompanying notes from (1) to (21) form an integral part of these financial statements and are to be read therewith.

Note: The exchange rate use to convert EGP to ₹ 8.471 (Previous year EGP to ₹ 8.814)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

1. The company's background and its activities:

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

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

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

Company purpose:

1. Manufacturing cosmetics, perfumes and essential oils – Ready Rose – Five Flowers – Top Girl and the new lines of production that can develop in the field of manufacturing cosmetics.
2. Importing equipment, machines, tools and raw materials required in order to execute the objectives of the company.
3. Import, export and commercial agencies.
4. The company may have an interest to participate in any manner with the companies and others who proactive similar activities or may cooperate with the company to achieve its objectives in Egypt or abroad. The company may also merge into the previously mentioned entities, purchasing them or to make them affiliated there to according to the provision of law and its regulations.
5. According to General Authority For Investment & Free Zone (GAFI) chairman's decision No.235/2 for the year 2007 regarding the license to divide Egyptian American Company for Investment and Industrial Development (Redico), referred there to as the split company , into two joint stock companies according to the below – mentioned data, and based upon the decision of the Extraordinary General Assembly Meeting , held on 16/12/2006.It was approved to amend the objective of the company to be as follows :
6. Manufacturing cosmetics, perfumes and essential oils.
7. Importing equipment, machines, tools and raw materials required to execute the objectives of the company.
8. Import, export and commercial agencies.

2. Significant accounting policies

2.1. accounting standards and legal principles

The accompanying financial statements have been prepared in accordance with the Egyptian accounting standards and the related Egyptian laws and regulations in case that subject weren't stated in Egyptian accounting standers its refer to the international financial reporting standers .

2.2 Basis preparation of the financial statements

- The financial statements have been prepared at Egyptian pound.
- The financial statements have been prepared according to historical cost and continuity presumption.

2.3 Change in accounting principles

The accounting principles comply with those adopted in the previous year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

2.4 Foreign currencies translation

The company maintains its books in Egyptian pound. All transactions denominated in foreign currencies were translated into Egyptian pound at the rate determined on the transaction date, on the balance sheet, the monetary current assets and liabilities are revaluated accordance the rates announced on that date and the differences are charged to income statement.

2.5 Fixed assets

Recognition and preliminary measurement

Buildings, constructions, infrastructures, machines and equipments are booked at historical cost less the accumulated depreciation and any impairment in value.

The cost includes all direct cost for acquisition the asset also cost of its disposal and re-arranging the site where assets were present.

Depreciation

Fixed assets are shown in the balance sheet at historical cost, are depreciated using straight line method over the estimated useful life of each asset in accordance with the following rates:

	Estimated useful life / years
Buildings & constructions	20
Machinery & tools & equipment	4
Computers	2
Furniture & office equipment	4
Vehicles	4

2.6 Projects under construction

Projects under construction are stated at cost, and include all direct expenses required to prepare the asset to be in a state of operation and for the purpose for which it was acquired. Projects under construction are recorded as fixed assets once it is finished and it is available for the purpose it was acquired for. Projects under construction are valued at the date of the balance sheet according to its cost and deducting the impairment in its value if any.

2.7 Impairment in the value of non- financial assets

The book value of the Company's non- financial assets, other than inventory and deferred tax assets is reviewed at the date of each financial position to ascertain the amount of impairment. The Company carries out a regular review to ascertain if there has been impairment in the value of an asset and incase that there is an indication of such impairment, the resale value is compared to the book value. If the book value is above there sale value, then there is impairment in the value of the asset and the resale value is reduced and the loss is charged in the income statement. The amount of impairment may be returned in case that there is a change in the resale value to the extent that the amount was reduced in the past.

2.8 Impairment in the value of financial assets

On the anniversary of each balance sheet, an objective estimate is carried out to ascertain if there is true indication that any of the assets have been impaired. Once there is a impairment in the value of an asset the loss is recorded only if there are objective proofs that the impairment of the value was due to an incident or more after the initial realization of

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

the asset and that such incident or incidents had an effect that can be evaluated in a reliable manner for the expected future cash flow from the asset. In the case of financial assets that are recorded according to their amortized cost, the impairment losses are represented in the difference between the book value of such asset and the present value of the future cash flow that has been discounted by the original actual interest rate relating to this asset.

The book value of the financial asset is reduced directly except in case of client's accounts that is reduced using provisions. Any amount that is not to be collected is to be written– off from the provision and the amount of the realized loss will be reimbursed either directly or by settling the provisions account. It should be ensured that such reversal will not generate a book value for the asset which is higher than the amortized cost at the date of the writing– off of the amount of impairment if such impairment has not been recognized. The amount of write– off will be reflected in the income statement.

2.9 Inventory valuation

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the weighted average method. The cost of finished goods and goods in progress comprises raw materials, direct labour and other direct costs. Net realizable value is the estimated selling price in the ordinary operating cases less all variable selling expenses. Provision is made up when cost is less than the realizable value.

2.10. Cash and cash equivalents

For the purpose of the cash flows statement, cash and cash equivalents are to be considered cash on hand and at banks, short term fixed deposits, cheques under collection and letters of guarantee cover, if any.

2.11. Legal reserve

According to law No. 159 year 1981, its executive directives and the constitution of the company , there should be legal reserve of no less than 5% of the profit of the company and such reserve should not be increased once this reserve amount reaches 50% of the company's issued capital .

2.12. Revenue Recognition

Revenue is recognized once the goods has been carried out and invoice has been issued according to the accrual basis.

Regarding the revenues from dividends due on financial notes and investment in subsidiary companies, this income is recognized once the general assembly has approved the distribution to its investors or cash received actually.

2.13 Expenses

All expense, including administrative and general expenses, are to be reflected in the income statement for the financial period that such expenses were incurred according to accrual bases.

2.14. Provisions

A provision is recognized once the company has a current legal or actual obligation due to a previous incident which is likely to require the use of economic sources to settle such obligation while preparing a valuation of the value of the obligation. The provisions are to be reviewed on the anniversary of the balance sheet and amended to reflect the most accurate present valuation and in case that the present value of cash is of essence, then the amount recognized as provision is the present value of the expected expenses to settle the obligation.

2.15 Employee's benefits

1– Social insurance & pension scheme :

The company contributes to the government social insurance system on behalf of the employees according to the social insurance law No. 79 year 1975 and its amendments. The employees and the company contribute

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

according to this law with a fixed percentage of their salary and the company's obligation is limited to its contribution. The company's contribution is reflected in the income statement according to the accrual principle.

2- Employee profit share

According to its constitution, the company distributes part of the dividends to the employees as per according to the recommendations stipulated by the Board of Directors and approved by the General Assembly. The employee share of profit will be recognized as distribution of profit in shareholder's equity statement and as an obligation for the period that the company's shareholders approved such distribution.

2.16 Deferred income tax

Income tax is recognized by using liabilities method on the temporary difference between the recognized value for the asset or liability for tax purpose (tax base) and its value which shown in the balance sheet (accounting base) and that by using the applicable tax rate.

Deferred income tax is recognized as asset when there is a strong possibility of using this asset to reduce the future tax profits, and the asset is reduced by the part which will not achieve future benefit.

Deferred tax is included as revenue or expense to the income statement, except for the tax that result from transaction, event in the same or other period which is directly included to the equity .

2.17 Earnings Profits/(loss) per share

Earnings Profit /(losses) per share is calculated by the weighted average method according to the number of common shares during the year after deducting the employees share and the board of director's allowance from the profits.

2.18 Related parties transactions

All transactions with related parties are booked by the company in the same manner as any other normal transaction with other parties.

2.19 Cash flows statement

The cash flow statement will be prepared according to the indirect method.

2.20 Comparative Figures

Comparative figures are reclassified whenever it is necessary to amend the presentation used during the current period.

3. Financial risks management

3.1. Financial risks items

Financial risks are represented in market risks that include (changes in foreign exchange rate, price risk and interest rate risk on cash flows and fair value) also, credit and liquidity risk.

The company doesn't use any financial derivatives for hedging specific risks.

a. Market risk

- **Foreign exchange rate risk**

The Company is exposed to risk of changes in exchange rates as a result of various activities and mainly USD and Euro.

Risk of changes in exchange rates is due to future commercial transactions, assets and liabilities in foreign currency on the date of the financial statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

- **Price risk**

The Company has no investments in equity instruments, listed and current debit instruments in the money market; so it is not exposed to the risk of change in the fair value of investments due to changes in prices.

- **Interest rate risk**

Interest rate risk appears in the change in interest rate that may affect the business output.

This risk as the Company does not depend on credit facilities from banks to finance working capital or long term assets.

b. Credit risk

Credit risk arises in customers' and individuals' accounts represented in receivables account.

For banks, the Company deals with banks according to high credit rating and banks with high credit worthiness in case of absence of the separate credit rate.

For customers, management evaluates their credit worthiness with their cash position and historical dealings and other effects. Required provisions are formed to face adequacy risk of customers individually.

c. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through and adequate amounts of available credit finance. Due to dynamic nature of the underlying business, the company's management aims to maintain flexibility in funding through associate company.

3.2. Capital risk management

The Company's objective when managing capital is to safeguard its ability to continue in order to provide returns to its shareholders and benefits to other parties that use the financial statement. The Company aims to keep the best capital structure that would reduce the cost of capital.

The Company keeps the best capital structure by changing the value of paid dividends or decreasing capital or issuance of new shares or by reducing the Company's accrual debts.

The Company monitors capital on basis of gearing ratio. Net loans represent the total loans, borrowings, receivables and other credit accounts less cash and cash equivalent.

3.3. Fair value estimation

The fair value of financial assets and liabilities with maturities of less than one year is assumed to be approximated carrying value. The fair value of financial liabilities– for disclosure purpose– is estimated by discounting the future cash flow at the current market interest rate that is available to the Company for similar financial instruments.

4. Significant accounting estimates and personal judgements

4.1 Significant accounting estimates and judgements

Estimates and assumptions are evaluated on basis of historical experience and other factors including expectations about future events that are believed to be reasonable under certain circumstances.

The Company makes future estimates and assumptions, which may not be equal to the actual results. Estimates and assumptions that are used by the Company are shown as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

a. Impairment of trade receivables

The evaluation in the value of receivables is made through debt aging. The Company management is studying the credit position and the ability of payments of the customers who their numerous debts are due during the credit limit granted for them and the impairment is recorded with the value of the due amounts on the customers who the Company management sees that their credit position do not allow them to pay their liabilities.

b. Useful lives of fixed assets

The estimated useful life is depending on estimation and personal judgement based on the experience of the Company with similar fixed assets taking into consideration the estimated usage of the asset and number of working shifts and technical limitations. Residual values and useful lives of assets are reviewed on periodic basis.

c. Write down in value of inventory

The company provides for slow moving and obsolete inventory based on the reports which are related to its condition and future utility.

4.2. Significant personal judgements in applying the Company's accounting policies

In general the application of the Company's accounting policies do not require from management the use of personal judgement which may have a major impact on the value recognized in the financial statement.

5. Financial Instruments

Financial instruments are made up of any contractual agreement that gives the right to financial assets of the company and creates a financial or shareholding obligation to the other side of the contact.

5.1. Receivables and debtors

Receivables and debtors are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organization, and default or delinquency in payments (more than granted credit limits) are considered as indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate used to determine the amortized cost.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables.

5.2. Payables and notes payables

Payables and notes payables are recognized initially at the value of goods or services received from others, and subsequently measured at amortized cost using the effective interest rate.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

6. Sales (net)

Particulars	Year ended December 31,			
	2015	2014	2015	2014
	EGP	EGP	₹Crore	₹Crore
Revenues sales	–	10,169,820	–	8.96
Less :				
Trade discount	–	938,412	–	0.83
	–	9,231,408	–	8.14

7. Earnings (losses)/profits for the year per share (EGP/share)

Particulars	Year ended December 31,			
	2015	2014	2015	2014
	EGP	EGP	EGP	EGP
Net profits/(losses) of the year	(1,031,431)	788,481	(0.87)	0.69
Number of shares	68,920	68,920	0.06	0.06
Earning (losses)/profit per share (EGP / share)	(14.97)	11.44	(126.77)	100.84

8. Fixed assets (net)

Description	Land	Building & constructions	Machines & tools & equipment	Computers	Furniture & office equipment	Vehicles	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
	Cost as at 1/1/2015	52,400	2,303,830	1,822,816	136,114	585,231	60,066
Additions during the year	–	–	–	–	–	–	–
Disposals during the year	–	–	–	(15,289)	–	–	(15,289)
Cost at 31/12/2015	52,400	2,303,830	1,822,816	120,825	585,231	60,066	4,945,168
Acc. Depreciation on 1/1/2015	–	1,388,900	1,818,528	136,055	574,603	60,061	3,978,147
Depreciation of the year	–	54,120	4,116	–	9,980	–	68,216
Acc. Depreciation of disposals	–	–	–	(15,281)	–	–	(15,281)
Acc. Depreciation as at 31/12/2015	–	1,443,020	1,822,644	120,774	584,583	60,061	4,031,082
Impairment in fixed assets as of 1/1/2015	–	–	–	–	–	–	–
Formed during the year	–	463	172	2	648	5	1,290
Impairment in fixed assets as of 31/12/2015	–	463	172	2	648	5	1,290
Net cost of assets as at 31/12/2015	52,400	860,347	–	49	–	–	912,796

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

Description	Land	Building	Machines & tools & equipment	Computers	Furniture & office equipment	Vehicles	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost as at 1/1/2014	52,400	2,303,830	3,549,416	156,364	616,294	343,984	7,022,288
Additions during the year	-	-	33,701	-	-	-	33,701
Disposals during the year	-	-	(1,760,301)	(20,250)	(31,063)	(283,918)	(2,095,532)
Cost at 31/12/2014	52,400	2,303,830	1,822,816	136,114	585,231	60,066	4,960,457
Acc. Depreciation on 1/1/2014	-	1,334,782	3,424,112	154,674	507,265	285,590	5,706,423
Depreciation of the year	-	54,118	60,101	1,624	95,983	21,510	233,336
Acc. Depreciation of disposals	-	-	(1,665,685)	(20,243)	(28,645)	(247,039)	(1,961,612)
Acc. Depreciation as at 31/12/2014	-	1,388,900	1,818,528	136,055	574,603	60,061	3,978,147
Net cost of assets as at 31/12/2014	52,400	914,930	4,288	59	10,628	5	982,310

Description	Land	Building	Machines	Computers	Furniture & office equipment	Vehicles	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Cost as at 1/1/2015	0.04	1.95	1.54	0.12	0.50	0.05	4.20
Additions during the year	-	-	-	-	-	-	-
Disposals during the year	-	-	-	(0.01)	-	-	(0.01)
Cost at 31/12/2015	0.04	1.95	1.54	0.10	0.50	0.05	4.19
Acc. Depreciation on 1/1/2015	-	1.18	1.54	0.12	0.49	0.05	3.37
Depreciation of the year	-	0.05	0.00	-	0.01	-	0.06
Acc. Depreciation of disposals	-	-	-	(0.01)	-	-	(0.01)
Acc. Depreciation as at 31/12/2015	-	1.22	1.54	0.10	0.50	0.05	3.41
Net cost of assets as at 31/12/2015	0.04	0.73	-	0.01	-	-	0.77

Description	Land	Building	Machines	Computers	Furniture & office equipment	Vehicles	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Cost as at 1/1/2014	0.05	2.03	3.13	0.14	0.54	0.30	6.19
Additions during the year	-	-	0.03	-	-	-	0.03
Disposals during the year	-	-	(1.55)	(0.02)	(0.03)	(0.25)	(1.85)
Cost at 31/12/2014	0.05	2.03	1.61	0.12	0.52	0.05	4.37
Acc. Depreciation on 1/1/2014	-	1.18	3.02	0.14	0.45	0.25	5.03
Depreciation of the year	-	0.05	0.05	0.00	0.08	0.02	0.21
Acc. Depreciation of disposals	-	-	(1.47)	(0.02)	(0.03)	(0.22)	(1.73)
Acc. Depreciation as at 31/12/2014	-	1.22	1.60	0.12	0.51	0.05	3.51
Net cost of assets as at 31/12/2014	0.05	0.81	0.01	0.01	0.01	0.01	0.87

- There are no mortgages or restrictions on ownership of assets.

- There are no fixed assets unused or not working temporarily.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

The depreciation charged as follows:-

Description	Depreciation of the year	Charged to cost of sales	Charged to income statement	Depreciation of the year	Charged to cost of sales	Charged to income statement
	EGP	EGP	EGP	₹ Crore	₹ Crore	₹ Crore
Building and constructions	54,120	-	54,120	0.05	-	0.05
Furniture & office equipment	9,980	-	9,980	0.01	-	0.01
Machinery, tools & equipment	4,116	-	4,116	0.00	-	0.00
Total	68,216	-	68,216	0.06	-	0.06

9. Debtors and other debit balances

Particulars	Year ended December 31,			
	2015	2014	2015	2014
	EGP	EGP	₹ Crore	₹ Crore
Withholding tax	92,002	92,002	0.08	0.08
Social insurance	12,046	-	0.01	-
Prepaid expenses	17,500	-	0.01	-
Other debit balances	2,316	-	0.00	-
	123,864	92,002	0.10	0.08

10. Cash at banks and equivalent

Particulars	Year ended December 31,			
	2015	2014	2015	2014
	EGP	EGP	₹ Crore	₹ Crore
Banks – local currency	48,979	16,315	0.04	0.01
Banks – foreign currency	5,152,488	2,741	4.36	0.00
	5,201,467	19,056	4.41	0.02

11. Provision

Particulars	Year ended December 31,			
	2015	2014	2015	2014
	EGP	EGP	₹ Crore	₹ Crore
Beginning balance	390,000	390,000	0.33	0.34
Add				
Formed during the year	129,407	-	0.11	-
Less				
Used during the year	-	-	-	-
Ending balance	519,407	390,000	0.44	0.34

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

12. Due to related parties

Particulars	Related Party	Year ended December 31,			
		2015	2014	2015	2014
		EGP	EGP	₹ Crore	₹ Crore
MEL Consumer Care Company SAE	Related Party	17,146,699	7,851,790	14.52	6.92
Marico Middle East Company	Related Party	525,124	3,196,156	0.44	2.82
Marico limited Company - India	Related Party	--	115,722	–	0.10
		17,671,823	11,163,668	14.97	9.84

13. Suppliers and notes payable

Particulars	Year ended December 31,			
	2015	2014	2015	2014
	EGP	EGP	₹ Crore	₹ Crore
Suppliers	45,000	45,000	0.04	0.04
	45,000	45,000	0.04	0.04

14. Creditors and other credit balances

Particulars	Year ended December 31,			
	2015	2014	2015	2014
	EGP	EGP	₹ Crore	₹ Crore
Accrued expenses	–	51,000	–	0.04
Deposits to others	11,000	11,000	0.01	0.01
Advanced revenue	10,000	10,000	0.01	0.01
Withholding tax	–	525	–	0.00
Sales tax	60	–	0.00	–
	21,060	72,525	0.02	0.06

15. Capital

A. Authorized capital

The company's authorized capital amounted to EGP 25 million (twenty five million Egyptian pound) distributed over 250,000 share, the nominal value of each share is EGP 100 (one hundred Egyptian pound).

B. Issued capital

The issued capital was determined by EGP 6,892,000 (six million and eight hundred ninety two thousand Egyptian pound) distributed over 68,920 share (sixty eight thousand and nine hundred twenty share), the per value of each share is EGP 100 (one hundred Egyptian pound) and all of which are nominal cash shares which is fully paid, according to general authority for investment and free zones decision No. 235/2 for year 2007 the company issued capital is determined by EGP 6,892,000 after transfer an amount of EGP 493 other reserves.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

- The Issued and paid capital is distributed as follows:

Name	Nationality	No. of share	Value of each share	Issued & paid up-capital	Issued & paid up-capital
			EGP	EGP	₹Crore
Mr. Harsh Charandas Mariwala	Indian	320	100	32,000	0.03
Mr. Milind Shripad Sarwate	Indian	320	100	32,000	0.03
Mr. Sumatra Bhat	Indian	50	100	5,000	0.00
Marico Middle East	Emirates	68,230	100	6,823,000	5.78
		68,920		6,892,000	5.84

16. Deferred tax liabilities

Particulars	Year ended December 31,			
	2015	2014	2015	2014
	EGP	EGP	₹Crore	₹Crore
Fixed assets	(324,806)	85,101	(0.28)	0.08
	(324,806)	85,101	(0.28)	0.08

17. Related parties transactions

This item is made up as follows:

Name of company	Type of relationship	Nature of dealing	Transaction volume per year EGP	Size of transaction ₹ Crore
Marico Middle East Company	Related party	Expenses	(2,080,662)	(1.76)
Marico Middle East Company	Related party	Transfer	4,797,722	4.06
Marico Middle East Company	Related party	Foreign exchange currency	(46,028)	(0.04)
MEL Consumer Care Company	Related party	Finance	9,294,909	7.87

18. Tax status

A. Corporate tax

- The company has tax exemption according to article No. (16) of law No. (8) for year 1997 and up to December 31,2012 .
- The company was not examined from the beginning of its activity till now.
- The company presents the tax return regularly and tax return for the year 2014 was presented.

B. Salaries & wages tax

- The company was inspected from the tax authority from t inception till year December 31, 2011 and the differences have been settled.
- The company was inspected from the tax authority for the period from January 1, 2012 to December 31, 2012 and the company submitted an appeal for liability stated by the tax committee and the appeal is in process.
- Currently the company is being inspected from the tax authority for year 2013 / 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

- The company pays salary tax regularly.

C. Stamp duty tax:

The company was inspected from the tax authority from the inception till December 31, 2014 and all differences have been settled.

D. Sales tax:

The company was inspected from the tax authority from the inception till December 31, 2014 and all the difference has been settled.

E. Withholding tax:

The company was inspected from the tax authority from the inception till December 31, 2010.

19. Going concern

The company's accumulated losses amounting EGP 19,019,916 at December 31, 2015 and that exceed its issued capital, Also the current liabilities exceeded the current assets of the company with an amount of EGP 12,931,959 these indicate substantial doubt about the company's ability to continue as a going concern.

According to the companies law No. 159 year 1981, paragraph (69), the board of directors require to invite for an Extraordinary General Assembly Meeting to decide on the company's continuity.

20. Comparative figures

Comparative figures are reclassified to match the current year classification, these item are as follows:

	before adjustment	after adjustment		before adjustment	after adjustment	
	EGP	EGP	EGP	₹ Crore	₹ Crore	₹ Crore
Creditors and other credit balances	462,525	72,525	(390,000)	0.41	0.06	(0.34)
Provisions	-	390,000	390,000	-	0.34	0.34
	462,525	462,525	-	0.41	0.41	-

21. The new Egyptian Accounting Standards

On July 9, 2015, the Minister of Investment issued a decree no. (110) of 2015 regarding the new Egyptian Accounting Standards includes 39 standards and a frame that will be used in the preparation and presentation of financial statements replacing the former Egyptian Accounting Standards that has been issued by Ministerial Decree No. (243) of 2006 and is to be applied starting from the first of January, 2016.

The new standards will be applied by entities that begin its fiscal year from this date or after it. The company is currently assessing whether these changes will affect the financial statements in the period of initial application.

MARICO EGYPT FOR INDUSTRIES (SAE)

Board of Directors	Mr. Rohit Jaiswal	Director
	Mr. Padmanabh Maydeo	Director
	Mr. Ashutosh Telang	Director
	Mr. B. Sridhar	Director
	(MELCC, represented by Mohamed El Araby)	
Registered Office	11B Hegaz Sq. , Mohandesen, Gisa, Egypt	
Auditors	Moore Stephens	
Bankers	HSBC	
	QNB Al-Ahly	
	Arab Bank	
	Credit Agricole Egypt	
	Arab African Bank	
	SAIB Bank	
Legal Advisors	Yasser Maharem Office for Accounting & Auditing	
	Nassef Law Firm	

INDEPENDENT AUDITOR'S REPORT

To: The shareholder's of Marico Egypt for industries SAE

Cairo – Egypt

Report on the financial statement

We have audited the accompanying financial statements of Marico Egypt for Industries Company SAE which comprise the balance sheet statement as of December 31, 2015 and the related income statements, changes in shareholders' equity and cash flows statement for the 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. The 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 Egyptian laws .This 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, 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 Auditing Standards and the relevant laws and regulations. Those standards require planning and audit performance to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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 assessment, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control . An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements present fairly in all material respects, the financial position of Marico Egypt for Industries Company SAE as of December 31, 2015 and of its financial performance and its cash flows for the financial year then ended, in accordance with the Egyptian Accounting Standards and the relevant laws and regulations.

Report on other legal and regulatory requirements

The company keeps proper accounting records, including all that is required by law to be recorded therein and the accompanying financial statements are in agreement therewith, the company applies a proper costing system. Inventory count and valuation was made by the company's management and in accordance with the proper practices.

The financial information included in the board of directors' report in compliance with companies law no. 159 year 1981 and its executive regulation and it's agreed with the accounting record of the company to the extent that such information is recorded therein.

Cairo Feb 21, 2016

Sherin Nouredin

R.A.A 6089

Moore Stephens Egypt

MARICO EGYPT FOR INDUSTRIES (SAE)

BALANCE SHEET

As at December 31, 2015

Particulars	Notes No.	As at December 31,			
		2015 EGP	2014 EGP	2015 ₹ Crore	2014 ₹ Crore
Long-term assets					
Fixed assets (net)	7	12,381,541	13,731,534	10.49	12.10
Intangible assets (net)	8	134,838	619,532	0.11	0.55
Projects under construction	9	–	8,800	–	0.01
Total long term assets		12,516,379	14,359,866	10.60	12.66
Current assets					
Inventory and letters of credit (net)	10	12,666,893	12,220,402	10.73	10.77
Receivables and notes receivables (net)	11	18,344,497	21,481,014	15.54	18.93
Suppliers advanced payments	12	230,119	184,080	0.19	0.16
Debtors and other debit balances	13	2,093,726	2,648,108	1.77	2.33
Due from related parties	14	78,622,069	62,807,646	66.60	55.36
Treasury bills		5,621,510	–	4.76	–
Cash and cash equivalent	15	32,271,392	37,710,707	27.34	33.24
Total current assets		149,850,206	137,051,957	126.93	120.79
Current liabilities					
Claims provisions	16	2,990,984	2,569,933	2.53	2.27
Banks overdraft		5,077,897	6,561,364	4.29	5.77
Due to related parties	17	703,190	1,651,604	0.60	1.46
Suppliers and notes payable	18	20,383,166	14,228,444	17.27	12.54
Creditors and other credit balances	19	8,389,596	8,477,405	7.11	7.47
Total current liabilities		37,544,833	33,488,750	31.80	29.51
Working Capital		112,305,373	103,563,207	95.13	91.28
Total investment		124,821,752	117,923,073	105.73	103.94
Shareholder's Equity					
Issued capital	20	12,287,690	12,287,690	10.41	10.83
Legal reserve		4,941,647	4,646,198	4.19	4.10
Retained earnings		106,602,720	100,989,185	90.30	89.01
Total shareholder's Equity		123,832,057	117,923,073	104.90	103.94
Long term liabilities					
Defered tax liabilities		989,695	–	0.84	–
Total long-term liabilities		989,695	–	0.84	–
Total financing of working capital and long-term assets		124,821,752	117,923,073	105.73	103.94

– The accompanying notes from (1) to (24) form an integral part of these financial statements.

– Auditor's report attached

Chairman

Financial Manager

Note: The exchange rate use to convert EGP to ₹ 8.471 (Previous year EGP to ₹ 8.814)

MARICO EGYPT FOR INDUSTRIES (SAE)

INCOME STATEMENT

For the year ended December 31, 2015

Particulars	Notes No.	For the year ended December 31,			
		2015 EGP	2014 EGP	2015 ₹ Crore	2014 ₹ Crore
Sales (net)		107,482,160	118,452,143	91.05	104.40
Less					
Cost of sales		57,176,241	55,916,043	48.43	49.28
Gross profit of activity		50,305,919	62,536,100	42.62	55.12
Less					
Selling & distribution expenses		22,838,300	24,606,521	19.35	21.69
General & administrative expenses		18,992,301	21,429,658	16.09	18.89
Depreciation and amortization	7	1,078,838	1,007,750	0.91	0.89
Royalty		538,171	593,401	0.46	0.52
Debit interest		356,675	296,680	0.30	0.26
		43,804,285	47,934,010	37.11	42.25
Operating income		6,501,634	14,602,090	5.51	12.87
Add / (less)					
Credit interest		2,911,390	2,339,049	2.47	2.06
Return on investment treasury bills		437,610	–	0.37	–
Foreign exchange differences		(1,270,976)	(1,212,784)	(1.08)	(1.07)
Revenues from exports subsidy		–	11,522	–	0.01
Revenues from sale of scrap		104,617	95,039	0.09	0.08
(Losses) of inventory write off		(478,799)	(1,294,656)	(0.41)	(1.14)
Claims Provision		(1,257,473)	(1,938,546)	(1.07)	(1.71)
Impairment of fixed assets		44,745	(97,625)	0.04	(0.09)
Provisions no longer required		–	194,382	–	0.17
Other revenues		–	12,961	–	0.01
Capital gains		4,393	–	–	–
Net Profit of the year		6,997,141	12,711,432	5.92	11.19
Deferred income tax (liability)		(989,695)	–	(0.84)	–
Tax on treasury bills return		(98,462)	–	(0.08)	–
Net Profit of the year		5,908,984	12,711,432	5.00	11.19
Earning per share (EGP/Share)	6	4.81	10.34	40.75	91.14

– The accompanying notes from (1) to (24) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹8.471 (Previous year EGP to ₹ 8.814)

MARICO EGYPT FOR INDUSTRIES (SAE)

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the year ended December 31, 2015

Description	Issued & paid-in- capital EGP	Legal reserve EGP	Retained earnings EGP	Total EGP
2015				
Balance as of 1/1/2015	12,287,690	4,646,198	100,989,185	117,923,073
Transferred to legal reserve	—	295,449	(295,449)	—
Net profit for the year	—	—	5,908,984	5,908,984
Balance as of 31/12/2015	12,287,690	4,941,647	106,602,720	123,832,057
2014				
Balance as of 1/1/2014	12,287,690	3,683,999	89,239,952	105,211,641
Transferred to legal reserve	—	962,199	(962,199)	—
Net profit for the year	—	—	12,711,432	12,711,432
Balance as of 31/12/2014	12,287,690	4,646,198	100,989,185	117,923,073

Description	Issued & paid-in- capital ₹ Crore	Legal reserve ₹ Crore	Retained earnings ₹ Crore	Total ₹ Crore
2015				
Balance as of 1/1/2015	10.41	3.94	85.55	99.90
Transferred to legal reserve	—	0.25	(0.25)	—
Net profit for the year	—	—	5.01	5.01
Balance as of 31/12/2015	10.41	4.19	90.31	104.91
2014				
Balance as of 1/1/2014	10.83	3.25	78.66	92.74
Transferred to legal reserve	—	0.85	(0.85)	—
Net profit for the year	—	—	11.20	11.20
Balance as of 31/12/2014	10.83	4.10	89.01	103.94

—The accompanying notes from (1) to (24) form an integral part of these financial statements.

Note: The exchange rate use to convert EGP to ₹8.471 (Previous year EGP to ₹ 8.814)

CASH FLOW STATEMENT

For the year ended December 31, 2015

Particulars	Notes	Year ended December 31,			
		2015	2014	2015	2014
		EGP	EGP	₹ Crore	₹ Crore
Cash flows from operating activities					
Net profits of the year before tax		6,997,141	12,711,432	5.92	11.20
Adjustments to reconcile net profit with non monetary items in income statement					
Depreciation and amortization	7	3,515,299	3,764,746	2.98	3.32
Adjustment on projects under construction		–	32,150	–	0.03
Impairment of fixed assets		(44,745)	97,625	(0.04)	0.09
Used from impairment in current assets provision		(156,742)	(1,759,688)	(0.13)	(1.55)
Additions to claims provision	17	1,257,472	1,938,546	1.07	1.71
Used from claims provision		(836,422)	(142,976)	(0.71)	(0.13)
Capital gains	17	(4,393)	–	(0.00)	–
Net profit before change in working capital		10,727,610	16,641,835	9.09	14.67
Change in inventory and letters of credit (Net)		(364,749)	(3,938,865)	(0.31)	(3.47)
Change in receivables and notes receivables (Net)		3,136,517	1,569,925	2.66	1.38
Change in suppliers advanced payments		28,961	482,895	0.02	0.43
Change in debtors and other debit balances		554,382	(1,729,032)	0.47	(1.52)
Change in due from related parties		(15,814,423)	(17,188,014)	(13.40)	(15.15)
Change in due to related parties		(948,414)	1,165,596	(0.80)	1.03
Change in suppliers & notes payable		6,154,722	(5,596,400)	5.21	(4.93)
Change in creditors and other credit balances		(186,270)	(7,455,810)	(0.16)	(6.57)
Net cash provided from operating activities		3,288,336	(16,047,870)	2.79	(14.13)
Cash flows from investment activities					
(Payments) for purchase of intangible assets		–	(969,390)	–	(0.85)
(Payments) for purchase fixed assets		(1,628,630)	(614,894)	(1.38)	(0.54)
(Payments) for projects under construction		–	(8,800)	–	(0.01)
Proceeds from sale of fixed assets		5,956	–	0.01	–
(Payments) for purchase of treasury bills		(5,621,510)	–	(4.76)	–
Net cash (used in) provided from investment activities		(7,244,184)	(1,593,084)	(6.13)	(1.40)
Cash flows from financing activities					
(Payments) Proceeds from bank overdrafts		(1,483,467)	2,189,622	(1.26)	1.93
Net cash flows provided from financing activities		(1,483,467)	2,189,622	(1.26)	1.93
Net change in cash and cash equivalent during the year		(5,439,315)	(15,451,332)	(4.60)	(13.62)
Cash and cash equivalent at the beginning of the year		37,710,707	53,162,039	31.94	46.86
Cash and cash equivalent at the end of the year	16	32,271,392	37,710,707	27.34	33.24

– The accompanying notes from (1) to (24) form an integral part of these financial statements.

– We excluded the impact of non – cash transactions when preparing the statements of cash flows as follows:

Particulars	2015	2014	2015	2014
	EGP	EGP	₹ Crore	₹ Crore
Projects under construction	8,800	–	0.01	–
Fixed assets	(8,800)	–	(0.01)	–

Note: The exchange rate use to convert EGP to ₹8.471 (Previous year EGP to ₹ 8.814)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

1. The Company

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 79585 dated 26/2/1998 and issued tax card No 253/54/5 in tax investment office under the name "Pyramids for modern Industries Company".

The company was amended according to the decree of chairman of the general authority for investment and free zones No 161/P year 2006 which approved to amend of the article No (5) from the company contract according to the decision of the partners meeting which was held on 13/12/2006 and the approving of the amendment project dated 28/12/2006 which was ratified in public notary office on 9/1/2007 under ratification No 15 A for year 2007 to change the name of the company to .Mel Co. for Consumer Care products & its partners "Pyramids modern Industries " (PMI) "General Partnership Co."

According to the decision of chairman of general authority for investment and free zones No2/532 year 2011 and the contract to change the legal entity of the company from general partnership Co to joint stock company according to the law No 8 year 1997 and change the name of the company to Marico Egypt for Industries Company SAE .

Purpose of the company

Manufacturing of all cosmetics and hair and skin care products also soap , toothpaste, hair shampoo and oil processed and hair dyes and the production of various cleaning materials ,pesticides , disinfectants and varnish , all sorts of adhesives and packing the products mentioned .

2. Significant Accounting Policies

2.1 Accounting standards and legal principles

The accompanying financial statements have been prepared in accordance with the Egyptian accounting standards and the related Egyptian laws and regulations in case that subject weren't stated in Egyptian accounting standards its refer to the international financial reporting standards.

2.2 Basis of preparation of the financial statements

- The financial statements have been prepared in Egyptian pounds.
- The financial statements have been prepared according to historical cost and continuity presumption.

2.3 Change in accounting principles

The accounting principles comply with those adopted in the previous year.

2.4 Foreign currency translation

The company maintains its books in Egyptian pounds. All transactions denominated in foreign currencies were translated into Egyptian pounds at the rate determined on the transaction date, and on the balance sheet. The monetary current assets and liabilities are revaluated according to the rates announced on that date and the differences are charged to income statement.

2.5 Fixed assets

Recognition and preliminary measurement

Buildings, constructions, infrastructures, machines and equipment are booked at historical cost less the accumulated depreciation and any impairment.

The cost includes all direct cost for acquisition the assets also cost of its disposal and rearranging the site where assets were present.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

2. Significant Accounting Policies (continued)**2.5 Fixed assets deprecation its (continued)****The Deprecation**

Fixed assets are presented in the balance sheet at historical cost, are depreciated using straight line method and according to estimated useful life of each asset in accordance with the following.

– Building	5%
– Machinery	12.50%
– Equipment & Lab (S.O.E)	25%
– Computers	50%
– Furniture and offices Equipment	25%
– Vehicles	25%

2.6 Intangible assets**Recognition**

Assets that have non-monetary nature which can be identified and have no physical presence and acquired for the activity that expected future benefits as tangible assets. Intangible assets represent in the use of computer programs.

Preliminary measurement

Intangible assets are measured at the cost which is represented in monetary price at the date of acquisition, and it is included net after deduction of accumulated amortization and impairment losses in the value of assets.

Amortization

The value of Amortization charged to income statement in accordance with the straight line method over the estimated useful lives of intangible assets, if its useful lives are not definite. The impairment in the value of intangible assets is calculated at the date of balance sheet and amortized from the date it becomes available for use according to the following rates:

Description	Estimated life Year
Computer software (SAP) –	2

2.7 Projects under construction

Projects under construction are stated at cost and include all direct expenses required to prepare the asset to be in a state of operation and for the purpose for which it was acquired. Projects under construction are recorded as fixed assets once it is finished and it is available for the purpose it was acquired for. Projects under construction are valued at the date of the balance sheet by its cost after deducting the impairment in its value if any.

2.8 Inventory valuation

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor and other direct costs. Net realizable value is the estimated selling price in the ordinary operating case, less all variable selling expenses. Provision is made up in case of impairment in value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

2.9 Impairment in the Value of non-Financial Assets

The book value of the Company's non-financial assets, other than inventory and deferred tax assets, is reviewed at the date of each financial position to ascertain the amount of impairment. The Company carries out a regular review to ascertain if there has been impairment in the value of an asset and in case that there is an indication of such impairment; the resale value of the asset is compared with the book value. If the book value is above the resale value, then there is impairment in the value of the asset and is reduced to its resale value and the loss is charged in the income statement. The impairment loss which is previously recognized may be returned in case that there is a change in the resale value to the extent that the amount was reduced in the past.

2.10 Impairment in the value of financial assets

Annually on each balance sheet date, an objective estimate is carried out to ascertain if there is true indication that any of the assets have been impaired. Once there is a impairment in the value of an asset the loss is recorded only if there are objective proofs that the impairment of the value was due to an incident or more after the initial realization of the asset and that such incident or incidents had an affect that can be evaluated in a reliable manner for the expected future cash flow from the asset. In the case of financial assets that are recorded according to their amortized cost , the losses due to impairment are represented in the difference between the book value of such asset and the present value of the future cash flow that has been discounted by the original actual interest rate relating to this asset.

The book value of the financial asset is reduced directly except in case of clients' accounts that is reduced using provisions. Any amount that is not to be collected is to be written off from the provision and the amount of the realized loss will be reimbursed either directly or by settling the provisions account. It should be ensured that such reversal will not generate a book value for the asset which is higher than the amortized cost at the date of the writing off of the amount of impairment if such impairment has not been recognized. The amount of write off will be reflected in the income statement.

2.11 Revenue recognition

- Revenue is recognized once the goods have been carried out, risks and rewards are transferred and invoice has been issued according to the accrual basis.
- Regarding the revenues from investments are recorded when cash received according to general assembly has approved the distribution to its investors.

2.12 Provisions

A provision is recognized once the Company has a current legal or actual obligation due to a previous incident which is likely to require the use of economic sources to settle such obligation while preparing a valuation of the value of the obligation. The provisions are to be reviewed on the anniversary of the balance sheet and amended to reflect the most accurate present valuation and in case that the present value of cash is of essence, then the amount which is recognized as provision is the present value of the expected expenses to settle the obligation.

2.13 Employees Benefits

- **Social insurance & pension scheme**

The Company contributes to the government social insurance system on behalf of the employees according to the social insurance law No. 79 year 1975 and its amendments. The employees and the Company contribute according to this law with a fixed percentage of their salary and the Company's obligation is limited to its contribution. The Company's contribution is reflected in the income statement according to the accrual principle.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

- **Employee profit share**

According to its constitution, the Company distributes part of the dividends to the employees as per according to the recommendations stipulated by the Board of Directors and approved by the General Assembly. The employee share of profit will be recognized as distribution of profit in shareholder's equity statement and as an obligation for the period that the Company's shareholders approved such distribution.

2.14 Related parties' transactions

All transactions with related parties are booked by the Company in arm length manner as any other normal transaction with other parties.

2.15 Expenses

All expense, including administrative and general expenses, are to be reflected in the income statement for the financial period that such expenses were incurred according to accrual bases.

2.16 Legal reserve

According to Law No. 159 year1981, its executive directives and the constitution of the Company, there should be a legal reserve of no less than 5% of the profit of the Company and such reserve may not be increased once this reserve amount reaches 50% of the Company's issued share capital.

2.17 Cash flows statement

The cash flow statement will be prepared according to the indirect method.

2.18 Cash and cash equivalent

For the purpose of the cash flows statement, cash and cash equivalents are to be considered cash on hand and at banks, short term fixed deposits, cheques under collection and letters of guarantee cover, if any.

2.19 Earning (losses) per share

Earning per share is calculated by the weighted average method according to the number of common shares during the year after deducting the employees share and the board of director's allowance from the profits.

2.20 Income tax

Income tax is calculated by using balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial (accounting basis) by using the tax rate. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax are charged as revenue or expenses to income statement with the exception of tax that results from the transaction in the same period or other period directly charged to equity.

2.21 Comparative figures

Comparative figures are reclassified whenever it is necessary to amend the presentation used during the current period.

3. Financial risks management

3.1 Financial risks items

Financial risks are represented in market risks that include (changes in foreign exchange rate, price risk and interest rate risk on cash flows and fair value) also, credit and liquidity risk. The company doesn't use any financial derivatives for hedging specific risks.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

a. Market risk

1. Foreign exchange rate risk

The Company is exposed to risk of changes in exchange rates as a result of various activities and mainly USD and Euro.

Risk of changes in exchange rates is due to future commercial transactions, assets and liabilities in foreign currency on the date of the financial statements.

2. Price risk

The Company has no investments in equity instruments, listed and current debit instruments in the money market; so it is not exposed to the risk of change in the fair value of investments due to changes in prices.

3. Interest rate risk

Interest rate risk appears in the change in interest rate that may affect the business output.

This risk is not applicable as the Company does not depend on credit facilities from banks to finance working capital or long term assets.

b. Credit risk

Credit risk arises in customers' and individual's accounts represented in receivables account.

For banks, the Company deals with banks according to high credit rating and banks with high credit worthiness in case of absence of the separate credit rate.

For customers, management evaluates their credit worthiness with their cash position and historical dealings and other effects. Required provisions are formed to face adequacy risk of customers individually.

c. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through and adequate amounts of available credit finance. Due to dynamic nature of the underlying business, the company's management aims to maintain flexibility in funding through associate company.

3.2. Capital risk management

The Company's objective when managing capital is to safeguard its ability to continue in order to provide returns to its shareholders and benefits to other parties that use the financial statement. The Company aims to keep the best capital structure that would reduce the cost of capital.

The Company keeps the best capital structure by changing the value of paid dividends or decreasing capital or issuance of new shares or by reducing the Company's accrual debts.

The Company monitors capital on basis of gearing ratio. Net loans represent the total loans, borrowings, receivables and other credit accounts less cash and cash equivalent.

3.3. Fair value estimation

The fair value of financial assets and liabilities with maturities of less than one year is assumed to be approximated carrying value. The fair value of financial liabilities—for disclosure purpose—is estimated by discounting the future cash flow at the current market interest rate that is available to the Company for similar financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

4. Significant accounting estimates and personal judgements

4.1 Significant accounting estimates and judgements

Estimates and assumptions are evaluated on basis of historical experience and other factors including expectations about future events that are believed to be reasonable under certain circumstances.

The Company makes future estimates and assumptions, which may not be equal to the actual results. Estimates and assumptions that are used by the Company are shown as follows:

a. Impairment of trade receivables

The evaluation in the value of receivables is made through debt aging. The Company management is studying the credit position and the ability of payments of the customers who their numerous debts are due during the credit limit granted for them and the impairment is recorded with the value of the due amounts on the customers who the Company management sees that their credit position do not allow them to pay their liabilities.

b. Useful lives of fixed assets

The estimated useful life is depending on estimation and personal judgement based on the experience of the Company with similar fixed assets taking into consideration the estimated usage of the asset and number of working shifts and technical limitations. Residual values and useful lives of assets are reviewed on periodic basis.

c. Write down in value of inventory

The company provides for slow moving and obsolete inventory based on the reports which are related to its condition and future utility.

4.2 Significant personal judgements in applying the Company's accounting policies

In general the application of the Company's accounting policies do not require from management the use of personal judgement which may have a major impact on the value recognized in the financial statement.

5. Financial instruments

Financial instruments are made up of any contractual agreement that gives the right to financial assets of the company and creates a financial or shareholding obligation to the other side of the contract.

5.1. Receivables and debtors

Receivables and debtors are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organization, and default or delinquency in payments (more than granted credit limits) are considered as indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate used to determine the amortized cost.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

5.2 Payables and notes payables

Payables and notes payables are recognized initially at the value of goods or services received from others, and subsequently measured at amortized cost using the effective interest rate.

6. Earnings per share from net profits of the year (EGP/Share)

Particulars	2015	2014	2015	2014
Net Profit of the year (EGP/₹ in crore)	5,908,984	12,711,432	5.01	11.20
No. of shares	1,228,769	1,228,769	1.04	1.08
Earning per share from NET Profit for the year (EGP/Share)	4.81	10.34	40.74	91.14

7. Fixed Assets (Net) :

Description	Land	Building	Machines	Equipment & lab tools	Computers	Furniture and offices Equipment	Vehicles	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
2015								
Cost as of 1/1/2015	199,530	3,329,678	19,567,020	805,665	448,976	1,516,910	989,500	26,857,279
Additions during the year	-	-	8,800	128,785	130,533	477,312	892,000	1,637,430
Disposals during the year	-	-	-	-	(41,375)	-	-	(41,375)
Adjustment on the beginning cost	-	-	-	105,036	-	(105,036)	-	-
Cost as of 31/12/2015	199,530	3,329,678	19,575,820	1,039,486	538,134	1,889,186	1,881,500	28,453,334
Acc . Deperciation as of 1/1/2015	-	942,587	9,134,336	531,910	310,940	1,403,512	704,835	13,028,120
Depreciation of the year	-	160,443	2,070,459	154,965	130,230	291,370	223,138	3,030,605
Acc. Depreciation of disposals	-	-	-	-	(39,812)	-	-	(39,812)
Adjustment on Acc.Depreciation	-	-	-	74,681	-	(74,681)	-	-
Acc . Deperciation as of 31/12/2015	-	1,103,030	11,204,795	761,556	401,358	1,620,201	927,973	16,018,913
Impairment in fixed assets as of 1/1/2015	-	-	97,625	-	-	-	-	97,625
Formed during the year	-	-	-	-	-	-	-	-
Used during the year	-	-	(44,745)	-	-	-	-	(44,745)
Impairment in fixed assets as of 31/12/2015	-	-	52,880	-	-	-	-	52,880
Fixed assets (Net) as of 31/12/2015	199,530	2,226,648	8,318,145	277,930	136,776	268,985	953,527	12,381,541

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

Description	Land	Building	Machines	Equipment	Computers	Furniture and offices Equipment	Vehicles	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
2014								
Cost as of 1/1/2014	199,530	3,329,678	19,253,071	585,544	304,452	1,509,855	919,500	26,101,630
Additions during the year	–	–	313,949	220,121	163,659	7,055	70,000	774,784
Disposals during the year	–	–	–	–	(19,135)	–	–	(19,135)
Cost as of 31/12/2014	199,530	3,329,678	19,567,020	805,665	448,976	1,516,910	989,500	26,857,279
Acc . Deperciation as of 1/1/2014	–	770,062	6,727,120	354,655	247,887	1,071,105	461,538	9,632,367
Depreciation of the year	–	172,525	2,407,216	177,255	82,188	332,407	243,297	3,414,888
Acc. Depreciation of disposals	–	–	–	–	(19,135)	–	–	(19,135)
Acc . Deperciation as of 31/12/2014	–	942,587	9,134,336	531,910	310,940	1,403,512	704,835	13,028,120
Impairment in fixed assets as of 1/1/2014	–	–	–	–	–	–	–	–
Formed during the year	–	–	97,625	–	–	–	–	97,625
Used during the year	–	–	–	–	–	–	–	–
Impairment in fixed assets as of 31/12/2014	–	–	97,625	–	–	–	–	97,625
Fixed assets (Net) as of 31/12/2014	199,530	2,387,091	10,335,059	273,755	138,036	113,398	284,665	13,731,534

Description	Land	Building	Machines	Equipment	Computers	Furniture and offices Equipment	Vehicles	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
2015								
Cost as at 1/1/2015	0.17	2.82	16.58	0.68	0.38	1.28	0.84	22.75
Additions during the year	–	–	0.01	0.11	0.11	0.40	0.76	1.39
Disposals during the year	–	–	–	–	(0.04)	–	–	(0.04)
Adjustments during the year	–	–	–	0.09	–	(0.09)	–	–
Cost at 31/12/2015	0.17	2.82	16.58	0.88	0.46	1.60	1.59	24.10
Acc. Depreciation on 1/1/2015	–	0.80	7.74	0.45	0.26	1.19	0.60	11.04
Depreciation of the year	–	0.14	1.75	0.13	0.11	0.25	0.19	2.57
Acc. Depreciation of disposals	–	–	–	–	(0.03)	–	–	(0.03)
Adjustments on Acc. Depreciation	–	–	–	0.06	–	(0.06)	–	–
Acc. Depreciation as at 31/12/2015	–	0.93	9.49	0.65	0.34	1.37	0.79	13.57
Impairment in fixed assets as of 1/1/2015	–	–	0.08	–	–	–	–	0.08
Formed during the year	–	–	–	–	–	–	–	–
Used during the year	–	–	(0.04)	–	–	–	–	(0.04)
Impairment in fixed assets as of 31/12/2015	–	–	0.04	–	–	–	–	0.04
Net cost of assets as at 31/12/2015	0.17	1.89	7.05	0.24	0.12	0.23	0.81	10.49

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

Description	Land	Building	Machines	Equipment & lab tools	Computers	Furniture and offices Equipment	Vehicles	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
2014								
Cost as of 1/1/2014	0.18	2.93	16.97	0.52	0.27	1.33	0.81	23.01
Additions during the year	–	–	0.28	0.19	0.14	0.01	0.06	0.68
Disposals during the year	–	–	–	–	(0.02)	–	–	(0.02)
Cost at 31/12/2014	0.18	2.93	17.25	0.71	0.40	1.34	0.87	23.67
Acc. Deperciation as of 1/1/2014	–	0.68	5.93	0.31	0.22	0.94	0.41	8.49
Depreciation of the year	–	0.15	2.12	0.16	0.07	0.29	0.21	3.01
Acc. Deperciation of disposals	–	–	–	–	(0.02)	–	–	(0.02)
Acc. Deperciation at 31/12/2014	–	0.83	8.05	0.47	0.27	1.24	0.62	11.48
Impairment in fixed assets as of 1/1/2014	–	–	–	–	–	–	–	–
Formed during the year	–	–	0.09	–	–	–	–	0.09
Used during the year	–	–	–	–	–	–	–	–
Impairment in fixed assets as of 31/12/2014	–	–	0.09	–	–	–	–	0.09
Fixed assets (Net) as of 31/12/2014	0.18	2.10	9.11	0.24	0.12	0.10	0.25	12.10

- There are no pledge or restrictions on ownership of assets.
- There are no fixed assets unused or not working temporarily.

The depreciation is charged as follows:–

Description	Depreciation of the year	Charged to cost of sales	Charged to income statement	Depreciation of the year	Charged to cost of sales	Charged to income statement
	EGP	EGP	EGP	₹ Crore	₹ Crore	₹ Crore
Building	160,443	160,443	–	0.14	0.14	–
Machines	2,070,459	2,070,459	–	1.75	1.75	–
Equipment & lab tools	154,965	150,503	4,462	0.13	0.13	0.00
Computers	130,230	12,684	117,546	0.11	0.01	0.10
Furniture and office equipment	291,370	42,372	248,998	0.25	0.04	0.21
Vehicles	223,138	–	223,138	0.19	–	0.19
Total	3,030,605	2,436,461	594,144	2.57	2.06	0.50
Amortisation of intangible assets	484,694	–	484,694	0.42	–	0.41
Total	3,515,299	2,436,461	1,078,838	2.99	2.06	0.91

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

8. Intangible assets (net)

Intangible assets are represented in accounting programmes (SAP, Navision and other programs)

Particulars	2015	2014	2015	2014
	EGP	EGP	₹ Crore	₹ Crore
Cost as of 1/1/2015	1,048,433	79,043	0.89	0.07
Additions during the year	–	969,390	–	0.85
Cost as of 31/12/2015	1,048,433	1,048,433	0.89	0.92
Acc. Amortization as of 1/1/2015	428,901	79,043	0.36	0.07
Amortization of the year	484,694	349,858	0.41	0.31
Acc. Amortization as of 31/12/2015	913,595	428,901	0.77	0.38
Intangible assets (net) as of 31/12/2015	134,838	619,532	0.11	0.55

9. Projects under construction

Particulars	2015	2014	2015	2014
	EGP	EGP	₹ Crore	₹ Crore
Advance payments to suppliers – machines	–	8,800	–	0.01
Total	–	8,800	–	0.01

10. Inventory and letters of credits (net)

Particulars	2015	2014	2015	2014
	EGP	EGP	₹ Crore	₹ Crore
Raw materials	2,873,724	2,387,018	2.43	2.10
Packing & wrapping material	4,740,078	4,009,090	4.02	3.53
Finished goods	6,050,498	6,957,049	5.13	6.13
Work in progress goods	86,909	30,653	0.07	0.03
Total inventory	13,751,209	13,383,810	11.65	11.79
10% Letters of credits	–	2,650	–	0.00
Total	13,751,209	13,386,460	11.65	11.79
Impairment in inventory balances	(1,084,316)	(1,166,058)	(0.92)	(1.03)
Total	12,666,893	12,220,402	10.73	10.77

11. Receivables and Notes receivable (net)

Particulars	2015	2014	2015	2014
	EGP	EGP	₹ Crore	₹ Crore
Local Receivables	18,570,497	21,707,014	15.73	19.13
Less:				
Impairment in local receivables balances	(226,000)	(226,000)	(0.19)	(0.20)
Total	18,344,497	21,481,014	15.54	18.93

12. Suppliers advanced payments

Particulars	2015	2014	2015	2014
	EGP	EGP	₹ Crore	₹ Crore
Advanced payments to suppliers	230,119	259,080	0.19	0.23
Less				
Impairment in suppliers advanced payments balances	–	75,000	–	0.07
Total	230,119	184,080	0.19	0.16

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

13. Debtors and other debit balances

Particulars	2015	2014	2015	2014
	EGP	EGP	₹ Crore	₹ Crore
Imprest	98,061	83,003	0.08	0.07
Prepaid expenses	354,097	548,840	0.30	0.48
Deposits with others	412,099	165,817	0.35	0.15
Accrued interest	1,095,317	1,652,250	0.93	1.46
Withholding tax	52,370	2,100	0.04	0.00
Employees' loans	80,853	195,169	0.07	0.17
Other debit balances	929	929	0.00	0.00
Total	2,093,726	2,648,108	1.77	2.33

14. Due from related parties

Particulars	2015	2014	2015	2014
	EGP	EGP	₹ Crore	₹ Crore
MEL consumer care company – Egypt	78,619,250	62,807,646	66.60	55.36
Marico Middle east (Dubai) – United Arab Emirates	2,819	–	0.00	–
Total	78,622,069	62,807,646	66.60	55.36

15. Treasury bills

Particulars	2015	2014	2015	2014
	EGP	EGP	₹ Crore	₹ Crore
Treasury bills	5,825,000	–	4.93	–
Less:				
Un earned discount	(203,490)	–	(0.17)	–
	5,621,510	–	4.76	–

16. Cash and cash equivalent

Particulars	2015	2014	2015	2014
	EGP	EGP	₹ Crore	₹ Crore
Banks time deposits	26,579,239	36,977,705	22.52	32.59
Banks current accounts – local currency	238,341	47,424	0.20	0.04
Banks current accounts–foreign currency	5,453,812	685,578	4.62	0.60
Total	32,271,392	37,710,707	27.34	33.24

17. Claims provisions:–

Particulars	Beg. Balance at	Formed during	Used during	End Balance at
	1/1/2015	the year	the year	31/12/2015
	EGP	EGP	EGP	EGP
Retirement provision	796,832	550,902	–	1,347,734
Leave encashment provision	819,983	6,352	–	826,335
Other provisions	953,118	700,219	(836,422)	816,915
	2,569,933	1,257,473	(836,422)	2,990,984

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

Particulars	Beg. Balance at 1/1/2015 ₹ Crore	Formed during the year ₹ Crore	Used during the year ₹ Crore	End Balance at 31/12/2015 ₹ Crore
Retirement provision	0.70	0.47	–	1.14
Leave encashment provision	0.72	0.01	–	0.70
Other provisions	0.85	0.59	(0.710)	0.69
	<u>2.27</u>	<u>1.07</u>	<u>(0.71)</u>	<u>2.53</u>

18. Due to related parties

Particulars	2015 EGP	2014 EGP	2015 ₹ Crore	2014 ₹ Crore
Marico India company – India	703,190	1,072,172	0.60	0.95
Marico Middle East Company (Dubai) - United Arab emirates	–	579,432	–	0.51
Total	<u>703,190</u>	<u>1,651,604</u>	<u>0.60</u>	<u>1.46</u>

19. Payables and notes payable

Particulars	2015 EGP	2014 EGP	2015 ₹ Crore	2014 ₹ Crore
Suppliers	8,118,701	5,390,357	6.88	4.75
Suppliers under settlement	12,207,546	5,168,568	10.34	4.56
Notes payable	56,919	3,669,519	0.05	3.23
Total	<u>20,383,166</u>	<u>14,228,444</u>	<u>17.27</u>	<u>12.54</u>

20. Creditors and other credit balances

Particulars	2015 EGP	2014 EGP	2015 ₹ Crore	2014 ₹ Crore
Accrued expenses	81,193	1,161,106	0.07	1.02
Sales tax authority	4,981,466	3,290,082	4.22	2.90
Salaries & bonuses of foreigners	2,150,549	2,243,293	1.82	1.98
Withholding tax	110,468	48,610	0.09	0.04
Withholding tax – royalty	575,172	30,923	0.49	0.03
Clients – advance payments	5,671	15,047	0.01	0.01
Salaries tax	312,532	126,586	0.26	0.11
Social insurance authority	74,083	61,758	0.06	0.05
Deposit to others	–	1,500,000	–	1.32
Tax on Treasury bills return	98,462	–	0.08	–
Total	<u>8,389,596</u>	<u>8,477,405</u>	<u>7.11</u>	<u>7.47</u>

21. Capital

- The company's authorized capital is EGP 20,000,000 (Twenty million Egyptian pounds) and the issued capital is EGP 12,287,690 (Twelve million two hundred eighty seven thousand and six hundred ninety Egyptian pounds) distributed over 1,228,769 shares, the par value of each share is EGP 10 the issued and paid capital is distributed as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

22. Transaction with related parties

Company's name	Country	Types of Relationship	Nature of Transaction	Transaction Volume during the year	Size of Transaction
				EGP	₹ Crore
MEL Consumer Care	Egypt	Related Party	Financing	15,811,604	13.39
Marico Limited Company	India	Related Party	Royalties	(538,171)	(0.46)
Marico Limited Company	India	Related Party	Expenses	(1,328,440)	(1.13)
Marico Limited Company	India	Related Party	Payments	2,332,594	1.98
Marico Limited Company	India	Related Party	Foreign exchange currency	(97,001)	(0.08)
Marico Middle east (Dubai)	United Arab Kingdom	Related Party	Expenses	862,201	0.73
Marico Middle east (Dubai)	United Arab Kingdom	Related Party	Payments	(169,735)	(0.14)
Marico Middle east (Dubai)	United Arab Kingdom	Related Party	Foreign exchange currency	(110,214)	(0.09)

23. Tax status**23.1 Income tax**

- The company was exempted from income tax since 1/1/2007 till 31/12/2016 according to the company tax card.
- The company wasn't inspected from tax authority since the beginning of the activity till now.
- The company regularly submits its income tax returns.

23.2 Sales tax

- The company's books were examined till December 31, 2013, and the tax differences were fully paid.
- The company regularly submits its sales tax returns.

23.3 Salary and wages tax

- The company regularly submits and pays its salaries tax returns.
- The company's books were examined from the beginning of activity till 31, December 2011 and all difference has been settled.
- The company was inspected from tax authority for the period from January 1, 2012 till December 31, 2012 the company objected to claim the dispute was referred to internal committee and in process to obtaining the result
- The company tax inspection for the year 2013

23.4 Stamp tax

- The company was inspected till December 31, 2013, and the tax differences were fully paid.

23.5 Withholding tax

- The company was inspected till the period ending December 31.2013, and the tax differences were fully paid.

24. The new Egyptian Accounting Standards

On July 9, 2015, the Minister of Investment issued a decree no. (110) of 2015 regarding the new Egyptian Accounting Standards includes 39 standards and a frame that will be used in the preparation and presentation of financial statements replacing the former Egyptian Accounting Standards that has been issued by Ministerial Decree No. (243) of 2006 and is to be applied starting from the first of January 2016.

The new standards will be applied by entities that begin its fiscal year from this date or after it. The company is currently assessing whether these changes will affect the financial statements in the period of initial application.

MARICO CONSUMER CARE LIMITED

Board of Directors

Mr. Harsh Mariwala	Director
Mr. Saugata Gupta	Managing Director
Mr. Vivek Karve	Director & Chief Financial Officer
Mr. Atul Choksey	Independent Director
Ms.Hema Ravichandar	Independent Director

Company Secretary

Mr. Surender Sharma

Registered Office

7th Floor, Grande Palladium,
175, CST Road, Kalina, Santacruz (East),
Mumbai 400 098

Auditors

M/s. Price Waterhouse, Chartered Accountants

Bankers

HSBC Bank, Mumbai

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARICO CONSUMER CARE LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Marico Consumer Care Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. 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 to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 judgements 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. 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

8. 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, 2016, and its profit and its cash flows for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company does not have any pending litigations as at March 31, 2016 which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2016.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

Place : Mumbai
Date : April 29, 2016

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Vipin R Bansal
Partner
Membership Number 117753

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 10 (f) of the Independent Auditor's Report of even date to the members of Marico Consumer Care Limited on the financial statements for the year ended March 31, 2016.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Marico Consumer Care Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Mumbai
Date : April 29, 2016

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Vipin R Bansal
Partner
Membership Number 117753

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Marico Consumer Care Limited on the financial statements as of and for the year ended March 31, 2016

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed 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. In our opinion, the frequency of verification is reasonable.
(c) The Company does not own any immovable properties as disclosed in Note 7 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3 of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 of the Companies Act, 2013.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- 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.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and other material statutory dues, as applicable, with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax, duty of customs duty of excise or value added tax which have not been deposited on account of any dispute.
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. 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 material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has not paid/ provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

MARICO CONSUMER CARE LIMITED

- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Vipin R Bansal

Partner

Membership Number 117753

Place : Mumbai

Date : April 29, 2016

MARICO CONSUMER CARE LIMITED

BALANCE SHEET

As at March 31, 2016

Amount in ₹

Particulars	Note No.	As at March 31,	
		2016	2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	206,608,300	206,608,300
Reserves and surplus	4	67,222,557	123,491,682
		273,830,857	330,099,982
Current liabilities			
Trade payables	5	-	-
- Total outstanding dues of Micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than Micro enterprises and small enterprises		2,694,504	2,330,590
Other current liabilities	6	893,339	849,751
		3,587,843	3,180,341
Total		277,418,700	333,280,323
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7A	414,928	1,600,829
Intangible assets	7B	-	-
		414,928	1,600,829
Non-current investments	8	10,000,000	10,000,000
Long-term loans and advances	9	448,212	591,463
Other non-current assets	10	400,673	400,673
		11,263,813	12,592,965
Current assets			
Current investments	11	37,743,809	308,641,204
Cash and bank balances	12	852,158	815,148
Short-term loans and advances	13	200,000,000	-
Other current assets	14	27,558,920	11,231,006
		266,154,887	320,687,358
Total		277,418,700	333,280,323

Significant accounting policies 2
The notes referred to above form an integral part of the financial statements.
As per our report of even date attached.

**For Price Waterhouse
Chartered Accountants**
Firm Registration Number: 301112E

Vipin R Bansal
Partner
Membership No.: 117753

**For and on behalf of
Marico Consumer Care Limited**

Harsh Mariwala Director
[DIN 00210342]

Saugata Gupta Managing Director
[DIN 05251806]

Vivek Karve Director & CFO
[DIN 06840707]

Surender Sharma Company Secretary
[Membership No.A13435]

Place : Mumbai
Date : April 29, 2016

Place : Mumbai
Date : April 29, 2016

MARICO CONSUMER CARE LIMITED

PROFIT AND LOSS

For the year ended March 31, 2016

Particulars	Note No.	Amount in ₹	
		Year ended March 31, 2016	2015
Other income	15	72,402,256	85,125,562
Total revenue		72,402,256	85,125,562
Expenses:			
Finance cost	16	11,025	14,076
Depreciation and amortisation and impairment loss	17	1,185,901	1,185,886
Other expenses	18	6,897,846	4,668,926
Total expenses		8,094,772	5,868,888
Profit before exceptional items and tax		64,307,484	79,256,674
Exceptional items		-	-
Profit before tax		64,307,484	79,256,674
Tax expense:			
Current tax		21,860,134	23,998,679
Profit for the period		42,447,350	55,257,995
Basic and diluted earnings per equity share (nominal value of share ₹ 10)	26	2.05	2.67

Significant accounting policies

2

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For Price Waterhouse

Chartered Accountants

Firm Registration Number: 301112E

Vipin R Bansal

Partner

Membership No.: 117753

For and on behalf of

Marico Consumer Care Limited

Harsh Mariwala

[DIN 00210342]

Director

Saugata Gupta

[DIN 05251806]

Managing Director

Vivek Karve

[DIN 06840707]

Director & CFO

Surender Sharma

[Membership No.A13435]

Company Secretary

Place : Mumbai

Date : April 29, 2016

Place : Mumbai

Date : April 29, 2016

CASH FLOW STATEMENT

For the year ended March 31, 2016

Particulars	Amount in ₹	
	For the year ended March 31, 2016 ₹	2015 ₹
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation and after exceptional items	64,307,484	79,256,674
Adjustments for:		
Depreciation, amortisation and impairment loss	1,185,901	1,185,886
Finance cost	11,025	14,076
(Profit) on sale of investments (net)	(608,380)	(22,080,340)
Dividend income	(4,844,984)	(9,706,766)
Interest Income	(15,795,685)	(34,511)
	(20,052,123)	(30,621,655)
Operating profit before working capital changes	44,255,361	48,635,019
Adjustments for:		
(Increase)/ Decrease in loans and advances and other assets	(2,111,798)	(19,561)
Increase/(Decrease) in current liabilities and trade payable	407,502	2,271,399
Changes in Working Capital	(1,704,296)	2,251,838
Cash generated from Operations	42,551,065	50,886,857
Taxes paid	(21,716,883)	(23,840,723)
NET CASH FLOW FROM OPERATING ACTIVITIES	20,834,182	27,046,134
B CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) / Sale of current investments (net)	271,505,775	(28,027,443)
Inter-corporate deposits placed (net)	(200,000,000)	-
Interest Received	1,579,569	2,941
Dividend income received	4,844,984	9,706,766
NET CASH FLOW FROM INVESTING ACTIVITIES	77,930,328	(27,010,172)
C CASH FLOW FROM FINANCING ACTIVITIES		
Finance charges paid	(11,025)	(14,076)
Equity dividend paid (inclusive of dividend distribution tax)	(98,716,475)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	(98,727,500)	(14,076)
D NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	37,010	21,887
E Cash and cash equivalents - opening balance	815,148	793,261
F Cash and cash equivalents - closing balance (D+E) (Refer note 12)	852,158	815,148

CASH FLOW STATEMENT(Contd.)

For the year ended March 31, 2016

For Significant non-cash transactions, Refer Notes 19 and 20

Notes

- 1 The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS 3) 'Cash Flow Statement' as specified in Companies (Accounting Standards) Rules, 2006.
- 2 The figures for the previous year have been regrouped where necessary to conform to current year's classification.
- 3 The Notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

**For Price Waterhouse
Chartered Accountants**

Firm Registration Number: 301112E

Vipin R Bansal

Partner

Membership No.: 117753

**For and on behalf of
Marico Consumer Care Limited****Harsh Mariwala**

[DIN 00210342]

Director**Saugata Gupta**

[DIN 05251806]

Managing Director**Vivek Karve**

[DIN 06840707]

Director & CFO**Surender Sharma**

[Membership No.A13435]

Company Secretary

Place : Mumbai

Date : April 29, 2016

Place : Mumbai

Date : April 29, 2016

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

1 The Company and nature of its operations:

Marico Consumer Care Limited ('MCCL' or 'the Company') was incorporated on April 20, 2012 under the Companies Act, 1956. MCCL is a 100% subsidiary of Marico Limited. MCCL is headquartered in Mumbai, Maharashtra, India and was formed with the main objective of carrying out the business of fast moving consumer products and skin care segment. The Company presently owns various Intellectual Property Rights which were licensed during the year under consideration to Marico Limited, the holding Company.

2. Summary of significant accounting policies:**(a) Basis of preparation of financial statements:**

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis. Pursuant to section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] of Companies Act, 1956 and other relevant provisions of the Companies Act, 2013.

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 Revised Schedule III to the Companies Act, 2013. Based on the nature of the product 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 12 months for the purpose of current – non-current classification of assets and liabilities.

(b) Use of estimates:

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. Examples of such estimates include provisions for income taxes, the useful life and provision for impairment of fixed assets and intangible assets.

Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

(c) Tangible assets, intangible assets and capital work-in-progress:

Tangible assets and intangible assets are stated at cost of acquisition, less accumulated depreciation/amortisation and impairments, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Borrowing costs attributable to acquisition, construction of qualifying asset are capitalized until such time as the assets are substantially ready for their intended use. Other pre-operative expenses for major projects are also capitalized, where appropriate.

(d) Depreciation and amortization:**I. Tangible assets:**

Depreciation is provided on a straight line basis, based on useful life of the assets disclosed in Schedule II to the Companies Act, 2013. The useful life considered for the following items are lower than the life stipulated in Schedule III to the Companies Act, 2013:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Asset	Useful Life (Years)
Plant & Machinery – Moulds	6

- (i) Assets individually costing ₹25,000 or less are fully depreciated during the year of acquisition.
- (ii) 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.

II. Intangible assets:

Intangible assets are amortized on a straight line basis at the rates based on estimated useful life of respective assets, but not exceeding the rates given here under:

Asset	Useful Life (Years)
Trademarks, copyrights and business and commercial rights	10

A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the Management.

(e) Investments:

- (i) Long term investments are valued at cost. Provision for diminution, if any, in the value of investments is made to recognize a decline in value, other than temporary.
- (ii) Current investments are valued at lower of cost and fair value, computed individually for each investment. In case of investments in mutual funds which are unquoted, net asset value is taken as fair value.

(f) Accounting for taxes on income:

Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961.

(g) Impairment:

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at appropriate discount rates. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(h) 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.

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year end date. Contingent Assets are not recognized or disclosed in the financial statements.

(i) Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognized:

- (i) Interest and other income are recognized on accrual basis.
- (ii) Dividend income is recognized when right to receive dividend is established
- (iii) Revenue from royalty income is recognized on accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

(j) Foreign Currency Transaction:

- (i) Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.
- (ii) Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

(k) Utilization of Security Premium:

The Securities Premium Reserve is utilized for writing off expenses on issue of shares of the Company.

(l) Cash and Cash Equivalents:

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash on hand and cash at bank including demand deposit with original maturity period of 3 months or less and short term highly liquid investment with an original maturity of three months or less.

(m) Earnings Per Share:

Basic earnings per share are 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. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, which have changed the number of equity shares outstanding, without a corresponding change in resources.

3 Share capital

Particulars	Amount in ₹	
	As at March 31,	
	2016	2015
Authorised share capital		
80,000,000 (80,000,000) equity shares of ₹ 10 each	800,000,000	800,000,000
	800,000,000	800,000,000
Issued, subscribed and paid-up		
20,660,830 (20,660,830) equity shares of ₹ 10 each fully paid-up	206,608,300	206,608,300
	206,608,300	206,608,300

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at March 31,			
	2016		2015	
	No. of shares	₹	No. of shares	₹
At beginning of the year	20,660,830	206,608,300	20,660,830	206,608,300
Issued during the year	-	-	-	-
As at the end of the year	20,660,830	206,608,300	20,660,830	206,608,300

b. Rights of equity shareholders

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared. On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion of the number of equity shares held.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

c. Shares held by holding company

Equity Shares	As at March 31,			
	2016		2015	
	No. of shares	₹	No. of shares	₹
Equity shares of ₹10 each fully paid-up held by				
Marico Limited and its nominees	20,660,830	206,608,300	20,660,830	206,608,300
	20,660,830	206,608,300	20,660,830	206,608,300

d. Particulars of shareholders holding more than 5% shares of a class of shares

Equity Shares	As at March 31,			
	2016		2015	
	No. of shares	₹	No. of shares	₹
Equity shares of ₹10 each fully paid-up held by Marico Limited and its nominees	20,660,830	100	20,660,830	100

4 Reserves and surplus

Particulars	Amount in ₹	
	As at March 31,	
	2016	2015
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	123,491,682	68,233,687
Add: Profit during the year	42,447,350	55,257,995
Less: Appropriations:		
Equity Dividend	82,643,320	-
Tax on equity dividend	16,073,155	-
Balance as at the end of the year	67,222,557	123,491,682
Total	67,222,557	123,491,682

5 Trade payables

Particulars	Amount in ₹	
	As at March 31,	
	2016	2015
Trade payables		
- due to micro and small enterprises	-	-
- due to others	2,694,504	2,330,590
Total	2,694,504	2,330,590

Note: There are no micro and small enterprises to whom the company owes dues which are outstanding for more than 45 days as at March 31, 2016 as well as March 31, 2015.

6 Other current liabilities

Particulars	Amount in ₹	
	As at March 31,	
	2016	2015
Amount payable - Statutory / Government Authorities	893,339	849,751
Total	893,339	849,751

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

7(A) TANGIBLE ASSETS

In ₹

Particulars	Gross block			Depreciation/ amortisation			Impairment			Net block		
	As at 01 April, 2015	Additions	Deductions / Adjustments	As at 01 April, 2015	For the Year	Deductions / Adjustments	As at 31 Mar, 2016	Impairment as at 01 April, 2015	Charge / (Reversal) for the year	Impairment as at 31 Mar, 2016	As at 31 Mar, 2016	As at 01 April, 2015
Tangible Assets												
Plant and machinery	7,319,199	-	-	2,474,070	1,185,901	-	3,659,971	3,244,300	-	3,244,300	414,928	1,600,829
TOTAL - A	7,319,199	-	-	2,474,070	1,185,901	-	3,659,971	3,244,300	-	3,244,300	414,928	1,600,829

7(B) Intangible assets

Particulars	Gross block			Depreciation/ amortisation			Impairment			Net block		
	As at 01 April, 2015	Additions	Deductions / Adjustments	As at 01 April, 2015	For the Year	Deductions / Adjustments	As at 31 Mar, 2016	Impairment as at 01 April, 2015	Charge / (Reversal) for the year	Impairment as at 31 Mar, 2016	As at 31 Mar, 2016	As at 01 April, 2015
Intangible assets												
Intellectual property rights (Refer Note below and Note 21)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL - B	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL - (A+B)	7,319,199	-	-	2,474,070	1,185,901	-	3,659,971	3,244,300	-	3,244,300	414,928	1,600,829

Note:- Brands are in the process of being registered in the name of the Company (Refer Note 21).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

7(A) TANGIBLE ASSETS

In ₹

Particulars	Gross block			Depreciation/ amortisation			Impairment			Net block		
	As at 01 April, 2014	Additions	Deductions / Adjustments	As at 01 April, 2014	For the Year	Deductions / Adjustments	As at 31 Mar, 2015	Impairment as at 01 April, 2014	Charge / (Reversal) for the year	Impairment as at 31 Mar, 2015	As at 31 Mar, 2015	As at 01 April, 2014
Tangible Assets												
Plant and machinery	7,319,199	-	-	1,288,184	1,185,886	-	2,474,070	3,244,300	-	3,244,300	1,600,829	2,786,715
TOTAL - A	7,319,199	-	-	1,288,184	1,185,886	-	2,474,070	3,244,300	-	3,244,300	1,600,829	2,786,715

7(B) Intangible assets

Particulars	Gross block			Depreciation/ amortisation			Impairment			Net block		
	As at 01 April, 2014	Additions	Deductions / Adjustments	As at 01 April, 2014	For the Year	Deductions / Adjustments	As at 31 Mar, 2015	Impairment as at 01 April, 2014	Charge / (Reversal) for the year	Impairment as at 31 Mar, 2015	As at 31 Mar, 2015	As at 01 April, 2014
Intangible assets												
Intellectual property rights (Refer Note below and Note 21)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL - B	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL - (A+B)	7,319,199	-	-	1,288,184	1,185,886	-	2,474,070	3,244,300	-	3,244,300	1,600,829	2,786,715

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

8 Non current investments

Particulars	Amount in ₹	
	As at March 31, 2016	2015
Quoted , Non Trade		
Investments in Mutual Funds		
Reliance Fixed Horizon Fund-XXVI-Series 2-Growth Plan 1,000,000 (1,000,000) units of ₹ 10 each fully paid	10,000,000	10,000,000
Total	10,000,000	10,000,000
Aggregate amount of quoted investments	10,000,000	10,000,000
Net asset value of quoted investments	11,893,000	10,979,800

9 Long term loans and advances

Particulars	Amount in ₹	
	As at March 31, 2016	2015
Advance income tax (Net of provision of income tax of ₹ 104,006,480 (₹ 100,600,134) and net provision of ₹Nil (₹153,527) transferred from Halite on liquidation	448,212	591,463
Total	448,212	591,463

10 Other non current assets

Particulars	Amount in ₹	
	As at March 31, 2016	2015
Long term deposits with banks with maturity period of more than twelve months (Includes accrued interest ₹ 55,674 (₹ 55,674))	400,673	400,673
Total	400,673	400,673

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

11 Current investments
(valued at lower of cost and fair value)

Particulars	Amount in ₹	
	As at March 31, 2016	2015
Unquoted, Non Trade Investments in Mutual Funds		
Birla Sun Life Floating Rate Fund-Short Term Plan-Growth Nil (551,505) units of ₹100 each fully paid	-	102,551,220
HDFC Liquid Fund-Growth Nil (3,683,665) units of ₹10 each fully paid	-	101,534,328
LIC Nomura MF Liquid Fund - Growth Nil (9,550) units of ₹1000 each fully paid	-	24,177,363
Reliance Liquid Fund-Treasury Plan-Growth 4,696 (17,605) units of ₹1000 each fully paid	17,291,045	59,925,532
JP Morgan India Liquid Fund-SIP-Growth 1,269,009 (1,269,009) units of ₹ 10 each fully paid	20,452,764	20,452,761
Total	37,743,809	308,641,204
Aggregate amount of unquoted investments	37,743,809	308,641,204
Net asset value of unquoted investments	42,069,669	311,337,402

12 Cash and Bank balances

Particulars	Amount in ₹	
	As at March 31, 2016	2015
Cash and cash equivalents:		
Cash on hand	130	130
Bank balance in current account	852,028	815,018
Total	852,158	815,148

13 Short-term loans and advances

Particulars	Amount in ₹	
	As at March 31, 2016	2015
Unsecured Considered good		
Inter corporate deposits (fixed deposits with Companies / Public Financial Institutions)	200,000,000	-
Total	200,000,000	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

14 Other Current Assets

Particulars	Amount in ₹	
	As at March 31,	
	2016	2015
Royalty receivable(Receivable from Holding & Fellow subsidiary)	13,291,671	11,179,874
Interest accrued and not due on loans / deposits	14,247,687	31,571
Other receivable	19,562	19,561
Total	27,558,920	11,231,006

15 Other income

Particulars	Amount in ₹	
	For the year ended March 31,	
	2016	2015
Interest income on loans, deposits etc.	15,795,685	34,511
Dividend Income on current investments	4,844,984	9,706,766
Net Gain on sale of current investments	608,380	22,080,340
Royalty income	51,147,825	53,303,945
Net gain on foreign currency transactions and translation	5,382	-
Total	72,402,256	85,125,562

16 Finance cost

Particulars	Amount in ₹	
	For the year ended March 31,	
	2016	2015
Interest cost	1,503	5,312
Bank and other financial charges	9,522	8,764
Total	11,025	14,076

17 Depreciation, amortization and impairment loss

Particulars	Amount in ₹	
	For the year ended March 31,	
	2016	2015
Depreciation on tangible assets	1,185,901	1,185,886
Total	1,185,901	1,185,886

18 Other expenses

Particulars	Amount in ₹	
	For the year ended March 31,	
	2016	2015
Legal and professional charges	5,623,245	4,352,565
Payments to the auditor as statutory audit fees	184,631	168,540
Rates and taxes	33,936	49,864
Net gain or loss on foreign currency translation (other than finance cost)	-	26,621
Subscription charges	28,625	28,090
Miscellaneous expenses	208,494	43,246
Expenditure towards Corporate Social Responsibility	800,000	-
Insurance charges	18,915	-
Total	6,897,846	4,668,926

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

19 There are no contingent liabilities as at March 31, 2016 and as at March 31, 2015

20 Capital / Other Commitments :

There are no contracts remaining to be executed on capital / other account and not provided for as at March 31, 2016

21 During the year ended March 31, 2014, the Honourable High Court of Bombay vide its order dated June 21, 2013 has approved the Scheme of Capital Reduction pertaining to the Company. Accordingly intangible assets aggregating ₹ 723,71,69,662 were adjusted against the Share Capital to the extent of ₹ 539,541,700 and Securities Premium Reserve of ₹ 6,697,627,962 in accordance with the provisions of Section 78 (read with sections 100 to 103) of the Companies Act, 1956.

22 There is no reportable segment in terms of Accounting Standard 17 'Segment reporting' mandated by Rule 3 of the Companies (Accounting Standard) Rules 2006.

23 Earnings in foreign currency

Amount in ₹

Particulars	For the Year ended March 31,	
	2016	2015
Royalty Income	704,553	563,156
Total	704,553	563,156

24 Expenditure in foreign currency

Amount in ₹

Particulars	For the Year ended March 31,	
	2016	2015
Professional Fees	446,279	411,743
Total	446,279	411,743

25 Related party disclosure**a) Name of Related parties and nature of relationship :****Holding Company:**

Marico Limited

Subsidiary Company:

Halite Personal Care Private Limited (A Company under Voluntary Liquidation)

Fellow Subsidiary with whom the Company has transactions:

Marico Middle East FZE (MME)

Marico Innovation Foundation

Note

The Marico Innovation Foundation ("MIF"), a company incorporated under Section 25 of the Companies Act, 1956 (being a private company limited by guarantee not having share capital) primarily with an objective of fuelling and promoting innovation in India, is a fellow subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

b) Transactions with related parties

Particulars	Amount in ₹	
	As at March 31,	
	2016	2015
Marico Limited		
Royalty income	50,443,272	52,740,789
Dividend Paid	82,643,320	—
Reimbursement of expenses paid by holding company	40,215	—
Marico Middle East FZE		
Royalty Income	704,553	563,156
Marico Innovation Foundation		
Corporate Social Responsibility expenditure	800,000	—

c) Outstanding balances as at the period end

Particulars	As at March 31,	
	2016	2015
Other Receivable		
Marico Limited	12,587,118	10,616,718
Marico Middle East FZE	704,553	563,156

26 Earnings per share:

Particulars	As at March 31,	
	2016	2015
Profit during the year (A)	42,447,350	55,257,995
Number of equity shares as at year end	20,660,830	20,660,830
Weighted average number of equity shares used as denominator for calculating basic/diluted earnings per share. (B)	20,660,830	20,660,830
Nominal value of equity share	10	10
Basic / Diluted Earnings per share (A)/(B)	2.05	2.67

27 Expenses towards Corporate Social Responsibility:

- (a) Gross amount required to be spent by the company during the year: ₹ 8,00,000 (Previous year- Nil)
- (b) Amount spent during the year: ₹ 8,00,000 (Previous year - Nil)

Particulars	Amount in ₹		
	Paid	Yet to be paid	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	8,00,000	-	8,00,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

28 Previous year Figures:

Previous year figures have been re-grouped and reclassified wherever necessary to confirm to this year's classification.

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

**For Price Waterhouse
Chartered Accountants**

Firm Registration Number: 301112E

Vipin R Bansal

Partner

Membership No.: 117753

**For and on behalf of
Marico Consumer Care Limited**

Harsh Mariwala

[DIN 00210342]

Director

Saugata Gupta

[DIN 05251806]

Managing Director

Vivek Karve

[DIN 06840707]

Director & CFO

Surender Sharma

[Membership No.A13435]

Company Secretary

Place : Mumbai

Date : April 29, 2016

Place : Mumbai

Date : April 29, 2016

MARICO SOUTH AFRICA CONSUMER CARE (PTY) LIMITED

Board of Directors	Mr. Saugata Gupta	Director
	Mr. Vivek Karve	Director
	Mr. Jacques Nieuwenhuys	Director
	Mr. John Richard Mason	Director
Registered Office	1474 South Coast Road, Mobeni 4052	
Postal Address	P.O.Box 72625 , Mobeni , 4060	
Registration Number	2007/025470/07	
Auditors	M/s Price Waterhouse Cooper Inc. Durban	
Bankers	Standard Bank of South Africa Limited	
Legal Advisors	Adams & Adams – Patent and Trademark Attorneys Norton Rose, Commercial Attorneys Shepstone & Wylie – Litigation Attorneys KPMG – Secretarial Services & Tax	

STATEMENT OF DIRECTOR'S RESPONSIBILITY

FOR THE YEAR ENDED MARCH 31, 2016

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company and group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards.

The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the company's and group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the company and group. While operating risk cannot be fully eliminated, the company and group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's and group's cash flow forecast for the year to 31 March, 2017 and, in the light of this review and the current financial position, they are satisfied that the company and group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's and group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on page 5.

The financial statements set out on pages 3 to 35, which have been prepared on the going concern basis, were approved by the directors on 9 May, 2016 and were signed on their behalf by:

J Mason
Director

J Nieuwenhuys
Director

DIRECTOR'S REPORT

For the year ended March 31, 2016

The directors present their annual report, which forms part of the financial statements of the company and of the group for the year ended 31 March, 2016.

1 Nature of business

The company is an investment holding company with an interest in Marico South Africa Proprietary Limited which manufactures and distributes a wide range of personal care and affordable complementary health care products.

Marico South Africa Consumer Care Proprietary Limited and its subsidiary were incorporated on 6 September, 2007 to act as an investment holding company in South Africa for its holding company, Marico Limited which is incorporated in India. The company subsequently purchased the entire share capital of Marico South Africa Proprietary Limited effective on the 31 October, 2007.

As the company is the ultimate South African parent, consolidated financial statements have also been presented which include the financial results of Marico South Africa Proprietary Limited.

2 Financial results and dividends

The financial results of the company and group for the year under review are reflected in the attached financial statements and do not in our opinion require any further comments.

No dividends have been declared during the year and none are recommended (2015: R Nil).

3 Share capital

The authorised and issued share capital has not changed.

4 Directors and secretary

The directors of the company are:

JR Mason

J Nieuwenhuys

P Agrawal (Indian) - Resigned – 23/02/2016

S Gupta (Indian)

V Karve (Indian) - Appointed – 23/02/2016

The company secretary is KPMG.

5 Holding company

Marico Limited holds 100% of the company's issued share capital. Marico Limited is incorporated in Mumbai, India.

6 Subsidiary

The company holds 100% of the issued share capital of Marico South Africa Proprietary Limited.

7 Material events after year-end

No matter which is material to the financial affairs of the company and group has occurred between the statement of financial position date and the date of approval of the financial statements.

8 Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with the Companies Act, 71 of 2008.

9 Going concern

The company generated a profit for the year of R6, 564 (2015: R4, 940). At 31 March, 2016 the company's total assets exceeded its total liabilities by R100, 023, 207 (2015: R100, 016, 643).

The group generated a profit for the year of R4, 934, 882 (2015: R6, 425, 658). At 31 March, 2016 the group's total assets exceeded its total liabilities by R112, 977, 577 (2015: R108, 042, 695). The company and group has no external borrowings apart from its loan from the holding company. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

INDEPENDENT AUDITOR'S REPORT

For the year ended March 31, 2016

We have audited the consolidated and separate financial statements of Marico South Africa Consumer Care Proprietary Limited and its subsidiary set out on pages 6 to 35, which comprise the statements of financial position and the consolidated statement of financial position as at 31 March, 2016, the statement of comprehensive income and the consolidated statement of comprehensive income, the statement of changes in equity and the consolidated statement of changes in equity, the statement of cash flows and the consolidated statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International 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 consolidated and separate 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 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the 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 and its subsidiary as at March 31, 2016, and its consolidated and separate financial performance and its 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.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended March 31, 2016, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited consolidated and separate financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited consolidated and separate financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

PricewaterhouseCoopers Inc.

Director: N Ramlagan

Registered Auditor

Durban

Date : May 09, 2016

BALANCE SHEET

As at March 31, 2016

Particulars	Notes	As at March 31,							
		Group		Company		Group		Company	
		2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore	
ASSETS									
Non-current assets									
Property, plant and equipment	6	598,926	1,001,256	–	–	0.27	0.52	–	–
Intangible assets	7	47,980,722	47,980,722	–	–	21.52	24.71	–	–
Investment in subsidiary	8	–	–	100,326,055	100,326,055	–	–	45.01	51.68
Deferred income tax assets	13	2,304,655	2,079,449	–	–	1.03	1.07	–	–
Goodwill	14	37,686,823	37,686,823	–	–	16.91	19.41	–	–
Amount due from related party	18	–	–	–	2,272,599	–	–	–	1.17
		88,571,126	88,748,250	100,326,055	102,598,654	39.73	45.71	45.01	52.85
Current assets									
Trade and other receivables	10	25,255,573	22,219,965	–	–	11.33	11.45	–	–
Inventories	9	21,739,719	17,171,286	–	–	9.75	8.84	–	–
Cash and cash equivalents	11	7,918,715	13,951,053	424,440	417,489	3.55	7.19	0.19	0.22
Amounts due from related party	18	–	–	2,371,845	7,823,834	–	–	1.06	4.03
Income tax asset		13,686	–	–	–	0.01	–	–	–
		54,927,693	53,342,304	2,796,285	8,241,323	24.64	27.48	1.25	4.25
Total assets		143,498,819	142,090,554	103,122,340	110,839,977	64.38	73.19	46.26	57.09
EQUITY									
Capital and reserves attributable to equity holders of the company									
Share capital	12	60,060,309	60,060,309	60,060,309	60,060,309	26.94	30.95	26.95	30.95
Share premium	12	43,799,900	43,799,900	43,799,900	43,799,900	19.65	22.57	19.65	22.56
Retained Earnings/Accumulated loss		9,117,368	4,182,486	(3,837,002)	(3,843,566)	4.09	2.15	(1.72)	(1.98)
Total equity		112,977,577	108,042,695	100,023,207	100,016,643	50.68	55.67	44.88	51.53
LIABILITIES									
Non-current liabilities									
Borrowings	16	–	2,999,500	–	2,999,500	–	1.55	–	1.55
Share-based payment liability	17	83,560	447,155	–	–	0.04	0.23	–	–
		83,560	3,446,655	–	2,999,500	0.04	1.78	–	1.55
Current liabilities									
Trade and other payables	15	25,927,981	21,750,342	–	–	11.64	11.21	–	–
Borrowings	16	3,098,745	7,823,834	3,098,745	7,823,834	1.38	4.02	1.38	4.02
Share-based payment liability	17	1,410,568	992,670	–	–	0.63	0.51	–	–
Income tax liability		388	34,358	388	–	0.01	0.01	0.01	–
		30,437,682	30,601,204	3,099,133	7,823,834	13.66	15.74	1.38	4.02
Total liabilities		30,521,242	34,047,859	3,099,133	10,823,334	13.70	17.52	1.38	5.57
Total equity and liabilities		143,498,819	142,090,554	103,122,340	110,839,977	64.38	73.19	46.26	57.09

Note: The exchange rate use to convert ZAR to ₹ 4.486 (Previous year ZAR to ₹ 5.151)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended March 31, 2016

Particulars	Notes	Year ended March 31,							
		Group		Company		Group		Company	
		2016	2015	2016	2015	2016	2015	2016	2015
		R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Revenue		199,965,966	186,399,190	–	–	89.70	96.01	–	–
Cost of sales		(118,274,264)	(112,927,620)	–	–	(53.06)	(58.17)	–	–
Gross profit		81,691,702	73,471,570	–	–	36.65	37.85	–	–
Operating expenses		(73,361,230)	(63,310,939)	(14,433)	(14,013)	(32.91)	(32.61)	(0.01)	(0.01)
Other expense		(1,156,681)	(320,549)	–	–	(0.52)	(0.17)	–	–
Operating profit / (loss)		7,173,791	9,840,082	(14,433)	(14,013)	3.22	5.07	(0.01)	(0.01)
Finance income	4.1	406,032	450,110	669,978	1,308,319	0.18	0.23	0.30	0.67
Finance costs	4.2	(646,429)	(1,286,924)	(646,429)	(1,286,924)	(0.29)	(0.66)	(0.29)	(0.66)
Profit before income tax		6,933,394	9,003,268	9,116	7,382	3.11	4.64	0.00	0.00
Income tax expense	5	(1,998,512)	(2,577,610)	(2,552)	(2,442)	(0.90)	(1.33)	(0.01)	(0.01)
Profit after income tax		4,934,882	6,425,658	6,564	4,940	2.21	3.31	0.01	0.01
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive Income for the year		4,934,882	6,425,658	6,564	4,940	2.21	3.31	0.01	0.01

Note: The exchange rate use to convert ZAR to ₹ 4.486 (Previous year ZAR to ₹ 5.151)

STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2016

Particulars	Share capital	Share premium	Accumulated loss	Total	Share capital	Share premium	Accumulated loss	Total
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Group								
Year ended 31 March, 2016								
Balance at 1 April, 2015	60,060,309	43,799,900	4,182,486	108,042,695	26.94	19.65	1.88	48.47
Total comprehensive income for the year	–	–	4,934,882	4,934,882	–	–	2.21	2.21
Balance at 31 March, 2016	60,060,309	43,799,900	9,117,368	112,977,577	26.94	19.65	4.09	50.68
Year ended 31 March, 2015								
Balance at 1 April, 2014	60,060,309	43,799,900	(2,243,172)	101,617,037	30.95	22.56	(1.16)	52.35
Total comprehensive income for the year	–	–	6,425,658	6,425,658	–	–	3.31	3.31
Balance at 31 March, 2015	60,060,309	43,799,900	4,182,486	108,042,695	30.95	22.56	2.15	55.66
Company								
Year ended 31 March, 2016								
Balance at 1 April, 2015	60,060,309	43,799,900	(3,843,566)	100,016,643	26.95	19.65	(1.72)	44.88
Total comprehensive income for the year	–	–	6,564	6,564	–	–	0.00	0.00
Balance at 31 March, 2016	60,060,309	43,799,900	(3,837,002)	100,023,207	26.95	19.65	(1.72)	44.88
Year ended 31 March, 2015								
Balance at 1 April, 2014	60,060,309	43,799,900	(3,843,506)	100,011,703	30.95	22.56	(1.98)	51.53
Total comprehensive income for the year	–	–	4,940	4,940	–	–	0.00	0.00
Balance at 31 March, 2015	60,060,309	43,799,900	(3,843,566)	100,016,643	30.95	22.56	(1.98)	51.53

Note: The exchange rate use to convert ZAR to ₹ 4.486 (Previous year ZAR to ₹ 5.151)

STATEMENT OF CASH FLOWS

For the year ended March 31, 2016

Particulars	Notes	Year ended March 31,							
		Group		Company		Group		Company	
		2016	2015	2016	2015	2016	2015	2016	2015
		R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Cash flow from operating activities									
Cash flow from operations	20	4,383,305	7,893,046	(14,433)	(14,013)	1.97	4.07	(0.01)	(0.01)
Finance income	4.1	406,032	450,112	669,978	1,308,319	0.18	0.23	0.30	0.67
Finance costs	4.2	(646,429)	(1,286,924)	(646,429)	(1,286,924)	(0.29)	(0.66)	(0.29)	(0.66)
Tax Paid		(2,271,376)	(282,442)	(2,165)	(2,442)	(1.02)	(0.01)	(0.01)	(0.00)
Net cash (used)/generated in operating activities		1,871,532	6,773,792	6,951	4,940	0.84	3.63	0.01	0.00
Cash flow from investing activities									
Additions to property, plant and equipment		(183,842)	(387,850)	–	–	(0.08)	(0.20)	–	–
Proceeds on disposal of property, plant and equipment		4,560	133,318	–	–	0.00	0.07	–	–
Net cash from/(used in) investing activities		(179,282)	(254,532)	–	–	(0.08)	(0.13)	–	–
Cash flow from financing activities									
Repayment of borrowings		(7,724,588)	(5,893,519)	–	–	(3.47)	(3.04)	–	–
Net cash generated from financing activities		(7,724,588)	(5,893,519)	–	–	(3.47)	(3.04)	–	–
Net increase/(decrease) in cash and cash equivalents		(6,032,338)	625,741	6,951	4,940	(2.71)	0.47	0.01	0.00
Cash and cash equivalents at beginning of year	11	13,951,053	13,325,312	417,489	412,549	6.26	6.86	0.19	0.21
Cash and cash equivalents at end of year	11	7,918,715	13,951,053	424,440	417,489	3.55	7.33	0.19	0.22

Note: The exchange rate use to convert ZAR to ₹ 4.486 (Previous year ZAR to ₹ 5.151)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

1. Summary of significant accounting policies

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

1.1 Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements have been prepared on the historical cost basis as modified by the revaluation of financial liabilities at fair value through profit and loss.

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates. During the current period, areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, have been disclosed in note 1.23.

1.2 Investment in subsidiaries and consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the group.

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the standalone financial statements of the company.

1.3 Property, plant and equipment

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Depreciation is calculated using the straight-line basis so as to write off the cost of the assets to their residual values over their expected useful lives. The expected useful lives are as follows:

Leasehold improvements	10 years
Plant and machinery	5 – 15 years
Motor vehicles	3. 33 years
Office equipment	5 years
Furniture and fittings	6 years
Computer equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1.5).

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

1.4 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is assessed annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Brands

The useful lives of all intangible assets acquired by the company are assessed to determine if the useful life is finite or indefinite. Useful lives of intangible assets are reviewed at the end of each financial period and altered if estimates have changed significantly. Any change is accounted for by changing the amortisation charge for the current and future periods.

Intangibles assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Intangibles assets with indefinite useful lives are measured at cost and are not amortised, but are tested for impairment annually or whenever an indication of impairment exists.

The following intangible assets are currently classified as having indefinite useful lives:

- product registrations; and
- brands

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

1.5 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

1.6 Leased assets

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

1.7 Inventory

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.8 Financial assets

1.8.1 Classification

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

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

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

(b) Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

1.8.2 Recognition and measurement

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

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'operating expenses - net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the company's right to receive payments is established.

1.9 Trade receivables

Trade receivables are measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

1.10 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

1.11 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.12 Trade payables

Trade payables are carried initially at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier, and subsequently measured at amortised cost using the effective interest rate method.

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

1.13 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.14 Share-based payment

The company operates share-based compensation plans under which the company receives services from employees as consideration for equity based instruments (options and rights) of Marico Limited. The fair value of the employee's 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.

1.15 Financial risk management

(1) Financial risk factors

The group's activities expose it to a variety of financial risks, including the effects of changes in interest rates and foreign currency exchange rates. The group's overall risk management programme focuses on

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group does not use derivative financial instruments, such as interest rate swaps and forward exchange contracts, to hedge certain exposures.

(a) Foreign exchange risk

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

No foreign currency denominated balances were outstanding or receivable at year-end.

(b) Interest rate risk

The group's investments in fixed-rate debt securities and its fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The group's investments in variable-rate debt securities and its variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk.

The group adopts a policy of regularly reviewing interest rate exposure, and maintains floating rate borrowings.

No foreign currency balances were outstanding on receivables at year-end.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the statement of financial position date and the stipulated change taking place at the beginning of the financial year and held constant in the case of variable rate borrowings. A 50 basis point increase or decrease has been used, as this represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables held constant, the group's/company's profit after tax would decrease by:

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Effect on profit after tax	6,860	54,117	930	3,635	0.00	0.03	0.00	0.00

(c) Credit risk

Management has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables comprise a wide customer base.

At period end there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position, grossed up for any allowances for losses.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash resources and ensuring the availability of funding through an adequate amount of credit facilities. The group aims to maintain flexibility by monitoring its cash flow forecast, good working capital management and ensuring adequate borrowing facilities are maintained.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

The following table details the group and company's remaining contractual maturity of its non-derivative financial liabilities.

Particulars	Average interest rate	Within 1 year	Greater than 1 year	Total	Within 1 year	Greater than 1 years	Total
		R	R	R	₹ Crore	₹ Crore	₹ Crore
Group 2016							
Trade and other payables		21,979,303	–	21,979,303	9.86	–	9.86
Interest bearing shareholders loan from Marico Limited							
- Non-current portion	10.50%	–	–	–	–	–	–
- Current portion	10.50%	2,371,845	–	2,371,845	1.06	–	1.06
		24,351,148	–	24,351,148	10.92	0.00	10.92
Group 2015							
Trade and other payables		18,207,545	–	18,207,545	8.17	–	8.17
Interest bearing shareholders loan from Marico Limited							
- Non-current portion	9.25%	–	2,999,500	2,999,500	–	1.35	1.35
- Current portion	9.25%	7,823,834	–	7,823,834	3.51	–	3.51
		26,031,379	2,999,500	29,030,879	11.68	1.35	13.02

Particulars	Average interest rate	Within 1 year	Greater than 1 year	Total	Within 1 year	Greater than 1 year	Total
		R	R	R	₹ Crore	₹ Crore	₹ Crore
Company 2016							
Interest bearing shareholders loan from Marico Limited							
- Non-current portion	10.50%	–	–	–	–	–	–
- Current portion	10.50%	3,098,745	–	3,098,745	1.39	–	1.39
		3,098,745	–	3,098,745	1.39	–	1.39
Company 2015							
Interest bearing shareholders loan from Marico Limited							
- Non-current portion	9.25%	–	2,999,500	2,999,500	–	1.35	1.35
- Current portion	9.25%	7,823,834	–	7,823,834	3.51	–	3.51
		7,823,834	2,999,500	10,823,334	3.51	1.35	4.86

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

1.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The difference between the proceeds received and the par value of ordinary shares issued are shown within equity as share premium.

1.17 Revenue recognition

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

(a) Sales of goods

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

(b) Interest income

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

1.18 Research and development costs

Research and development costs are recognised as an expense to the extent that such expenditure are not expected to have future benefits.

1.19 Employee benefits

The group operates two retirement benefit schemes. These are both defined contribution funds. A defined contribution fund is a retirement benefit plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The group pays contributions on a contractual basis and contributions are recognised as an expense when they are due.

1.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1.21 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

1.22 Changes in accounting policy and disclosures

- a) New standards, amendments and interpretations to existing standards mandatory for the first time for the financial year beginning 01 April, 2015
- Amendment to IAS 19 'Employee benefits', regarding defined benefit plans, (effective 1 July, 2014).
 - Amendments to IFRS 13, 'Fair value measurement', (effective 1 July, 2014).
 - Amendment to IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets', (effective 1 July, 2014).
 - Amendment to IAS 24, 'Related party disclosures', (effective 1 July, 2014).
 - Amendment to IFRS 13, 'Fair value measurement', (effective 1 July, 2014).
 - Amendment to IFRS 8, 'Operating segments', (effective 1 July, 2014).
 - Amendment to the Basis of Conclusion to IFRS 1, 'First-time adoption of International Financial Reporting Standards', (effective 1 July, 2014).
 - Amendment to IFRS 3, 'Business combinations', (effective 1 July, 2014).
- b) Standards, amendments and interpretations issued but not yet effective for the year ended 31 March, 2016
- Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative, (effective 1 January, 2016).
 - Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, (effective 1 January, 2016).
 - Amendment to IAS 12, 'Income taxes', (effective 1 January, 2017).
 - Amendment to IAS 7, 'Cash flow statements', (effective 1 January, 2017).
 - IFRS 15, 'Revenue from contracts with customers', (effective 1 January, 2018).
 - IFRS 9, 'Financial Instruments (2009 & 2010)', (effective 1 January, 2018)
 - Financial liabilities
 - Derecognition of financial instruments
 - Financial assets
 - General hedge accounting
 - IFRS 16, 'Leases', (effective 1 January, 2019).
 - Amendment to IFRS 7, 'Financial Instruments: Disclosures', (effective 1 January, 2016).
 - Amendment to IAS 19, 'Employee Benefits', (effective 1 January, 2016).
- c) Standards, amendments and interpretations issued but not yet effective for the year ended 31 March, 2016 and also not relevant to the company's operations
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets, (postponed – initially 1 January, 2016).
 - Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption, (effective 1 January, 2016).
 - Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, (effective 1 January, 2016).
 - IFRS 14, 'Regulatory deferral accounts', (effective 1 January, 2016).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

- Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants, (effective 1 January, 2016).
- Amendments to IAS 27, 'Separate financial statements' on equity accounting, (effective 1 January, 2016).
- Amendment to IFRS 9, 'Financial instruments', on general hedge accounting, (effective 1 January, 2018).
- Amendment to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', (effective 1 January, 2016).
- Amendment to IAS 34, 'Interim Financial Reporting', (effective 1 January, 2016).

1.23 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1.23.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimated impairment of intangible assets

The company tests whether intangible assets have suffered any impairment annually or whenever an indication of impairment exists in accordance with the accounting policy stated in note 1.5. The recoverable amounts of cash-generating units has been determined based on value-in use calculations. These calculations require the use of estimates (refer note 7).

If the revised estimated discounting rate applied was 1% lower/higher than management's estimates, the company will not have to recognise an impairment against intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

2 Operating profit/(loss)

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

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Depreciation on property, plant and equipment (A detailed breakdown of the depreciation expense is presented in note 6)	576,087	650,620	–	–	0.26	0.34	–	–
Loss on disposal of property, plant and equipment	5,526	80,631	–	–	0.00	0.04	–	–
Impairment of intangible assets	–	12,597	–	–	–	0.01	–	–
Auditor's remuneration:								
Audit fees								
- current year provision	450,227	424,742	–	–	0.20	0.22	–	–
	450,227	424,742	–	–	0.20	0.22	–	–
Lease rentals								
Buildings	3,010,920	3,015,737	–	–	1.35	1.55	–	–
Computers	395,602	370,978	–	–	0.18	0.19	–	–
	3,406,522	3,386,715	–	–	1.53	1.74	–	–
Directors' emoluments								
Salaries	3,163,006	2,699,368	–	–	1.42	1.39	–	–
Other	3,213,021	2,361,592	–	–	1.44	1.22	–	–
	6,376,027	5,060,960	–	–	2.86	2.61	–	–
Staff costs (see note 3)	20,989,792	17,692,183	–	–	9.42	9.11	–	–

2.2 Expenses by nature

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Depreciation	576,087	650,620	–	–	0.26	0.34	–	–
Directors' emoluments	6,376,027	5,060,960	–	–	2.86	2.61	–	–
Operating lease rentals	3,406,522	3,386,715	–	–	1.53	1.74	–	–
Staff costs	20,989,792	17,692,183	–	–	9.42	9.11	–	–
Cost of sales	118,274,264	112,927,620	–	–	53.06	58.17	–	–
Commission	6,419,769	6,095,954	–	–	2.88	3.14	–	–
Advertising	17,169,964	14,020,214	–	–	7.70	7.22	–	–
Freight	9,617,266	9,458,264	–	–	4.31	4.87	–	–
Other	8,805,803	6,946,029	14,433	14,013	3.95	3.58	0.02	0.02
Total cost of sales and operating expenses	191,635,494	176,238,559	14,433	14,013	85.97	90.78	0.02	0.02

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

3 Staff costs

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Salaries and wages	18,270,384	14,744,143	–	–	8.20	7.59	–	–
Other	2,719,408	2,948,040	–	–	1.22	1.52	–	–
	20,989,792	17,692,183	–	–	9.42	9.11	–	–

Average number of persons employed:

- Full time 75 79

4 Finance (costs)/income

4.1 Finance income

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Bank	406,032	450,110	23,549	21,395	0.18	0.23	0.01	0.12
Related party (refer note 21)	–	–	646,429	1,286,924	–	–	0.29	1.34
	406,032	450,110	669,978	1,308,319	0.18	0.23	0.30	1.46

4.2 Finance cost

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Related party (refer note 21)	(646,429)	(1,286,924)	(646,429)	(1,286,924)	(0.29)	(0.66)	(0.29)	(1.31)
Net finance costs	(240,397)	(836,814)	(23,549)	21,395	(0.11)	(0.43)	0.01	0.15

5 Income tax expense

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Current tax								
- current year	2,164,461	316,800	2,552	2,442	0.97	0.16	0.01	0.01
- prior year underprovision	59,257	–	–	–	0.03	–	–	–
	2,223,718	316,800	2,552	2,442	1.00	0.16	0.01	0.01
Deferred tax								
- current year	(207,660)	2,257,658	–	–	(0.09)	1.16	–	–
- prior year underprovision/ (overprovision)	(17,546)	3,152	–	–	(0.01)	0.00	–	–
	1,998,512	2,577,610	2,552	2,442	0.90	1.33	0.01	0.01

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

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

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Profit before tax	6,933,394	9,003,268	9,116	7,382	3.11	4.64	0.01	0.01
Tax calculated at a rate of 28%	1,941,350	3,520,915	2,552	2,067	0.87	1.30	0.00	0.00
Deferred tax – prior year underprovision/ (overprovision)	(17,546)	3,152	–	–	(0.01)	0.00	–	–
Current tax – prior year underprovision	59,257	–	–	–	0.03	–	–	–
Permanent differences	15,451	53,543	–	375	0.01	0.03	–	0.00
Tax charge	1,998,512	2,577,610	2,552	2,442	0.90	1.33	0.01	0.01

6 Property, plant and equipment

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Capital work-in-progress	Total
	R	R	R	R	R	R
Year ended 31 March, 2016						
Opening net carrying amount	521,225	110,523	110,820	258,688	–	1,001,256
Additions	42,494	27,055	–	114,293	–	183,842
Transfer	–	–	–	–	–	–
Depreciation	(278,528)	(54,699)	(51,553)	(191,307)	–	(576,087)
Disposals	–	(10,085)	–	–	–	(10,085)
Transfer to non-current assets held for sale	–	–	–	–	–	–
Closing net carrying amount	285,191	72,794	59,267	181,674	–	598,926
Cost	2,794,517	619,253	434,324	2,421,491	–	6,269,585
Accumulated depreciation and impairment	(2,509,326)	(546,459)	(375,057)	(2,239,817)	–	(5,670,659)
Closing net carrying amount	285,191	72,794	59,267	181,674	–	598,926

Depreciation charge of R 576 087 (2015: R 650 620) has been charged to operating expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Capital work-in-progress	Total
Group	R	R	R	R	R	R
Year ended 31 March, 2015						
Opening net carrying amount	1,002,592	130,333	15,046	330,004	–	1,477,975
Additions		63,225	154,660	169,965		387,850
Transfer	–	–	–	–	–	–
Depreciation	(300,114)	(54,550)	(58,686)	(237,090)	–	(650,620)
Disposals	(181,253)	(28,485)	–	(4,211)	–	(213,949)
Transfer to non-current assets held for sale	–	–	–	–	–	–
Closing net carrying amount	521,225	110,523	110,820	258,688	–	1,001,256
Cost	2,752,023	860,513	434,324	2,451,665	–	6,498,525
Accumulated depreciation and impairment	(2,230,798)	(749,990)	(323,504)	(2,192,977)	–	(5,497,269)
Closing net carrying amount	521,225	110,523	110,820	258,688	–	1,001,256

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

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Capital work-in-progress	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Year ended 31 March, 2016						
Opening net carrying amount	0.23	0.05	0.05	0.12	–	0.45
Additions	0.02	0.01	–	0.05	–	0.08
Transfer	–	–	–	–	–	–
Depreciation	(0.12)	(0.02)	(0.02)	(0.09)	–	(0.26)
Disposals	–	0.00	–	–	–	0.00
Transfer to non-current assets held for sale	–	–	–	–	–	–
Closing net carrying amount	0.13	0.03	0.03	0.08	–	0.27
Cost	1.25	0.28	0.19	1.09	–	2.81
Accumulated depreciation and impairment	(1.13)	(0.25)	(0.17)	(1.00)	–	(2.54)
Closing net carrying amount	0.13	0.03	0.03	0.08	0.00	0.27

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Capital work-in-progress	Total
Group	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Year ended 31 March, 2015						
Opening net carrying amount	0.52	0.07	0.01	0.17	–	0.76
Additions	–	0.03	0.08	0.09	–	0.20
Transfer	–	–	–	–	–	–
Depreciation	(0.15)	(0.03)	(0.03)	(0.12)	–	(0.34)
Disposals	(0.09)	(0.01)	–	–	–	(0.11)
Transfer to non-current assets held for sale	–	–	–	–	–	–
Closing net carrying amount	0.27	0.06	0.06	0.13	–	0.52
Cost	1.42	0.44	0.22	1.26	–	3.35
Accumulated depreciation and impairment	(1.15)	(0.39)	(0.17)	(1.13)	–	(2.83)
Closing net carrying amount	0.27	0.06	0.06	0.13	–	0.52

7 Intangible assets

Particulars	Brands	Total	Brands	Total
	R	R	₹ Crore	₹ Crore
Group				
Year ended 31 March, 2016				
Opening carrying amount	47,980,722	47,980,722	21.52	21.52
Impairment	–	–	–	–
Closing carrying amount	47,980,722	47,980,722	21.52	21.52
Cost	50,062,924	50,062,924	22.46	22.46
Accumulated impairment	(2,082,202)	(2,082,202)	(0.93)	(0.93)
Closing carrying amount	47,980,722	47,980,722	21.52	21.52
Year ended 31 March, 2015				
Opening carrying amount	47,993,319	47,993,319	24.72	24.72
Disposals	(12,597)	(12,597)	(0.01)	(0.01)
Closing carrying amount	47,980,722	47,980,722	24.71	24.71
Cost	50,062,924	50,062,924	25.79	25.79
Accumulated impairment	(2,082,202)	(2,082,202)	(1.07)	(1.07)
Closing carrying amount	47,980,722	47,980,722	24.71	24.71

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

The company has classified its intangible assets as having indefinite useful lives. This conclusion is supported by the fact that the company is expected to be able to use the brands for the foreseeable future and that the typical product life cycles for the brands, acquired from public information on estimates of useful lives, indicate that the intangible asset has an indefinite period of foreseeable usage. This is further supported by the stability and the strong demand in markets within which these products are marketed and sold.

Detailed impairment testing is performed for the indefinite-life intangible assets annually or whenever an indicator of impairment exists. The impairment review process is as follows:

Each period and whenever impairment indicators are present, management calculate the fair value of the asset and record an impairment loss for the excess of the carrying value over the fair value, if any. The fair value is generally measured as the net present value of projected cash flows. In addition, a re-evaluation of the remaining useful life of the asset is performed to determine whether continuing to characterise the asset as having an indefinite life is appropriate.

The recoverable amounts have been determined based on a value-in-use calculation. The calculation uses a free cash flow model that discounts the free cash flow available from profit after tax generated by the intangible asset. If the resulting net present value exceeds the carrying value of the intangible asset, the intangible asset is not impaired. However, if the resulting net present value is less than the carrying value, an impairment charge is raised. The key assumptions used for the value-in-use calculations are as follows:

	2016	2015
Growth rate *1	2.50%	2.50%
Discount rate *2	13.20%	14.10%

*1 Weighted average growth rate used to extrapolate cash flows beyond the budget period.

*2 Post-tax discount rate applied to the cash flow projections.

A sensitivity analysis was performed with regards to the key assumptions above and projected cash flows as follows:

	Impact on Impairment
Discount rate plus 2% and projected cash flow and growth rate constant	None
Discount rate plus 2%, projected cash flow less 10% and growth rate constant	None
Discount rate plus 2%, projected cash flow less 10% and growth rate less 1%	None

8 Investment in Subsidiary

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Marico South Africa Proprietary Limited								
Investment in shares at cost	–	–	100,326,054	100,326,054	–	–	45.01	51.68

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

The group's share of the results of its subsidiary, which is unlisted, are as follows:

Name	Country of incorporation	Profit/(Loss) after tax R	Profit/(Loss) after tax ₹ Crore
2016			
-Marico South Africa Proprietary Limited	South Africa	4,928,318	0.12
2015			
Marico South Africa Proprietary Limited	South Africa	6,420,719	0.63

Name	Country of incorporation	Profit/(Loss) after tax R	Profit/(Loss) after tax ₹ Crore
Subsidiary			
Marico South Africa Proprietary Limited	5,000	100%	Manufacturing and distributing of wide range of personal care and affordable complementary health care products

9 Inventories

Particulars	Group		Company		Group		Company	
	2016 R	2015 R	2016 R	2015 R	2016 ₹ Crore	2015 ₹ Crore	2016 ₹ Crore	2015 ₹ Crore
Raw materials	10,889,800	9,350,766	–	–	4.89	4.82	–	–
Work in progress	144,340	197,486	–	–	0.06	0.10	–	–
Finished goods	10,705,579	7,623,034	–	–	4.80	3.93	–	–
	21,739,719	17,171,286	–	–	9.75	8.84	–	–
The above balances have been derived after deducting a write down to net realisable value of:	(1,636,885)	(1,894,598)	0	0	(0.76)	(0.98)	0.00	0.00

The cost of inventories recognised as an expense and included in cost of sales amounted to R118 274 264 (₹ 56.64 Crore) (2015: R 112,927,620 (₹ 62.48 Crore)).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

10 Trade and other receivables

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Trade receivables	24,254,959	21,806,831	–	–	10.88	11.23	–	–
Provision for doubtful debts	(557,857)	(38,055)	–	–	(0.25)	(0.02)	–	–
Net trade receivables	23,697,102	21,768,776	–	–	10.63	11.21	–	–
Other receivables	1,558,471	451,189	–	–	0.70	0.23	–	–
	25,255,573	22,219,965	–	–	11.33	11.45	–	–

The group grants credit of 30 days to its customers. The analysis of trade receivables which are past due and not impaired at year end is as follows:

Past due by 30 days	9,693,171	7,831,454	–	–	4.35	4.03	–	–
Past due by 60 days	1,869,323	2,028,393	–	–	0.84	1.04	–	–
Past due by 90 days	351,131	1,150,446	–	–	0.16	0.59	–	–
	11,913,625	11,010,293	–	–	5.34	5.67	–	–

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

11 Cash and cash equivalents

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

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Bank balances	7,918,715	13,951,053	424,440	417,489	3.55	7.19	0.19	0.22

Credit quality of cash at bank: BAA2

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

12 Share capital and share premium

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Authorised								
1,247 Ordinary shares of R1 each	1,247	1,247	1,000	1,000	0.01	0.01	0.01	0.01
Issued								
800 Ordinary shares of R1 each	800	800	800	800	0.01	0.01	0.01	0.01
447 Ordinary shares of R134361.22 each	60,059,509	60,059,509	60,059,509	60,059,509	26.94	30.95	26.95	30.95
Share premium	43,799,900	43,799,900	43,799,900	43,799,900	19.65	22.56	19.65	22.56

13 Deferred income tax assets

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 28% (2015: 28%).

The movement on the deferred income tax asset account is as follows:

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
At beginning of year	2,079,449	4,340,259	–	–	0.92	2.24	–	–
Current year	207,660	(2,257,658)	–	–	0.09	(1.16)	–	–
Prior year overprovision/ (underprovision)	17,546	(3,152)	–	–	0.01	(0.00)	–	–
At end of year	2,304,654	2,079,449			1.03	1.07		

Deferred tax assets may be analysed as follows:

Property, plant and equipment	190,823	213,114	–	–	0.10	0.12	–	–
Other provisions	2,113,832	1,866,335	–	–	0.96	0.97	–	–
	2,304,655	2,079,449			1.06	1.10		

The group recognises deferred tax assets to the extent that future taxable profits will be available against which the unused tax losses and deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

14 Goodwill

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Carrying value at the end of the year	37,686,823	37,686,823	–	–	16.91	19.41	–	–

Goodwill relates to the acquisition of Marico South Africa Proprietary Limited in 2007.

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

The recoverable amounts have been determined based on a value in use calculation. The calculation uses a free cash flow model that discounts the free cash flow available from earnings before interest, tax and depreciation.

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

Particulars	2016	2015
Growth rate *1	2.50%	2.50%
Discount rate *2	13.20%	14.10%

*1 Weighted average growth rate used to extrapolate cash flows beyond the budget period.

*2 Post-tax discount rate applied to the cash flow projections.

A sensitivity analysis was performed with regards to the key assumptions above and projected cash flows as follows:

	Impact on Impairment
Discount rate plus 2%, projected cash flow and growth rate constant	None
Discount rate constant, projected cash flow less 10% and growth rate constant	None
Discount rate constant, projected cash flow less 10% and growth rate less 1%	None
Discount rate less 1%, projected cash flow and growth rate constant	None
Discount rate plus 1%, projected cash flow and growth rate constant	None

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

15 Trade and other payables

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Trade payables	18,514,765	14,340,229	–	–	8.32	7.40	–	–
Amount due to related party	873,236	902,953	–	–	0.39	0.47	–	–
Accruals	2,022,363	2,472,121	–	–	0.91	1.27	–	–
Audit fee provision	568,939	492,242	–	–	0.26	0.25	–	–
Bonus provision	2,434,711	2,153,820	–	–	1.09	1.11	–	–
Leave pay provision	1,035,042	946,050	–	–	0.46	0.49	–	–
Other payables	478,925	442,927	–	–	0.21	0.23	–	–
	25,927,981	21,750,342	–	–	11.64	11.21	–	–

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

16 Borrowings

Related party (refer note 22)

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Non-current portion	–	2,999,500	–	2,999,500	–	1.55	–	1.55
Current portion	3,098,745	7,823,834	3,098,745	7,823,834	1.38	4.03	1.38	4.03
	3,098,745	10,823,334	3,098,745	10,823,334	1.39	5.58	2.38	5.58

The loan is unsecured. The non-current portion of the loan bears interest at the 6 month London Interbank Offered Rate plus 7%. The current portion of the loan is repayable within 12 months and bears interest at a rate of 10.5% (2015: 9.25%).

Maturity of borrowings

Due within 1 year	3,098,745	7,823,834	3,098,745	7,823,834	1.39	4.03	1.39	4.03
Due within 2 – 5 years	–	2,999,500	–	2,999,500	–	1.55	–	1.55
	3,098,745	10,823,334	3,098,745	10,823,334	1.39	5.58	1.39	5.58

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

17 Share-based payments

Marico Limited granted senior management of Marico South Africa Proprietary Limited a STAR grant bonus in respect of the share appreciation rights scheme.

The liability in respect of the share appreciation rights scheme is to be settled by Marico South Africa (Proprietary Limited). The value is determined by the market price of 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	Rights Exercisable at 31 March, 2016
104.5	01-Dec-13	58,400	30-Nov-16	0

The share price as at 31 March, 2016 used to compute the share option liability was INR 243. During the current year, there was a bonus share issue, where for every one share held, the holder of that share would receive another share.

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	Rs. Crore	₹ Crore	₹ Crore	₹ Crore
Current portion	1,410,568	992,670	–	–	0.63	0.51	–	–
Non-current portion	83,560	447,155	–	–	0.04	0.23	–	–
	1,494,128	1,439,825	–	–	0.67	0.74	–	–

18 Amount due from related party

Related party (refer note 21)

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
- Non-current portion	–	–	–	2,272,599	–	–	–	1.17
- Current portion	–	–	2,371,845	7,823,834	–	–	1.06	4.03
	–	–	2,371,845	10,096,433	–	–	1.06	5.20

The loan is unsecured. The non-current portion of the loan is repayable in three years and bears interest at the 6 month London Interbank Offered Rate plus 7%. The current portion of the loan is repayable within 12 months and bears interest at a rate of 10.5% (2015: 9.25%).

Maturity of borrowings

Due within 1 year	–	–	2,371,845	7,823,834	–	–	1.06	4.03
Due within 2–5 years	–	–	–	2,272,599	–	–	–	1.17
	–	–	2,371,845	10,096,433	–	–	1.06	5.20

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

19 Financial risk management

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

Financial assets

Loans and receivables:

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Assets as per the statement of financial position								
Trade and other receivables	25,255,573	22,219,965	0	0	11.33	11.45	0.00	0.00
Cash and cash equivalents	7,918,715	13,533,564	424,440	417,489	3.55	6.97	0.19	0.22
Amount due from related party	0	0	2,371,845	10,096,433	0.00	0.00	1.06	5.20
	33,174,288	35,753,529	2,796,285	10,513,922	14.88	18.42	1.25	5.42

Financial liabilities

Financial liabilities at amortised cost:

Liabilities as per the statement of financial position

Interest bearing liabilities	3,098,745	10,823,334	3,098,745	10,823,334	1.39	5.58	1.39	5.58
Trade and other payables	21,979,303	18,207,545	0	0	9.86	9.38	0.00	0.00
	25,078,048	29,030,879	3,098,745	10,823,334	11.25	14.95	1.39	5.58

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

20 Cash flow from operating activities

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Operating profit/(loss)	7,173,791	9,840,082	(14,433)	(14,013)	3.22	5.07	(0.01)	(0.01)
Adjusted for:								
Non-cash items								
Depreciation	576,087	650,620	–	–	0.26	0.34	–	–
Loss on sale of assets	5,526	80,629	–	–	–	0.04	–	–
Loss on disposal of intangible asset	–	–	–	–	–	–	–	–
Impairment of intangible asset	–	12,597	–	–	–	0.01	–	–
Share-based payment expense	54,303	1,228,409	–	–	0.02	0.63	–	–
Operating profit before working capital changes:								
Increase in trade and other receivables	(3,035,608)	(3,239,307)	–	–	(1.36)	(1.67)	–	–
Increase in inventories	(4,568,433)	(995,892)	–	–	(2.05)	(0.51)	–	–
Increase in trade and other payables	4,177,639	315,908	–	–	1.87	0.16	–	–
	4,383,305	7,893,046	(14,433)	(14,013)	1.97	4.07	(0.01)	(0.01)

21 Related party transactions

At 31 March, 2016, the holding company of Marico South Africa Consumer Care Proprietary Limited and its subsidiary is a listed company incorporated in India, which holds 100% of the company's issued share capital. Marico South Africa Consumer Care Proprietary Limited and its subsidiary holds 100% of the issued share capital of Marico South Africa Proprietary Limited. The directors are listed in the director's report.

The group has a related party relationship with its holding company, subsidiary and with its directors and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Transactions with related parties:

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

Interest income earned (refer note 4.1)

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Marico South Africa Proprietary Limited	–	–	646,429	1,286,924	–	–	0.29	0.66
Technical Support - Marico Limited	1,057,608	987,232	–	–	0.47	0.51	0.00	0.00
Interest expense incurred (refer note 4.1)								
Marico Limited	646,429	1,286,924	646,429	1,286,924	0.29	0.66	0.29	0.66
Directors emoluments (refer note no. 2)								
J Mason	4,248,058	3,454,645	–	–	1.91	1.78	–	–
J Nieuwenhuys	2,127,969	1,606,315	–	–	0.95	0.83	–	–
	6,376,027	5,060,960	–	–	2.86	2.61	–	–
Investment in subsidiary (refer note 8):								
Marico South Africa Proprietary Limited	–	–	100,326,054	100,326,054	–	–	45.01	51.68
Amounts due from related parties								
Amounts due from subsidiary (refer note 18):								
Marico South Africa Proprietary Limited	–	–	2,371,845	10,096,433	–	–	1.06	5.20
Amounts due to related parties								
Amounts due to holding company (refer note 16):								
Marico Limited	3,098,745	10,823,334	3,098,745	10,823,334	1.39	5.58	1.39	5.58
Included in trade and other payables (refer note 15):								
Marico Limited	873,236	902,953	–	–	0.39	0.47	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

22 Commitments

Operating lease commitments

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

Particulars	Group		Company		Group		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Within 1 year	482,003	2,930,298	–	–	0.22	1.51	–	–
Between 2 and 5 years	–	560,062	–	–	–	0.29	–	–
Over 5 years	–	–	–	–	–	–	–	–
	482,003	3,490,360	–	–	0.22	1.80	–	–

The group leases certain factory facilities under sub-operating leases. The leases run for a period of up to 10 years, with an option to renew the lease after that date.

MARICO SOUTH AFRICA (PTY) LIMITED

Board of Directors	Mr. B. Sridhar	Director
	Mr. Rohit Saraogi	Director
	Mr. Jacques Nieuwenhuys	Director
	Mr. John Richard Mason	Director
Registered Office	1474 South Coast Road, Mobeni 4052	
Postal Address	P.O.Box 72625 , Durban , 4060	
Registration No	1977 / 001752 / 07	
Auditors	Price Waterhouse Cooper Inc. Durban	
Bankers	Standard Bank of South Africa Limited	
Legal Advisors	Adams & Adams – Patent and Trademark Attorneys Norton Rose, Commercial Attorneys Shepstone & Wylie – Litigation Attorneys KPMG – Secretarial Services & Tax	

STATEMENT OF DIRECTOR'S RESPONSIBILITY

For the year ended March 31, 2016

The directors are required by the Companies Act, 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards.

The external auditors are engaged to express an independent opinion on the financial statements. The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to March 31, 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 4.

The financial statements set out on pages 3 to 29, which have been prepared on the going concern basis, were approved by the directors on 9 May, 2016 and were signed on their behalf by:

J Mason
Director

J Nieuwenhuys
Director

MARICO SOUTH AFRICA (PTY) LIMITED

The directors present their annual report, which forms part of the audited financial statements of the company for the year ended March 31, 2016.

1 Nature of business

The company manufactures and distributes a wide range of personal care and affordable complementary health care products.

2 Financial results and dividends

The financial results of the company for the year under review are reflected in the attached financial statements and do not in our opinion require any further comments

No dividends have been declared during the period and none are recommended (2015: R Nil).

3 Share capital

The authorised and issued share capital has changed

4 Directors and secretary

The directors of the company are:

JR Mason

J Nieuwenhuys

P Agrawal (Indian) – (Resigned – 26/02/2016)

S Gupta (Indian) – (Resigned – 26/02/2016)

S Balakrishnan (Indian) – (Appointed – 23/02/2016)

R Saraogi (Indian) – (Appointed - 23/02/2016)

The company secretary is KPMG

5 Holding company

Marico South Africa Consumer Care Proprietary Limited holds 100% of the company's issued share capital. The ultimate holding company is Marico Limited, a listed company incorporated in Mumbai, India.

6 Material events after year-end

No matter, which is material to the financial affairs of the company, has occurred between the statement of financial position date and the date of approval of the financial statements.

7 Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with Section 90(2) of the Companies Act, 71 of 2008.

8 Going concern

The company generated a net profit for the year of R4,928,318 (2015: ₹6,420,719). At March 31, 2016 the company's total assets exceeded its total liabilities by ₹75,593,602 (2015: ₹70,665,284).

The company has no external borrowings apart from its loan from the holding company. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER'S

We have audited the financial statements of Marico South Africa Proprietary Limited set out on pages 5 to 29, which comprise the statement of financial position as at 31 March, 2016, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Director's Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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.

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 International 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 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 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Marico South Africa Proprietary Limited as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March, 2016, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

PricewaterhouseCoopers Inc.

Director: N Ramlagan

Registered Auditor

Durban

Date : May 9, 2016

MARICO SOUTH AFRICA (PTY) LIMITED

STATEMENT OF FINANCIAL POSITION

As at March 31, 2016

Particulars	Notes	As at March 31,			
		2016 R	2015 R	2016 ₹ Crore	2015 ₹ Crore
ASSETS					
Non-current assets					
Property, plant and equipment	6	598,926	1,001,256	0.27	0.52
Intangible assets	7	47,980,722	47,980,722	21.52	24.71
Deferred income tax asset	12	2,304,655	2,079,449	1.03	1.08
		50,884,303	51,061,427	22.82	26.31
Current assets					
Trade and other receivables	9	25,255,573	22,219,965	11.34	11.45
Inventories	8	21,739,719	17,171,286	9.75	8.84
Cash and cash equivalents	10	7,494,275	13,533,564	3.36	6.97
Income tax asset		13,686	–	0.01	–
		54,503,253	52,924,815	24.46	27.26
Total Assets		105,387,556	103,986,242	47.28	53.57
EQUITY					
Capital and reserves attributable to equity holders of the company					
Share capital	11	54,845,500	54,845,500	24.60	28.25
Share premium	11	22,863,735	22,863,735	10.26	11.78
Accumulated loss		(2,115,633)	(7,043,951)	(0.95)	(3.63)
Total equity		75,593,602	70,665,284	33.91	36.40
LIABILITIES					
Non-current liabilities					
Borrowings	14	–	2,272,599	–	1.17
Share-based payment liability	15	83,560	447,155	0.04	0.24
		83,560	2,719,754	0.04	1.41
Current liabilities					
Trade and other payables	13	25,927,981	21,750,342	11.64	11.21
Borrowings	14	2,371,845	7,823,834	1.06	4.03
Share-based payment liability	15	1,410,568	992,670	0.63	0.51
Tax Liability		–	34,358	–	0.02
		29,710,394	30,601,204	13.33	15.75
Total liabilities		29,793,954	33,320,958	13.37	17.17
Total equity and liabilities		105,387,556	103,986,242	47.28	53.57

Note: The exchange rate use to convert ZAR to ₹ 4.486 (Previous year ZAR to ₹ 5.151)

MARICO SOUTH AFRICA (PTY) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended March 31, 2016

Particulars	Note	For the year ended March 31,			
		2016	2015	2016	2015
		R	R	₹ Crore	₹ Crore
Revenue		199,965,966	186,399,191	89.70	96.01
Cost of sales		(118,274,264)	(112,927,620)	(53.06)	(58.17)
Gross profit		81,691,702	73,471,571	36.65	37.85
Operating expenses		(73,346,797)	(63,296,926)	(32.90)	(32.60)
Other expenses		(1,156,681)	(320,549)	(0.52)	(0.17)
Operating profit	2	7,188,224	9,854,096	3.22	5.08
Finance income	4.1	382,483	428,715	0.17	0.22
Finance costs	4.2	(646,429)	(1,286,924)	(0.29)	(0.66)
Profit before income tax		6,924,278	8,995,887	3.11	4.63
Income tax expense	5	(1,995,960)	(2,575,168)	(0.90)	(1.33)
Profit after income tax		4,928,318	6,420,719	2.21	3.31
Other Comprehensive items		–	–	–	–
Total comprehensive income for the year		4,928,318	6,420,719	2.21	3.31

Note: The exchange rate use to convert ZAR to ₹ 4.486 (Previous year ZAR to ₹ 5.151)

MARICO SOUTH AFRICA (PTY) LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2016

Particulars	Share capital	Share premium	Accumulated loss	Total	Share capital	Share premium	Accumulated loss	Total
	R	R	R	R	₹Crore	₹ Crore	₹ Crore	₹₹Crore
Year ended 31 March, 2016								
Balance at 1 April, 2015	54,845,500	22,863,735	(7,043,951)	70,665,284	24.61	10.26	(3.16)	31.70
Total comprehensive income for the year	–	–	4,928,318	4,928,318	–	–	2.21	2.21
Balance at 31 March, 2016	54,845,500	22,863,735	(2,115,633)	75,593,602	24.61	10.26	(0.95)	33.91

Particulars	Share capital	Share premium	Accumulated loss	Total	Share capital	Share premium	Accumulated loss	Total
	R	R	R	R	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Year ended 31 March, 2015								
Balance at 1 April, 2014	54,845,500	22,863,735	(13,464,670)	64,244,565	28.26	11.78	(6.94)	33.09
Total comprehensive income for the year	–	–	6,420,719	6,420,719	–	–	3.31	3.31
Balance at 31 March, 2015	54,845,500	22,863,735	(7,043,951)	70,665,284	28.26	11.78	(3.63)	36.40

Note: The exchange rate use to convert ZAR to ₹ 4.486 (Previous year ZAR to ₹ 5.151)

MARICO SOUTH AFRICA (PTY) LIMITED

STATEMENT OF CASH FLOWS

For the year ended March 31, 2016

Particulars	Notes	For the year ended March 31,			
		2016	2015	2016	2015
		R	R	₹ Crore	₹ Crore
Cash flow from operating activities					
Cash flow from operations	16	4,397,738	7,907,062	1.97	4.07
Finance income	4.1	382,483	428,715	0.17	0.22
Finance costs	4.2	(646,429)	(1,286,924)	(0.29)	(0.66)
Income Tax		(2,269,211)	(280,000)	(1.02)	(0.14)
Net cash used in operating activities		1,864,581	6,768,853	1.85	3.63
Cash flow from investing activities					
Additions to property, plant and equipment		(183,842)	(387,850)	(0.08)	(0.20)
Proceeds on disposal of property, plant and equipment		4,560	133,318	0.00	0.07
Net cash used in investing activities		(179,282)	(254,532)	(0.08)	(0.13)
Cash flow from financing activities					
(Repayment)/receipt of borrowings		(7,724,588)	(5,893,520)	(3.47)	(3.04)
Net cash used in financing activities		(7,724,588)	(5,893,520)	(3.47)	(3.04)
Net (decrease)/increase in cash and cash equivalents		(6,039,289)	620,801	(2.71)	0.32
Cash and cash equivalents at beginning of year		13,533,564	12,912,763	6.07	6.65
Cash and cash equivalents at end of year	10	7,494,275	13,533,564	3.36	6.97

Note: The exchange rate use to convert ZAR to ₹ 4.486 (Previous year ZAR to ₹ 5.151)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

1 Summary of significant accounting policies

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

1.1 Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements have been prepared on the historical cost basis as modified by the revaluation of financial liabilities at fair value through profit and loss.

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.22.

1.2 Property, plant and equipment

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line basis so as to write off the cost of the assets to their residual values over their expected useful lives. The expected useful lives are as follows:

Leasehold improvements	10 years
Plant and machinery	5-15 years
Motor vehicles	3.33years
Office equipment	5 years
Furniture and fittings	6 years
Computer equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1.4).

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

1.3 Intangible assets

Brands

The useful lives of all intangible assets acquired by the company are assessed to determine if the useful life is finite or indefinite. Useful lives of intangible assets are reviewed at the end of each financial period and altered if

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

estimates have changed significantly. Any change is accounted for by changing the amortisation charge for the current and future periods.

Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimate useful lives of intangible assets from the date that they are available for use.

Intangible assets with indefinite useful lives are measured at cost and are not amortised, but are tested for impairment annually or whenever any indication of impairment exists.

The following intangible assets currently have an indefinite useful life:

- product registrations; and
- brands

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

1.4 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

1.5 Leased assets

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

1.6 Inventory

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.7 Financial assets

1.7.1 Classification

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

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

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

- (b) Loans and receivables

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

1.7.2 Recognition and measurement

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

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

1.8 Impairment of financial assets

- (a) Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

1.9 Trade receivables

Trade receivables are measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

1.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

1.11 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

1.12 Trade payables

Trade payables are carried initially at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier, and subsequently measured at amortised cost using the effective interest rate method.

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

1.13 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.14 Share-based payment

The company operates share-based compensation under which the company receives services from employees as consideration for equity based instruments (options and rights) of Marico Limited. 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.

1.15 Financial risk management

(1) Financial risk factors

The company's activities expose it to a variety of financial risks, including the effects of changes in interest rates and foreign currency exchange rates. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The company does not use derivative financial instruments, such as interest rate swaps and forward exchange contracts, to hedge certain exposures.

(a) Foreign exchange risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

exposure to foreign currency risk in connection with the measurement currency.

No foreign currency denominated balances were outstanding or receivable at year-end.

(b) Interest rate risk

The company's investments in fixed-rate debt securities and its fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The company's investments in variable-rate debt securities and its variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk.

The company adopts a policy of regularly reviewing interest rate exposure, and maintains floating rate borrowings.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the statement of financial position date and the stipulated change taking place at the beginning of the financial period and held constant in the case of variable rate borrowings. A 50 basis point increase or decrease has been used, as this represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables held constant, the company's profit after tax would decrease by:

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Effect on profit after tax	5,930	50,482	0.01	0.03

(c) Credit Risk

Management has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables comprise a wide customer base.

At year end there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position, grossed up for any allowances for losses.

(d) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash resources and ensuring the availability of funding through an adequate amount of credit facilities. The company aims to maintain flexibility by monitoring cash flow forecast, good working capital management and ensuring adequate borrowing facilities are maintained.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

The following table details the company and company's remaining contractual maturity of its non-derivative financial liabilities.

Particulars	Average interest rate	Within 1 year	Greater than 1 year	Total	Within 1 year	Greater than 1 year	Total
		R	R	R	₹ Crore	₹ Crore	₹ Crore
2016							
Trade and other payables	–	21,979,303	–	21,979,303	9.86	–	9.86
Interest bearing shareholder loan	10.50%	2,371,845	–	2,371,845	1.06	–	1.06
		– 24,351,148	–	– 24,351,148	10.92	–	10.92
2015							
Trade and other payables	–	18,207,545	–	18,207,545	9.38	–	9.38
Interest bearing shareholder loan	9.25%	7,823,834	2,272,599	10,096,433	4.03	1.17	5.20
		– 26,031,379	2,272,599	28,303,978	13.41	1.17	14.58

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

1.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The difference between the proceeds received and the par value of ordinary shares issued are shown within equity as share premium.

1.17 Revenue recognition

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

(a) Sales of goods

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

(b) Interest income

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

1.18 Research and development costs

Research and development costs are recognised as an expense to the extent that such expenditure are not expected to have future benefits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

1.19 Employee benefits

The company operates two retirement benefit schemes. These are both defined contribution funds. A defined contribution fund is a retirement benefit plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company pays contributions on a contractual basis and contributions are recognised as an expense when they are due

1.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

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

1.21 Changes in accounting policy and disclosures

a) New standards, amendments and interpretations to existing standards mandatory for the first time for the financial year beginning 01 April, 2015

- Amendment to IAS 19 'Employee benefits', regarding defined benefit plans, (effective 1 July, 2014).
- Amendments to IFRS 13, 'Fair value measurement', (effective 1 July, 2014).
- Amendment to IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets', (effective 1 July, 2014).
- Amendment to IAS 24, 'Related party disclosures', (effective 1 July, 2014).
- Amendment to IFRS 13, 'Fair value measurement', (effective 1 July, 2014).
- Amendment to IFRS 8, 'Operating segments', (effective 1 July, 2014).
- Amendment to the Basis of Conclusion to IFRS 1, 'First-time adoption of International Financial Reporting Standards', (effective 1 July, 2014).
- Amendment to IFRS 3, 'Business combinations', (effective 1 July, 2014).

b) Standards, amendments and interpretations issued but not yet effective for the year ended 31 March, 2016

- Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative, (effective 1 January, 2016).
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, (effective 1 January, 2016).
- Amendment to IAS 12, 'Income taxes', (effective 1 January, 2017).
- Amendment to IAS 7, 'Cash flow statements', (effective 1 January, 2017).
- IFRS 15, 'Revenue from contracts with customers', (effective 1 January, 2018).
- IFRS 9, 'Financial Instruments (2009 & 2010)', (effective 1 January, 2018)
- Financial liabilities
- Derecognition of financial instruments

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

- Financial assets
 - General hedge accounting
 - IFRS 16, 'Leases', (effective 1 January, 2019).
 - Amendment to IFRS 7, 'Financial Instruments: Disclosures', (effective 1 January, 2016).
 - Amendment to IAS 19, 'Employee Benefits', (effective 1 January, 2016).
- c) **Standards, amendments and interpretations issued but not yet effective for the year ended 31 March, 2016 and also not relevant to the company's operations**
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets, (postponed – initially 1 January, 2016).
 - Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption, (effective 1 January, 2016).
 - Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, (effective 1 January, 2016).
 - IFRS 14, 'Regulatory deferral accounts', (effective 1 January, 2016).
 - Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants, (effective 1 January, 2016).
 - Amendments to IAS 27, 'Separate financial statements' on equity accounting, (effective 1 January, 2016).
 - Amendment to IFRS 9, 'Financial instruments', on general hedge accounting, (effective 1 January, 2018).
 - Amendment to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', (effective 1 January, 2016).
 - Amendment to IAS 34, 'Interim Financial Reporting', (effective 1 January, 2016).

1.22 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1.22.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimated impairment of intangible assets

The company tests whether intangible assets have suffered any impairment annually or whenever an indication of impairment exists, in accordance with the accounting policy stated in note 1.4. The recoverable amounts of cash-generating units has been determined based on value-in use calculations. These calculations require the use of estimates (refer note 7).

If the revised estimated discounting rate applied was 1% lower/higher than management's estimates, the company will not have to recognise an impairment against intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

2 Operating profit

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

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Depreciation on property, plant and equipment (A detailed breakdown of the depreciation expense is presented in note 6)	576,087	650,620	0.26	0.34
Loss on disposal of property, plant and equipment	5,526	80,631	0.01	0.04
Impairment of intangible assets	–	12,597	–	0.01
Auditor's remuneration:				
Audit fees				
- current year provision	450,227	424,742	0.20	0.22
Lease rentals				
- Buildings	3,010,920	3,015,737	1.35	1.55
- Computers	395,602	370,978	0.18	0.19
	3,406,522	3,386,715	1.53	1.74
Directors' emoluments (refer note 17)				
Salaries	3,163,006	2,699,368	1.42	1.39
Other	3,213,021	2,361,592	1.44	1.22
	6,376,027	5,060,960	2.86	2.61
Staff costs (see note 3)	20,989,792	17,692,183	9.42	9.11

2.2 Expenses by nature

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Depreciation	576,087	650,620	0.26	0.34
Directors' emoluments	6,376,027	5,060,960	2.86	2.61
Operating lease rentals	3,406,522	3,386,715	1.53	1.74
Staff costs	20,989,792	17,692,183	9.42	9.11
Cost of sales	118,274,264	112,927,620	53.06	58.17
Commission	6,419,769	6,095,954	2.88	3.14
Advertising	17,169,964	14,020,214	7.70	7.22
Freight	9,617,266	9,458,264	4.31	4.87

MARICO SOUTH AFRICA (PTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Other	8,791,370	6,932,016	3.94	3.57
Total cost of sales and operating expenses	191,621,061	176,224,546	85.96	90.77

3 Staff costs

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Salaries and wages	18,270,384	14,744,143	8.20	7.59
Other	2,719,408	2,948,040	1.22	1.52
	20,989,792	17,692,183	9.42	9.11
Average number of persons employed:				
- Full time	75	79		

4 Finance (costs)/income

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
4.1 Finance income – Bank	382,483	428,715	0.17	0.22
4.2 Finance costs				
Related party (refer note 17)	(646,429)	(1,286,924)	(0.29)	(0.66)
Net finance costs	(263,946)	(858,209)	(0.12)	(0.44)

5 Income tax expense

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Current Tax				
- current year	2,161,909	–	0.97	–
- prior year underprovision	59,257	–	0.03	–
	2,221,166	–	1.00	–
Deferred tax				
- current year	(207,660)	2,572,016	(0.09)	1.32
- prior year (over)/underprovision	(17,546)	3,152	(0.01)	0.01
	(225,206)	2,575,168		
Total tax charge	1,995,960	2,575,168	(0.10)	1.33

The tax on the company profit before tax differs from the theoretical amount that would arise using basic rates as

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

follows:

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Profit before tax	6,924,278	8,995,887	3.11	4.63
Tax calculated at a rate of 28%	1,938,798	2,518,848	0.87	1.30
Deferred tax – prior year underprovision	(17,546)	3,152	(0.01)	0.01
Current tax - Prior year unutilised	59,257	–	0.03	–
Permanent differences	15,451	53,168	0.01	0.03
Tax charge	1,995,960	2,575,168	0.87	1.34

The company recognises deferred tax assets to the extent that future taxable profits will be available against which the unused tax losses and deductible temporary differences can be utilised.

6 Property, plant and equipment

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	R	R	R	R	R
Year ended 31 March, 2016					
Opening net carrying amount	521,225.00	110,523.00	110,820.00	258,688.00	1,001,256.00
Additions	42,494.00	27,055.00	–	114,293.00	183,842.00
Depreciation	(278,528.00)	(54,699.00)	(51,553.00)	(191,307.00)	(576,087.00)
Disposals	–	(10,085.00)	–	–	(10,085.00)
Closing net carrying amount	285,191.00	72,794.00	59,267.00	181,674.00	598,926.00
Cost	2,794,517.00	619,253.00	434,324.00	2,421,491.00	6,269,585.00
Accumulated depreciation and impairment	(2,509,326.00)	(546,459.00)	(375,057.00)	(2,239,817.00)	(5,670,659.00)
Closing net carrying amount	285,191.00	72,794.00	59,267.00	181,674.00	598,926.00

MARICO SOUTH AFRICA (PTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Year ended March 31, 2016					
Opening net carrying amount	0.23	0.05	0.05	0.12	0.45
Additions	0.02	0.01	–	0.05	0.08
Depreciation	(0.12)	(0.02)	(0.02)	(0.09)	(0.26)
Disposals	–	(0.00)	–	–	(0.00)
Closing net carrying amount	0.13	0.03	0.03	0.08	0.27
Cost	1.25	0.28	0.19	1.09	2.81
Accumulated depreciation and impairment	(1.13)	(0.25)	(0.17)	(1.00)	(2.54)
Closing net carrying amount	0.13	0.03	0.03	0.08	0.27

Depreciation charge of R 576,087 (2015: R 650,620) has been charged to operating expenses.

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	R	R	R	R	R
Year ended 31 March, 2015					
Opening net carrying amount	1,002,592.00	130,333.00	15,046.00	330,004.00	1,477,975.00
Additions	–	63,225.00	154,660.00	169,965.00	387,850.00
Depreciation	(300,114.00)	(54,550.00)	(58,886.00)	(237,070.00)	(650,620.00)
Disposals	(181,253.00)	(28,485.00)	–	(4,211.00)	(213,949.00)
Closing net carrying amount	521,225.00	110,523.00	110,820.00	258,688.00	1,001,256.00
Cost	2,752,023.00	860,513.00	434,324.00	2,451,665.00	6,498,525.00
Accumulated depreciation and impairment	(2,230,798.00)	(749,990.00)	(23,504.00)	(2,192,977.00)	(5,497,269.00)
Closing net carrying amount	521,225.00	110,523.00	110,820.00	258,688.00	1,001,256.00

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Particulars	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Year ended 31 March, 2015					
Opening net carrying amount	0.52	0.07	0.01	0.17	0.76
Additions	-	0.03	0.08	0.09	0.20
Depreciation	(0.15)	(0.03)	(0.03)	(0.12)	(0.34)
Disposals	(0.09)	(0.01)	-	(0.00)	(0.11)
Closing net carrying amount	0.27	0.06	0.06	0.13	0.52
Cost	1.42	0.44	0.22	1.26	3.35
Accumulated depreciation and impairment	(1.15)	(0.39)	(0.17)	(1.13)	(2.83)
Closing net carrying amount	0.27	0.06	0.06	0.13	0.52

7 Intangible assets

Particulars	Brands R	Total R	Brands ₹ Crore	Total ₹ Crore
Year ended 31 March, 2016				
Opening carrying amount	47,980,722	47,980,722	21.52	21.52
Impairment	-	-	-	-
Closing carrying amount	47,980,722	47,980,722	21.52	21.52
Cost	50,062,924	50,062,924	22.46	22.46
Accumulated impairment	(2,082,202)	(2,082,202)	(0.93)	(0.93)
Closing carrying amount	47,980,722	47,980,722	21.52	21.52
Year ended 31 March, 2015				
Opening carrying amount	47,993,319	47,993,319	24.72	24.72
Impairment	(12,597)	(12,597)	(0.01)	(0.01)
Closing carrying amount	47,980,722	47,980,722	24.71	24.71
Cost	50,062,924	50,062,924	25.79	25.79
Accumulated Impairment	(2,082,202)	(2,082,202)	(1.07)	(1.07)
Closing carrying amount	47,980,722	47,980,722	24.71	24.71

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

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:

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

Particulars	2016	2015
Growth rate *1	2.50%	2.50%
Discount rate *2	13.20%	14.10%

*1 Weighted average growth rate used to extrapolate cash flows beyond the budget period.

*2 Post-tax discount rate applied to the cash flow projections.

A sensitivity analysis was performed with regards to the key assumptions above and projected cash flows as follows:

	Impact on Impairment
Discount rate plus 2% and projected cash flow and growth rate constant	None
Discount rate plus 2%, projected cash flow less 10% and growth rate constant	None
Discount rate plus 2%, projected cash flow less 10% and growth rate less 1%	None

8 Inventories

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Raw materials	10,889,800	9,350,766	4.89	4.82
Work in progress	144,340	197,486	0.06	0.10
Finished goods	10,705,579	7,623,034	4.80	3.93
	21,739,719	17,171,286	9.75	8.84
The above balances have been derived after deducting write down to net realisable value of:	(1,636,885)	(1,894,598)	(0.73)	(0.98)

The cost of inventories recognised as an expense and included in cost of sales amounted to R118 274 264 (₹ 56.64 Crore) (2015: R 112,927,620 (₹ 62.48 Crore)).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

9 Trade and other receivables

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Trade receivables	24,254,959	21,806,831	10.88	11.23
Provision for doubtful debts	(557,857)	(38,055)	(0.24)	(0.02)
Net trade receivables	23,697,102	21,768,776	10.64	11.21
Other receivables	1,558,471	451,189	0.70	0.23
	25,255,573	22,219,965	11.34	11.45

The company grants credit of 30 days to its customers. The analysis of trade receivables which are past due and not impaired at year end is as follows:

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Past due by 30 days	9,693,171	7,831,454	4.35	4.03
Past due by 60 days	1,869,323	2,028,393	0.84	1.04
Past due by 90 days	351,131	1,150,446	0.16	0.59
	11,913,625	11,010,293	5.34	5.67

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

10 Cash and cash equivalents

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

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Bank balances	7,494,275	13,533,564	3.36	6.97

Credit quality of cash at bank: BAA2

11 Share capital and share premium

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Authorised				
754,958 no par value shares	754,958	754,958	0.35	0.40
Issued				
500,000 Ordinary shares of R0.01 each	5,000	5,000	0.01	0.01
254,958 Ordinary shares of R215.0962 each	54,840,500	54,840,500	24.60	28.25
Share premium	22,863,735	22,863,735	10.26	11.78

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

12 Deferred income tax assets

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 28% (2015: 28%).

The movement on the deferred income tax asset account is as follows:

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
At beginning of year	2,079,449	4,340,259	0.93	2.24
Current year	207,660	(2,257,658)	0.09	(1.16)
Prior year over/underprovision	17,546	(3,152)	0.01	(0.01)
At end of year	2,304,655	2,079,449	1.03	1.08

Deferred tax assets may be analysed as follows:

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Property, plant and equipment	190,823	213,114	0.09	0.11
Other provisions	2,113,832	1,866,335	0.95	0.96
	2,304,655	2,079,449	1.03	1.08

13 Trade and other payables

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Trade payables	18,514,765	14,340,229	8.31	7.39
Amount due to related party (refer note 17)	873,236	902,953	0.39	0.47
Accruals	2,022,363	2,472,121	0.91	1.27
Audit fee provision	568,939	492,242	0.26	0.25
Bonus provision	2,434,711	2,153,820	1.09	1.11
Leave pay provision	1,035,042	946,050	0.46	0.49
Other payables	478,925	442,927	0.21	0.23
	25,927,981	21,750,342	11.64	11.21

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

14 Borrowings

Related party (refer note 17)

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
- Non-current portion	0	2,272,599	0.00	1.17
- Current portion	2,371,845	7,823,834	1.06	4.03
	2,371,845	10,096,433	1.06	5.20

The loan is unsecured. The non-current portion of the loan is repayable in four years and bears interest 10.5%. The current portion of the loan is repayable within 12 months and bears interest at a rate of 10.5% (2015: 9.25%).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Maturity of borrowings

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Due within 1 year	2,371,845	7,823,834	1.06	4.03
Due within 2 – 5 years	–	2,272,599	–	1.17
	2,371,845	10,096,433	1.06	5.20

15 Share-based payments

Marico Limited granted senior management of Marico South Africa Proprietary Limited a STAR grant bonus in respect of the share appreciation rights scheme.

The liability in respect of the share appreciation rights scheme is to be settled by Marico South Africa Proprietary Limited. The value is determined by the market price of Marico Limited equity shares and no minimum guarantee amount is provided.

The STAR grant value on maturity will be computed in INR and will be converted at the prevalent exchange rate as decided by Marico Group Corporate Finance Function, and paid to senior management in the currency of location of senior management.

Award price Indian Rupee (INR)	Date Rights Awarded	Rights Awarded	Vesting Date	Rights Exercisable at 31 March, 2016
104.5	01-Dec-13	58,400	30-Nov-16	–

The share price at 31 March, 2016 used to compute the share option liability in INR 243.

During the current year, there was a bonus share issue where for every one share held, the holder of that share would receive another bonus share

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Current portion	1,410,568	992,670	0.63	0.51
Non-current portion	83,560	447,155	0.04	0.24
	1,494,128	1,439,825	0.67	0.75

16 Cash flow from operating activities

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Operating profit	7,188,224	9,854,096	3.22	5.08
Adjusted for:				
Non-cash items				
Depreciation	576,087	650,620	0.24	0.34
Impairment of intangible asset	–	12,597	–	0.01
Share-based payment expense	54,303	1,228,409	0.02	0.63
Loss on disposal of property, plant and equipment	5,526	80,631	0.00	0.04
Operating profit before working capital changes:				

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Increase in trade and other receivables	(3,035,608)	(3,239,307)	(1.36)	(1.67)
Increase in inventories	(4,568,433)	(995,892)	(2.05)	(0.51)
Increase in trade and other payables	4,177,639	315,908	1.87	0.16
	4,397,738	7,907,062	1.96	4.07

17 Related party transactions

Transactions with related parties:

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

Finance costs (refer note 4.2):

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Marico South Africa Consumer Care Proprietary Limited	646,429	1,286,924	0.29	0.66
Director's emoluments				
J Mason	4,248,058	3,454,645	1.91	1.78
J Nieuwenhuys	2,127,969	1,606,315	0.95	0.83
	6,376,027	5,060,960	2.86	2.61
Technical support				
-Marico Limited	1,057,608	987,232	0.47	0.51

Amounts due to related parties

Amounts due to holding company (refer note 14):

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Marico South Africa Consumer Care Proprietary Limited	2,371,845	10,096,433	1.06	5.20
Included in trade payables (refer note 13):				
Marico Limited	873,236	902,953	0.39	0.47

18 Commitments

Operating lease commitments

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

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
- Within 1 year	482,003	2,930,298	0.22	1.51
- Between 2 and 5 years	-	560,062	-	0.29
- Over 5 years	-	-	-	-
	482,003	3,490,360	0.22	1.80

19 Financial risk management

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

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

Financial assets**Loans and receivables:**

Assets as per the statement of financial position

Particulars	2016	2015	2016	2015
	R	R	₹ Crore	₹ Crore
Trade and other receivables (refer note 9)	25,255,573	22,219,965	11.33	11.45
Cash and cash equivalents (refer note 10)	7,494,275	13,533,564	3.36	6.97
	32,749,848	35,753,529	14.69	18.42
Financial liabilities				
Financial liabilities at amortised cost:				
Liabilities as per the statement of financial position				
Interest bearing liabilities (refer note 14)	2,371,845	10,096,433	1.06	5.20
Trade and other payables (refer note 13)	21,979,303	18,207,545	9.86	9.38
	24,351,148	28,303,978	10.92	14.58

MARICO MALAYSIA SDN. BHD.

Board of Directors	Mr. Pawan Agrawal	Director
	Mr. Rohit Saraogi	Director
	Mr. Vivek Karve	Director
	Mr. Datuk Chin Chee Kee	Director
	Mr. Poh Shioh Mei	Director

Registered Office Ground Floor, Lot 7, Block F,
Saguking Commercial Building,
Jalan Patau 87000,
Labuan F.T. Malaysia

Auditors M/s Sundar & Associates

Bankers HSBC Bank Malaysia Berhad
Public Bank

DIRECTOR'S REPORT

The directors have pleasure in submitting their report and the audited financial statements for the financial year ended March 31, 2016.

Principal activities

The principal activity of the Company is as distributor of perfumery, cosmetics, toiletries and related beauty products. The Company ceased business operation in the financial year 2015.

Financial results

	RM
Loss after taxation	<u>34,413</u>

Dividends

No dividend has been paid or declared by the Company since the end of previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year.

Issue of shares and debentures

The Company did not issue any shares or debentures during the financial year.

Directorate

The directors in office since the date of last report are:-

DATUK CHIN CHEE KEE, JP
 ROHIT SARAOGI
 POH SHIOW MEI (F)
 PAWAN AGRAWAL
 SRIDHAR BALAKRISHNAN (Resigned w.e.f 1/6/2015)
 VIVEK ANANT KARVE

None of the directors held any interest in the shares of the Company during the financial year.

Directors' benefits

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party whereby the directors might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the end of the previous financial period, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statement) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

Other statutory information

- (a) Before the income statement and balance sheet were made out, the directors took reasonable steps
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making

of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and

- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances :
- (i) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Company; and
 - (ii) which would render the values attributed to current assets in the financial statements of the Company misleading, or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person.
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.
- (e) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.
- (f) In the opinion of the directors,
- (i) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature;
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the current financial year.

Ultimate holding company

The directors regard Marico Limited, a company incorporated in India as the ultimate holding company of the Company.

Auditors

Messrs. Sundar & Associates have indicated their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance
with a resolution of the Directors dated

ROHIT SARAOGI

Director

PAWAN AGRAWAL

Director

Statement by directors

Pursuant to Section 169 (15) of the Companies Act, 1965

We, **Rohit Saraogi** and **Pawan Agrawal**, being two of the directors of **MARICO MALAYSIA SDN. BHD.**, do hereby state that, in the opinion of the directors, the accompanying balance sheet and statements of income, cash flows and changes in equity are drawn up in accordance with Private Entity Reporting Standards issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2016 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board of Directors in accordance
with a resolution of the Directors dated

ROHIT SARAOGI

Director

PAWAN AGRAWAL

Director

Statutory declaration

I **Rohit Saraogi** being the director primarily responsible for the accounting records and financial management of **MARICO MALAYSIA SDN. BHD.**, do solemnly and sincerely declare that the accompanying balance sheet and statements of income, cash flows and changes in equity are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at)
 this)

ROHIT SARAOGI

Before me,

INDEPENDENT AUDITOR'S REPORT

To the Members of

MARICO MALAYSIA SDN. BHD. (881499-V)

Report on the Financial Statements

We have audited the financial statements of MARICO MALAYSIA SDN. BHD. which comprise the balance sheet as at 31 March, 2016, and the income statement, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 16.

Director's Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are 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 approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March, 2016 and of its financial performance and cash flows for the period then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act, to be kept by the Company, have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SUNDAR & ASSOCIATES

AF No: 1127

Chartered Accountants (M)

Petaling Jaya

Date : 28 June, 2016

SUNDARASAN A/L ARUMUGAM

1876/02/16(J/PH)

Chartered Accountant (M)

BALANCE SHEET

As at March 31, 2016

Particulars	Notes	As at March 31,			
		2016 RM	2015 RM	2016 ₹ Crore	2015 ₹ Crore
Current assets					
Other receivables and deposits	6	175,000	175,000	0.30	0.30
Cash and bank balances		115,759	155,172	0.20	0.26
		290,759	330,172	0.50	0.56
Current liabilities					
Trade payables		140,575	140,575	0.24	0.24
Other payables and accrued liabilities	7	5,000	10,000	0.01	0.02
		145,575	150,575	0.25	0.26
Net current assets					
		145,184	179,597	0.25	0.30
		145,184	179,597	0.25	0.30
Financed by :					
Share capital	8	17,660,240	17,660,240	30.00	29.80
Accumulated losses		(17,515,056)	(17,480,643)	(29.76)	(29.50)
		145,184	179,597	0.25	0.30

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

Note: The exchange rate use to convert MYR to Rs.16.989 (Previous year MYR to Rs.16.875)

INCOME STATEMENT

For the year ended March 31, 2016

Particulars	Notes	Year ended March 31,			
		2016 RM	2015 RM	2016 ₹ Crore	2015 ₹ Crore
Revenue	3(i)	–	1,039,081	–	1.75
Cost of sales		–	(1,331,918)	–	(2.25)
Gross loss		–	(292,837)	–	(0.50)
Other income		4,553	277,378	0.01	0.47
Staff costs		–	(65,554)	–	(0.11)
Depreciation		–	(2,518)	–	(0.01)
Other operating expenses		(38,966)	(930,733)	(0.07)	(1.57)
Operating loss		(34,413)	(1,014,264)	(0.06)	(1.71)
Finance cost		–	(80,361)	–	(0.14)
Loss before taxation	4	(34,413)	(1,094,625)	(0.06)	(1.85)
Taxation	5	–	–	–	–
Loss after taxation		(34,413)	(1,094,625)	(0.06)	(1.85)

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

Note: The exchange rate use to convert MYR to ₹16.989 (Previous year MYR to ₹16.875)

STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2016

Particulars	Share	Accumulated	Total	Share	Accumulated	Total
	capital	loss		capital	loss	
	RM	RM	RM	₹ Crore	₹ Crore	₹ Crore
Balance as at 01 April, 2015	17,660,240	(17,480,643)	179,597	30.00	(29.70)	0.30
Loss after taxation	–	(34,413)	(34,413)	-	(0.06)	(0.06)
Balance as at 31 March, 2016	<u>17,660,240</u>	<u>(17,515,056)</u>	<u>145,184</u>	<u>30.00</u>	<u>(29.76)</u>	<u>0.24</u>
Balance as at 01 April, 2014	17,660,240	(16,386,018)	1,274,222	29.80	(27.65)	2.15
Loss after taxation	–	(1,094,625)	(1,094,625)	-	(1.85)	(1.85)
Balance as at 31 March, 2015	<u>17,660,240</u>	<u>(17,480,643)</u>	<u>179,597</u>	<u>29.80</u>	<u>(29.50)</u>	<u>0.30</u>

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

Note: The exchange rate use to convert MYR to ₹16.989 (Previous year MYR to ₹16.875)

CASH FLOW STATEMENT

For the year ended March 31, 2016

Particulars	Year ended March 31,			
	2016 RM	2015 RM	2016 ₹ Crore	2015 ₹ Crore
Cash flows from operating activities				
Loss before taxation	(34,413)	(1,094,625)	(0.06)	(1.85)
Adjustments for:				
- Loss on disposal of intangible asset, plant and equipment	—	244,275	—	0.41
- Depreciation on plant and equipment	—	2,518	—	0.00
- Plant and equipment written off	—	5	—	0.00
- Loan interest	—	80,361	—	0.14
Operating loss before working capital changes	(34,413)	(767,466)	(0.06)	(1.30)
Working capital :				
- Inventories	—	206,677	—	0.35
- Trade receivables	—	1,620,909	—	2.74
- Other receivables and deposits	—	33,070	—	0.06
- Trade payables	—	79,535	—	0.13
- Other payables and accrued liabilities	(5,000)	(1,870,602)	(0.00)	(3.16)
- Amount due to ultimate holding company	—	(581,871)	—	(0.98)
- Amount due to holding company	—	(3,280,368)	—	(5.54)
Cash absorbed by operations	(39,413)	(4,560,116)	(0.06)	(7.70)
Loan interest	—	(80,361)	—	(0.14)
Net cash flows from operating activities	(39,413)	(4,640,477)	(0.06)	(7.84)
Cash flow from investing activities				
Proceed from disposal of intangible asset, plant and equipment	—	9,231,001	—	15.58
Net cash flow from investing activities	—	9,231,001	—	15.6
Cash flows from financing activities				
Proceeds from bills payable	—	—	—	—
Repayment of bills payable	—	(368,000)	—	(0.62)
Short-term borrowings	—	(3,272,487)	—	(5.52)
Net cash flow from financing activities	—	(3,640,487)	—	(6.14)
Net increase / (decrease) in cash and cash equivalents	(39,413)	950,037	(0.06)	1.60
Cash and cash equivalents brought forward	155,172	(794,865)	0.26	(1.34)
Cash and cash equivalents carried forward	115,759	155,172	0.20	0.26
Breakdown of cash and cash equivalents carried forward				
Cash and bank balances	115,759	155,172	0.20	0.26
Bank overdraft	—	—	—	—
	115,759	155,172	0.20	0.26

The annexed notes form an integral part of these financial statements

Note: The exchange rate use to convert MYR to ₹ 16.989 (Previous year MYR to ₹16.875)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Room A, Ground Floor, Lot 7, Block F, Saguking Commercial Building, Jalan Patau-Patau, 87000 Labuan Ft.

The principal activity of the Company is as distributor of perfumery, cosmetics, toiletries and related beauty products. The Company ceased business operation in the financial year 2015.

The Company has no employees at the end of the financial year (2015: NIL).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

2. Basic of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and the applicable Private Entity Reporting Standards issued by the Malaysian Accounting Standards Board.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies (Note 3).

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and the applicable Private Entity Reporting Standards issued by the Malaysian Accounting Standards Board requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia (RM).

3. Significant accounting policies

(i) Revenue recognition

There is no revenue recognised as the Company has ceased its business operations.

(ii) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity.

(iii) Provisions

Provisions are recognised when the Company has a present legal and constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

(iv) Cash and cash equivalents

Cash comprises of cash and bank balances. Cash equivalents comprises of investments maturing within three months from the date of acquisition and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value.

(v) Receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on review of all outstanding amounts at the year end.

(vi) Payables

Payables are stated at cost which is the consideration to be paid in the future for products and services received.

(vii) Currency conversion

Transactions in foreign currencies are translated to Malaysian Ringgit at rates of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement.

The principal closing rates used in translation of foreign currency amount are as follows:

Particulars	2016	2015
	RM	RM
United States Dollar	3.9220	3.7165
Singapore Dollar	2.9023	2.6997

(viii) Borrowings

Borrowings are reported at their face value.

All borrowing costs are charged to the income statement in the period in which they are incurred.

4. Loss before taxation

Loss before taxation is stated after charging:-

Particulars	2016	2015	2016	2015
	RM	RM	₹ Crore	₹ Crore
Auditors' remuneration	3,000	4,000	0.01	0.01
Loss on foreign exchange – realised	–	259,601	–	0.44
Loss on disposal of intangible asset, plant and equipment	–	244,275	–	0.41
Loan interest	–	80,361	–	0.14
Directors' remuneration	–	41,874	–	0.07
Rental of office	–	14,000	–	0.02
Plant and equipment written off	–	5	–	0.00
And crediting :-				
- Gain on foreign exchange – unrealised	4,553	–	0.01	–
- Gain on foreign exchange – realised	–	277,229	–	0.47
- Interest income	–	149	–	0.00

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

5. Taxation

Tax charge for the year is as follows:

Particulars	2016	2015	2016	2015
	RM	RM	₹ Crore	₹ Crore
Provision for the year	–	–	–	–

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

Particulars	2016	2015	2016	2015
	RM	RM	₹ Crore	₹ Crore
Loss before taxation	(34,413)	(1,094,625)	(0.06)	(1.85)
Tax at Malaysian statutory tax rate of 25%	(8,603)	(273,656)	(0.01)	(0.46)
Non-taxable income	(1,138)	–	(0.00)	–
Expenses not deductible for tax purposes	9,741	2,040	0.02	0.00
Deferred tax assets not recognised	–	271,616	–	0.46
Tax expense for the year	–	–	–	–

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

Particulars	2016	2015	2016	2015
	RM	RM	₹ Crore	₹ Crore
Unutilised tax losses	9,818,893	9,818,893	16.68	16.57
Unutilised capital allowances	7,294,877	7,294,877	12.39	12.31
	17,113,770	17,113,770	29.07	28.88

6. Other receivables and deposits

Particulars	2016	2015	2016	2015
	RM	RM	₹ Crore	₹ Crore
Deposits	175,000	175,000	0.30	0.30

7. Other payables and accrued liabilities

Particulars	2016	2015	2016	2015
	RM	RM	₹ Crore	₹ Crore
Accrued expenses	5,000	10,000	0.01	0.02

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

8. Share capital

Particulars	2016		2015		2016		2015	
	Number of shares		RM		RM		Rs Crores	
Authorised :								
- Ordinary shares of RM 1/- each	24,000,000	24,000,000	24,000,000	24,000,000			40.77	40.50
- Redeemable Preference shares of RM 1/- each	1,000,000	1,000,000	1,000,000	1,000,000			1.70	1.69
	25,000,000	25,000,000	25,000,000	25,000,000			42.47	42.19
Issued and fully paid :								
- Ordinary shares of RM1/- each	17,660,240	17,660,240	17,660,240	17,660,240			30.00	29.80

9. Deferred tax assets

No deferred tax asset is recognised for the following items:

Particulars	Plant and equipment			
	2016	2015	2016	2015
	RM	RM	₹ Crore	₹ Crore
Unabsorbed tax capital allowances	9,818,893	9,818,893	16.68	16.57
Unutilised tax losses	7,294,877	7,294,877	12.39	12.31
	17,113,770	17,113,770	29.07	28.88

INTERNATIONAL CONSUMER PRODUCT CORPORATION

Business Registration Certificate No.	No. 4602001139 dated 13 July, 2004 issued by the Department of Planning and Investment of Binh Duong Province.	
Investment Certificate	No. 460235000802 dated 11 February, 2011. The third amended Investment Certificate No. 462035000802 dated 15 May, 2015 was issued by the Board of Management of Industrial Park of Binh Duong Province for a period of 34 years from the date of initial Investment Certificate No. 462035000802 dated 11 February, 2011.	
Board of Management	Mr. Saugata Gupta	Chairman
	Mr. Ashutosh Telang	Member
	Mr. Nikhil P. Narkhede	Member
	Mr. Ashish Joshi	Member
	Mr. Luong Huu Khanh	Member
	Mr. Vivek Karve	Member (From 30 July, 2015)
	Mr. Nguyễn Ngọc Anh Tuấn	Member (From 30 July, 2015)
	Mr. Madan Mohan Pandey	Member (Upto 20 December, 2015)
	Mr. Chaitanya Deshpande	Member (Upto 30 July, 2015)
	Mr. Phan Quoc Cong	Member (Upto 24 April, 2015)
Board of Directors	Mr. Ashish Joshi	Chief Operating Officer
	Mr. Luong Huu Khanh	General Director
	Mr. Nguyen Ngoc Anh Tuan	Deputy General Director
	Mr. Nikhil P. Narkhede	Deputy General Director
	Mr. Nguyen Bui Vinh Hy	Deputy General Director (From 18 January, 2016)
	Mr. Dang Thu Ha	Deputy General Director (From 2 November, 2015)
	Mr. Vu Hoang Quoc Tuan	Deputy General Director (Upto 30 June, 2015)
Legal representative	Mr. Luong Huu Khanh	General Director
Registered office	No. 3, 5th Street, Song Than 1 Industrial Zone, Di An Town, Binh Duong Province, Vietnam.	
Representative Office	28th Floor, Pearl Plaza, 561A Dien Bien Phu Street. Ward 25, Bin Thanh District, Ho Chi Minh City.	
Auditor	PricewaterhouseCoopers (Vietnam) Limited	

INDEPENDENT AUDITOR'S REPORT TO SHAREHOLDERS OF INTERNATIONAL CONSUMER PRODUCTS CORPORATION

We have audited the accompanying separate financial statements of International Consumer Products Corporation ("the Company") which were prepared on 31 March, 2016 and approved by the Board of Directors on 12th May, 2016. The separate financial statements comprise the balance sheet as at 31 March, 2016, the income statement, the cash flow statement for the year then ended and explanatory notes to the separate financial statements including significant accounting policies, as set out on pages 5 to 33.

The Board of Directors' Responsibility for the separate Financial Statement.

The Board of Directors of the Company is responsible for the preparation and the true and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements and for such internal control which the Board of Directors determines is necessary to enable the preparation and fair presentation of separate 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 the separate 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 standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the separate 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 true and fair presentation of the separate 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 Board of Directors, as well as evaluating the overall presentation of the separate financial statements.

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

Auditor's Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 March, 2016, its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements.

For and on behalf of PricewaterhouseCoopers (Vietnam) Ltd.

Richard Peters

Audit Practising Licence No. 0561-2013-006-1

Authorised signatory

Cao Thi Ngoc Loan

Audit Practising Licence No. 3030-2014-006-1

Report reference number: HCM5448

Ho Chi Minh City, 12 May, 2016

As indicated in Note 2.1 to the separate financial statements, the accompanying separate financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices.

INTERNATIONAL CONSUMER PRODUCT CORPORATION

BALANCE SHEET

As at March 31, 2016

Particulars	Note	As at March 31,			
		2016 VND	2015 VND	2016 ₹ Crore	2015 ₹ Crore
ASSETS					
CURRENT ASSETS		230,295,657,834	137,727,882,843	68.40	39.94
Cash and cash equivalents	3	3,471,853,846	2,746,828,903	1.03	0.80
Cash		3,471,853,846	2,746,828,903	1.03	0.80
Short-term investments		87,660,000,000	-	26.04	-
Investments held-to-maturity	4(a)	87,660,000,000	-	26.04	-
Short-term receivables		60,816,170,343	38,172,469,247	18.06	11.07
Short-term trade accounts receivable	5	49,432,626,360	26,284,256,528	14.68	7.62
Short-term prepayments to suppliers	6	9,177,433,561	9,899,142,580	2.73	2.87
Other short-term receivables		2,206,110,422	1,989,070,139	0.66	0.58
Inventories	7	76,698,313,827	95,586,777,141	22.78	27.72
Inventories		84,986,871,805	100,714,600,648	25.24	29.21
Provision for decline in value of inventories		(8,288,557,978)	(5,127,823,507)	(2.46)	(1.49)
Other current assets		1,649,319,818	1,221,807,552	0.49	0.35
Short-term prepaid expenses		1,101,540,919	836,955,500	0.33	0.24
Tax and other receivables from the State Budget		547,778,899	384,852,052	0.16	0.11
LONG-TERM ASSETS		160,044,273,312	166,782,317,825	47.53	48.37
Long-term receivables		1,415,216,136	-	0.42	-
Other long-term receivables		1,415,216,136	-	0.42	-
Fixed assets		25,918,946,569	22,729,022,887	7.70	6.59
Tangible fixed assets	9(a)	21,630,277,995	18,014,528,776	6.42	5.23
Cost		53,817,625,572	47,402,639,310	15.98	13.75
Accumulated depreciation		(32,187,347,577)	(29,388,110,534)	(9.56)	(8.52)
Intangible fixed assets	9(b)	4,288,668,574	4,714,494,111	1.27	1.37
Cost		17,395,800,529	16,580,258,459	5.17	4.81
Accumulated amortisation		(13,107,131,955)	(11,865,764,348)	(3.89)	(3.44)
Investment properties	10	22,058,852,272	22,058,852,272	6.55	6.40
Cost		23,843,388,652	23,843,388,652	7.08	6.91
Accumulated amortisation		(1,784,536,380)	(1,784,536,380)	(0.53)	(0.52)
Long-term assets in progress		458,332,247	3,162,939,979	0.14	0.92
Construction in progress	11	458,332,247	3,162,939,979	0.14	0.92
Long-term investments		96,630,297,308	116,430,297,308	28.70	33.76
Investments in subsidiaries	4(b)	96,630,297,308	116,430,297,308	28.70	33.76
Other long-term assets		13,562,628,780	2,401,205,379	4.03	0.70
Long-term prepaid expenses	8	7,032,832,519	795,871,959	2.09	0.23
Deferred income tax assets	16	6,529,796,261	1,605,333,420	1.94	0.47
TOTAL ASSETS		390,339,931,146	304,510,200,668	115.93	88.31

The notes on pages 9 to 32 are an integral part of these separate financial statements.

Note: The exchange rate use to convert VND to ₹ 0.00297 (Previous year VND to ₹ 0.00290)

INTERNATIONAL CONSUMER PRODUCT CORPORATION

BALANCE SHEET

As at March 31, 2016

Particulars	Note	As at March 31,			
		2016 VND	2015 VND	2016 ₹ Crore	2015 ₹ Crore
LIABILITIES		174,861,194,523	227,921,297,740	51.93	66.10
Short-term liabilities		170,483,211,156	225,856,168,740	50.63	65.50
Short-term trade accounts payable	12	46,067,097,934	33,590,367,021	13.68	9.74
Short-term advances from customers		9,116,606,325	1,907,478,379	2.71	0.55
Tax and other payables to the State Budget	13	8,717,470,254	7,023,826,533	2.59	2.04
Payables to employees		109,959,959	29,217,080	0.03	0.01
Short-term accrued expenses	14	82,652,441,604	39,439,995,576	24.55	11.44
Other short-term payables		3,996,435,637	3,436,888,066	1.19	1.00
Short-term borrowings	15	19,823,199,443	140,428,396,085	5.89	40.72
Long-term liabilities		4,377,983,367	2,065,129,000	1.30	0.60
Provision for long-term liabilities		4,377,983,367	2,065,129,000	1.30	0.60
OWNERS' EQUITY		215,478,736,623	76,588,902,928	64.00	22.21
Capital and reserves		215,478,736,623	76,588,902,928	64.00	22.21
Owners' capital	17, 18	112,177,600,000	112,177,600,000	33.32	32.53
- Ordinary shares with voting rights		112,177,600,000	112,177,600,000	33.32	32.53
Share premium	18	112,213,880,000	112,213,880,000	33.33	32.54
Treasury shares	18	(654,025,036,149)	(654,025,036,149)	(194.25)	(189.67)
Undistributed earnings	18	645,112,292,772	506,222,459,077	191.60	146.80
- Undistributed post-tax profits accumulated by the end of previous years		506,222,459,077	349,335,328,891	150.35	101.31
- Undistributed post-tax profits of the current year		138,889,833,695	156,887,130,186	41.25	45.50
TOTAL RESOURCES		390,339,931,146	304,510,200,668	115.93	88.31

Do Thi Thuy Hang
Prepaper

Huynh Anh Dung Thanh
Chief accountant

Luong Huu Khanh
General Director
12 May, 2016

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

Note: The exchange rate use to convert VND to ₹ 0.00297 (Previous year VND to ₹ 0.00290)

INTERNATIONAL CONSUMER PRODUCT CORPORATION

INCOME STATEMENT

For the year ended March 31, 2016

Particulars	Note	Year ended March 31,			
		2016 VND	2015 VND	2016 ₹ Crore	2015 ₹ Crore
Sales		1,064,049,482,491	989,779,511,904	316.03	287.05
Less deductions		(5,021,055,823)	(13,096,916,160)	(1.48)	(3.80)
Net sales	20	1,059,028,426,668	976,682,595,744	314.53	283.25
Cost of sales	21	(431,561,430,827)	(417,696,854,542)	(128.17)	(121.13)
Gross profit		627,466,995,841	558,985,741,202	186.37	162.11
Financial income	22	31,650,718,274	4,004,376,386	9.41	1.16
Financial expenses	23	(3,029,335,599)	(6,611,549,274)	(0.90)	(1.92)
- Including: Interest expenses		(2,084,487,512)	(6,159,432,613)	(0.62)	(0.01)
Selling expenses	24	(390,428,151,507)	(314,351,987,811)	(115.96)	(91.16)
General and administration expenses	25	(101,526,666,770)	(53,725,197,978)	(30.15)	(15.58)
Net operating profit		164,133,560,239	188,301,382,525	48.75	54.61
Other income		1,078,966,403	515,539,541	0.32	0.15
Other expenses		(398,731,432)	(256,396,914)	(0.12)	(0.07)
Net other income		680,234,971	259,142,627	0.20	0.08
Net accounting profit before tax		164,813,795,210	188,560,525,152	48.95	54.68
Business income tax - current	26	(30,848,424,356)	(32,306,124,414)	(9.16)	(9.37)
Business income tax - deferred	16, 26	4,924,462,841	632,729,448	1.46	0.18
Net profit after tax		138,889,833,695	156,887,130,186	41.25	45.50

Do Thi Thuy Hang

Prepaper

Huynh Anh Dung Thanh

Chief accountant

Luong Huu Khanh

General Director

12 May, 2016

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

Note: The exchange rate use to convert VND to ₹ 0.00297 (Previous year VND to ₹ 0.00290)

CASH FLOW STATEMENT (INDIRECT METHOD)

For the year ended March 31, 2016

Particulars	Note	Year ended March 31,			
		2016 VND	2015 VND	2016 ₹ Crore	2015 ₹ Crore
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit before tax		164,813,795,210	188,560,525,152	48.95	54.68
Adjustments for:					
Depreciation and amortisation	9	5,951,065,373	6,240,070,980	1.77	1.81
Provisions/(reversal) of provisions		5,473,588,838	(856,901,230)	1.63	(0.25)
Unrealised foreign exchange (gains)/losses	22, 23	(354,720,252)	11,970,400	(0.11)	0.01
Profits from investing activities	22	(30,828,634,601)	(3,729,846,316)	(9.16)	(1.08)
Interest expense	23	2,084,487,512	6,159,432,613	0.62	1.79
Operating profit before changes in working capital		147,139,582,080	196,385,251,599	43.70	56.95
Increase in receivables		(22,715,907,274)	(1,073,671,731)	(6.75)	(0.31)
Decrease/(increase) in inventories		15,727,728,843	(7,018,520,421)	4.67	(2.04)
Increase/(decrease) in payables		64,040,284,004	(7,030,929,630)	19.02	(2.04)
(Increase)/decrease in prepaid expenses		(6,501,545,979)	586,690,331	(1.93)	0.17
Interest paid		(2,084,487,512)	(6,134,126,612)	(0.62)	(1.78)
Business income tax paid	13	(29,460,445,872)	(36,199,094,821)	(8.75)	(10.50)
Net cash inflows from operating activities		166,145,208,290	139,515,598,715	49.35	40.46
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of fixed assets and other long-term assets		(6,436,381,323)	(9,320,082,380)	(1.91)	(2.70)
Investments in term deposit at banks		(87,660,000,000)	-	(26.04)	-
Collection of term deposits at banks		-	63,650,000,000	-	18.46
Proceeds from divestment in other entities		49,257,399,278	2,000,000	14.63	0.00
Interest received		16,613,029	7,999,889,577	0.00	2.32
Net cash (outflows)/inflows from investing activities		(44,822,369,016)	62,331,807,197	(13.31)	18.08
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments for share repurchases		-	(654,025,036,149)	-	(189.67)
Proceeds from borrowings		-	244,375,949,262	-	70.87
Repayments of borrowings		(120,605,196,642)	(103,947,553,177)	(35.82)	(30.14)
Net cash outflows from financing activities		(120,605,196,642)	(513,596,640,064)	(35.82)	(148.94)

CASH FLOW STATEMENT (INDIRECT METHOD)

For the year ended March 31, 2016

Particulars	Note	Year ended March 31,			
		2016 VND	2015 VND	2016 ₹ Crore	2015 ₹ Crore
Net increase/(decrease) in cash and cash equivalents		717,642,632	(311,749,234,152)	0.21	(90.41)
Cash and cash equivalents at beginning of year	3	2,746,828,903	314,495,994,766	0.82	91.20
Effect of foreign exchange differences		7,382,311	68,289	0.00	0.00
Cash and cash equivalents at end of year	3	3,471,853,846	2,746,828,903	1.03	0.80

Do Thi Thuy Hang
Prepaper

Huynh Anh Dung Thanh
Chief accountant

Luong Huu Khanh
General Director
12 May, 2016

The notes on pages 9 to 30 are an integral part of these financial statements.

Note: The exchange rate use to convert VND to ₹ 0.00297 (Previous year VND to ₹ 0.00290)

NOTES TO THE SEPARATE ENTITY FINANCIAL STATEMENTS

For the year ended March 31, 2016

1 GENERAL INFORMATION

International Consumer Products Corporation (“the Company”) was established in SR Vietnam pursuant to Business Registration Certificate No. 4602001139 issued by the Department of Planning and Investment of Binh Duong Province on 13 July, 2004 and the following amended Business Registration Certificates and Investment Certificates:

<i>Business Registration Certificate No.</i>	<i>Date</i>
4603000346 - Initial registration	9 May, 2007
4603000346 – 1st amendment	22 June, 2007
4603000346 – 2nd amendment	5 October, 2007
4603000346 – 3rd amendment	13 November, 2007
4603000346 – 4th amendment	25 March, 2008
4603000346 – 5th amendment	4 July, 2008
3700579324 – 6th amendment	28 December, 2009
3700579324 – 7th amendment	7 April, 2010
<i>Investment Certificate No.</i>	<i>Date</i>
462035000802 - Initial registration	11 February, 2011
462035000802 – 1st amendment	29 September, 2011
462035000802 – 2nd amendment	7 April, 2014
462035000802 – 3rd amendment	15 May, 2015

The principal activities of the Company are to produce cosmetics and perform the rights to import, export and distribute cosmetics, cosmetic materials and food products.

The normal business cycle of the Company is 12 (twelve) months.

As at 31 March, 2016, the Company has 1 direct subsidiary as presented in Note 4(b) - Investments in subsidiaries of the separate financial statements.

As at 31 March, 2016, the Company had 368 employees (2015: 401 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation of separate financial statements**

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements. The separate financial statements have been prepared under the historical cost convention.

The accompanying separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

Users of these separate financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries (“the Group”) as at and for the year ended 31 March, 2016 in order to obtain full information of the financial position, results of operations and cash flows of the Group as a whole.

2.2 Significant changes in the Company’s accounting policies applied

On 22 December, 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC (“Circular 200”) – Providing guidance on Corporate Accounting System replacing Decision No. 15/2006/QD-BTC dated 20 March, 2006 (“Decision 15”) and Circular No. 244/2009/TT-BTC dated 31 December, 2009. Circular 200 is applicable to fiscal years beginning on or after 1 January, 2015.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended March 31, 2016**

The Company applied prospectively the changes in accounting policies under Circular 200 as follows:

- Transactions in foreign currencies and translations of assets and liabilities dominated in foreign currencies - Note 2.4.

Under Decision 15, transactions arising in foreign currencies are translated at the exchange rates ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date.

According to Circular 200, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the bank where the Company regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the bank where the Company opens the foreign currency accounts.

- Investments - Note 4.

According to Circular 200, the Company is required to disclose the fair value of the investments. In case the Company cannot determine the fair values of investments, the Company needs to disclose the reasons in Notes to the separate financial statements.

- Investments properties held for price appreciation - Note 10.

According to Circular 200, the Company does not continue making depreciation for the investment properties held for price appreciation and is not required to reverse all accumulated depreciation costs made in the previous periods.

- Provision for dismantling and restoration costs - Note 2.17.

In accordance with Circular 200, since 1 April, 2015, the Company is required to provide for dismantling and restoration costs of the Company's leased premises and land.

- Revenue recognition - Note 2.20.

According to Circular 200, revenue is recognised based on principle of "substance over form" and allocated to each sales obligation. In case that the Company gives promotional goods to customers associated with customers' purchases, the Company allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the income statement.

Certain comparative figures have been reclassified to conform with the presentation requirements under Circular 200. The details of such reclassifications were disclosed in Note 31.

2.3 Fiscal year

The Company's fiscal year is from 1 April to 31 March

2.4 Currency

The separate financial statements are measured and presented in Vietnamese Dong ("VND").

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the bank where the Company regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

exchange rate of the bank where the Company opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the income statement.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.6 Trade receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Directors of all outstanding amounts at the year end. Bad debts are written off when identified.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

2.8 Investments**(a) Investments held-to-maturity**

Investments held-to-maturity are investments which the Company's Board of Directors has positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits and other held-to-maturity investments. Those investments are accounted for at cost less provision.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that part or whole of investment is uncollectible.

(b) Investments in subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are accounted for at cost less provision for diminution in value. Provision for diminution in value is made when there is an impairment of the investments.

2.9 Fixed assets**Tangible and intangible fixed assets**

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Depreciation/amortisation

Fixed assets are depreciated/amortised using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The depreciation/amortisation years applied for major fixed assets classes, are as follows:

Buildings	5 - 25 years
Machinery	5 - 10 years
Motor vehicles	3 - 6 years
Office equipment	3 - 8 years
Land use right	30 - 75 years
Copyright	4 years
Computer Software	4 - 8 years
Other intangible fixed assets	3 - 6 years

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

2.10 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.11 Investment properties

Cost of an investment property means the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the investment property at the time of its acquisition or completion of construction.

Amortisation

Investment properties are amortised on the straight-line method to write off the cost of the assets over their estimated useful lives. The amortisation year is as follows:

Land use rights	41 years
-----------------	----------

Investment properties held for price appreciation are not depreciated from 1 April, 2015 according to Circular 200. Impairment of investment properties held for price appreciation is recognised when there are objective evidences of impairment in the value of investment properties compared to the market price and impairment allowance can be estimated reliably. Impairment allowance is recorded to cost of sales.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the net book value and are recognised as income or expense in the income statement.

2.12 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the balance sheet and are mainly prepaid office renovation, office rental, tools and equipment already put to use. Prepaid expenses are recorded at historical cost and allocated to expenses using the straight line method over the allocation period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

2.13 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables are non-trade payables not relating to purchase of goods and services.

Payables are reclassified into short-term and long-term on the balance sheet based on remaining period from the balance sheet date to the maturity date.

2.14 Borrowing costs

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the income statement when incurred.

2.15 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid due to pending invoice or sufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.16 Provisions

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 has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

2.17 Provision for dismantling and restoration costs

In accordance with Circular 200, since 1 April, 2015, the Company is required to provide for dismantling and restoration costs of the Company's leased premises and land. This provision is measured at the present value of expenditures estimated to settle the dismantling and restoration obligation at the end of the lease term. The increase in the provision due to passage of time is recognised as interest expenses. The Company estimates the future value of the provision and recognises the expenses on the income statement on straight-line basis over the remaining lease period, starting from 1 April, 2015.

2.18 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Company. Pursuant to Law on Social Insurance, effective from 1 January, 2009, the Company is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment scheme, the Company is no longer required to provide for the service period after 1 January, 2009. However, provision for severance allowance as at 31 March, 2016 is determined based on the employees' number of years of service at the Company up to 31 December, 2008 and their average salary for the six-month period prior to the balance sheet date.

2.19 Share capital

Contributed capital of the shareholders is recorded according to actual amount contributed. Contributions from owners are recorded according to par value of the share.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended March 31, 2016**

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought-back by itself, but those are not cancelled and shall be re-issued in the period in accordance with the Law on securities.

Undistributed earnings record the Company's results (profit/loss) after business income tax at the reporting date.

2.20 Revenue recognition**(a) Sales of goods**

Revenue from the sale of goods is recognised in the income statement 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.

(b) Interest income

Interest income is recognised on an earned basis.

2.21 Sales deductions

Sales deductions include trade discounts and sales returns. Sales deductions incurred in the same period of sales of products, goods and services are recorded as deduction of revenue of the period

Sales deductions for the products, goods or services which are sold in the period, incurred after the balance sheet date but before the issuance of the separate financial statements are recorded as deduction of revenue of the period.

2.22 Cost of sales

Cost of goods sold are cost of finished goods, merchandises, materials sold during the period, and recorded on the basis of matching with revenue and on prudent concept.

2.23 Financial expense

Finance expenses are expenses incurred in the period for financial activities including expenses of lending and borrowing, losses from exchange rates.

2.24 Selling expenses

Selling expenses represent expenses that are incurred in process of selling products, goods, which mainly include salary expenses of sales staffs (salaries, wages, allowances,...); social insurance, medical insurance, labour union fees, unemployment insurance of sales staff; advertising expenses, marketing supporting fees, marketing and research costs; travelling expenses; expenses of office materials, tools and supplies; depreciation of fixed assets used for sales; rental fees; transportation and other cash expenses.

2.25 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs (salaries, wages, allowances,...); social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff; expenses of office materials, tools and supplies; depreciation of fixed assets used for administration; rental fees; utilities (electricity, water, telephone, fax, assets warranty, fire and explosive accidents insurance,...) and other cash expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

2.26 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits and the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.27 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering of related party relationship, the Company considers the substance of the relationship but not merely the legal form.

3 CASH AND CASH EQUIVALENTS

Particulars	2016 VND	2015 VND	2016 ₹ Crore	2015 ₹ Crore
Cash on hand	56,227,679	192,302,634	0.02	0.06
Cash at bank	3,415,626,167	2,554,526,269	1.01	0.74
	3,471,853,846	2,746,828,903	1.03	0.80

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

4 INVESTMENTS**a) Investments held-to-maturity**

Investments held-to-maturity are term deposits at banks with maturity of 6 months from the balance sheet date and earn interest rate from 5% to 6.1% per annum.

b) Investments in subsidiaries

2016

Name	The principal activities	Ownership and voting rights	Cost of VND	Fair value VND	Provision VND	Cost of ₹ Crore	Fair value	Provision ₹ Crore
Thuan Phat Foodstuff Joint Stock Company (ii)	Foodstuff	99.99%	96,630,297,308	(*)	-	28.70	(*)	-

2015

Name	The principal activities	Ownership and voting rights	Cost of VND	Fair value VND	Provision VND	Cost of ₹ Crore	Fair value	Provision ₹ Crore
Thuan Phat Foodstuff Joint Stock Company (ii)	Foodstuff	99.99%	96,630,297,308	(*)	-	28.02	(*)	-
Beauté Cosmétique Soci�t� Par Actions (i)	Cosmetics and cosmetic materials	99.00%	19,800,000,000	(*)	-	5.74	(*)	-
			116,430	297,308				-

(*) As at 31 March, 2016 and 31 March, 2015, the Company's investment in subsidiaries was not impaired, hence, no provision was required. Fair value of these investments were not available as their shares are not publicly traded.

- (i) Beaut  Cosm tique Soci t  Par Actions ("BCS"), a shareholding company, was established in accordance with Business Registration Certificate No. 4103010586 issued by the Department of Planning and Investment of Ho Chi Minh City on 12 June, 2008.

On 14 May, 2015, the Company divested its total share capital in BCS to another investor. As at 31 March, 2016, there is no investment in BCS.

- (ii) Thuan Phat Foodstuff Joint Stock Company ("Thuan Phat"), a shareholding company, was established in accordance with Business Registration Certificate No. 41030067667 issued by the Department of Planning and Investment of Ho Chi Minh City on 18 May, 2007.

As at 31 March, 2016, the Company owns 99.99% (2015: 99.99%) of share capital in this subsidiary.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Third parties(*)	37,474,615,855	18,328,664,484	11.12	5.31
Related parties (Note 29(b))	11,958,010,505	7,955,592,044	3.56	2.31
	49,432,626,360	26,284,256,528	14.68	7.62

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

(*) Details for customers accounting for 10% or more of the total short-term trade accounts receivable with third parties were as follows:

Particulars	2016		2015	
	VND	VND	₹ Crore	₹ Crore
Saigon Coop	13,814,113,073	2,776,043,121	4.09	0.81
EBS Vietnam Company Limited.	10,201,205,056	7,321,085,192	3.04	2.12

As at 31 March, 2016 and 31 March, 2015, there were no short-term trade accounts receivable that were past due or not past due but doubtful.

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

Particulars	2016		2015	
	VND	VND	₹ Crore	₹ Crore
Third parties	5,645,899,008	2,937,303,665	1.68	0.85
Related parties (Note 29(b))	3,531,534,553	6,961,838,915	1.05	2.02
	9,177,433,561	9,899,142,580	2.73	2.87

As at 31 March, 2016 and 31 March, 2015, there were no short-term prepayments to suppliers that were past due or not past due but doubtful and there is no balance accounting for 10% or more of the total short-term prepayments to suppliers with third parties.

7 INVENTORIES

Particulars	2016		2015		2016		2015	
	Cost	Provision	Cost	Provision	Cost	Provision	Cost	Provision
	VND	VND	VND	VND	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Finished goods	28,260,686,104	(4,088,357,372)	39,122,141,306	(1,514,209,405)	8.39	(1.21)	11.35	(0.44)
Raw materials	25,605,532,409	(541,847,357)	27,677,234,094	(1,927,676,487)	7.60	(0.16)	8.03	(0.56)
Tools and equipments	17,875,912,667	(1,913,866,374)	18,483,088,659	(1,444,393,183)	5.31	(0.57)	5.36	(0.42)
Merchandises	11,467,871,875	(1,744,486,875)	11,381,424,361	(241,544,432)	3.41	(0.52)	3.30	(0.07)
Goods in transit	1,612,876,257	-	3,213,152,350	-	0.48	-	0.93	-
Work in progress	163,992,493	-	837,559,878	-	0.05	-	0.24	-
	84,986,871,805	(8,288,557,978)	100,714,600,648	(5,127,823,507)	25.24	(2.46)	29.21	(1.49)

Movements in the provision for decline in value of inventories during the year were as follows:

Particulars	2016		2015	
	VND	VND	₹ Crore	₹ Crore
Opening balance	5,127,823,507.00	5,984,724,737.00	1.52	1.74
Increase (*)	3,160,734,471.00	-	0.94	-
Reversal(*)	-	(856,901,230.00)	-	(0.25)
Closing balance	8,288,557,978.00	5,127,823,507.00	2.46	1.49

(*) As at 31st March, 2016 and 31st March, 2015, The Company provides the provision of slow moving, non moving & expired inventories based on the guidance of the Group Accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

8. LONG-TERM PREPAID EXPENSES

Details of long-term prepayments are presented as follows:

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Office renovation	3,934,562,211	-	1.17	-
Office equipment	1,620,373,018	-	0.48	-
Others	1,477,897,290	795,871,959	0.44	0.23
	7,032,832,519	795,871,959	2.09	0.23

Movements in long-term prepaid expenses during the year were as follows:

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Opening balance	795,871,959	3,161,657,753	0.24	0.92
Increase	7,473,528,029	1,037,926,774	2.22	0.30
Transfers to intangible fixed assets	-	(2,011,801,815)	-	(0.58)
Allocation	(1,236,567,469)	(1,391,910,753)	(0.37)	(0.40)
Closing balance	7,032,832,519	795,871,959	2.09	0.23

Long-term prepaid expenses are allocated in a period of more than 12 months since the time of prepayment

9. FIXED ASSETS**a) Tangible fixed assets**

Particulars	Buildings	Machinery	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	
Historical cost					
At 1 April, 2015	4,767,728,182	34,354,985,770	3,418,805,717	4,861,119,641	47,402,639,310
New purchases	90,880,200	1,758,549,752	-	1,157,126,000	3,006,555,952
Transferred from CIP (Note 11)	1,047,883,852	3,621,056,337	-	649,950,844	5,318,891,033
Disposals	-	(506,505,866)	(1,042,030,104)	(361,924,753)	(1,910,460,723)
At 31 March, 2016	5,906,492,234	39,228,085,993	2,376,775,613	6,306,271,732	53,817,625,572
Accumulated depreciation					
At 1 April, 2015	(1,930,802,276)	(22,175,246,575)	(3,412,137,599)	(1,869,924,084)	(29,388,110,534)
Charge for the year	(205,666,129)	(3,828,280,388)	(5,982,609)	(669,768,640)	(4,709,697,766)
Disposals	-	506,505,866	1,042,030,104	361,924,753	1,910,460,723
At 31 March, 2016	(2,136,468,405)	(25,497,021,097)	(2,376,090,104)	(2,177,767,971)	(32,187,347,577)
Net book value					
At 1 April, 2015	2,836,925,906	12,179,739,195	6,668,118	2,991,195,557	18,014,528,776
At 31 March, 2016	3,770,023,829	13,731,064,896	685,509	4,128,503,761	21,630,277,995

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Particulars	Buildings	Machinery	Motor vehicles	Office equipment	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	
Historical cost					
At 1 April, 2015	1.42	10.20	1.02	1.44	14.08
New purchases	0.03	0.52	-	0.34	0.89
Transferred from CIP (Note 11)	0.31	1.08	-	0.19	1.58
Disposals	-	(0.15)	(0.31)	(0.11)	(0.57)
At 31 March, 2016	1.76	11.65	0.71	1.86	15.98
Accumulated depreciation					
At 1 April, 2015	(0.57)	(6.59)	(1.01)	(0.56)	(8.73)
Charge for the year	(0.06)	(1.14)	0.00	(0.20)	(1.40)
Disposals	0.00	0.15	0.31	0.11	0.57
At 31 March, 2016	(0.63)	(7.58)	(0.70)	(0.65)	(9.56)
Net book value					
At 1 April, 2015	0.84	3.62	0.00	0.89	5.35
At 31 March, 2016	1.12	4.08	0.00	1.23	6.42

Historical cost of fully depreciated tangible fixed assets as at 31 March, 2016 but still in use was VND25,745,670,414 (2015: VND19,290,310,194).

(b) Intangible fixed assets

Particulars	Land use right	Copyright	Computer Software	Others	Total
	VND	VND	VND	VND	
Historical cost					
At 1 April, 2015	2,011,801,815	144,971,440	8,126,713,919	6,296,771,285	16,580,258,459
New purchases	-	-	-	815,542,070	815,542,070
At 31 March, 2016	2,011,801,815	144,971,440	8,126,713,919	7,112,313,355	17,395,800,529
Accumulated amortisation					
At 1 Apr 2015	(21,808,150)	(144,971,440)	(7,693,735,033)	(4,005,249,725)	(11,865,764,348)
Charge for the year	(65,424,449)	-	(94,967,577)	(1,080,975,581)	(1,241,367,607)
At 31 March, 2016	(87,232,599)	(144,971,440)	(7,788,702,610)	(5,086,225,306)	(13,107,131,955)
Net book value					
At 1 Apr 2015	1,989,993,665	-	432,978,886	2,291,521,560	4,714,494,111
At 31 March, 2016	1,924,569,216	-	338,011,309	2,026,088,049	4,288,668,574

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Particulars	Land use right ₹ Crore	Copyright ₹ Crore	Computer software ₹ Crore	Others ₹ Crore	Total ₹ Crore
Historical cost					
At 1 April, 2015	0.60	0.04	2.41	1.87	4.92
New purchases	-	-	-	0.24	0.24
At 31 March, 2016	0.60	0.04	2.41	2.11	5.17
Accumulated amortisation					
At 1 Apr 2015	(0.01)	(0.04)	(2.29)	(1.19)	(3.52)
Charge for the year	(0.02)	-	(0.03)	(0.32)	(0.37)
At 31 March, 2016	(0.03)	(0.04)	(2.31)	(1.51)	(3.89)
Net book value					
At 1 Apr 2015	0.59	-	0.13	0.68	1.40
At 31 March, 2016	0.57	0.00	0.10	0.60	1.27

Historical cost of fully amortised intangible fixed assets as at 31 March, 2016 but still in use was VND12,638,825,673 (2015: VND9,876,755,496).

10 INVESTMENT PROPERTIES

Investment properties held for price appreciation represent the value of land use right and direct expenditures attributable to the acquisition of the land use right at Lot B2-29, 39 Tan Dong Hiep Industrial Zone, Di An District, Binh Duong Province in accordance with the land lease contract No. 317/07/HDT.TDHB dated 25 August, 2007.

The Company's Board of Management plans to sell this land use right in the near future.

Particulars	Land use right VND	Land use right ₹ Crore
Historical cost		
At 1 April, 2015 and 31 March, 2016	23,843,388,652	7.08
Accumulated amortisation		
At 1 April, 2015 and 31 March, 2016	(1,784,536,380)	(0.53)
Net book value		
At 1 April, 2015 and 31 March, 2016	22,058,852,272	6.55

As at 31 March, 2016 and 31 March, 2015, the Company did not obtain information of the same investment properties as basis for comparison, therefore the information about the fair value of investment properties is not available. However, the Board of Directors believes that under current positive moves of real estate market in Vietnam, the investment properties were not impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

11 Construction in progress

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Beginning of year	3,162,939,979	2,146,884,652	0.94	0.62
Purchase	2,614,283,301	5,917,017,786	0.78	1.72
Transfers to tangible fixed assets (Note 9(a))	(5,318,891,033)	(4,900,962,459)	(1.58)	(1.42)
End of year	458,332,247	3,162,939,979	0.14	0.92

Construction in progress represents the cost related to purchase of machinery and equipment used at the Company's factory.

12 SHORT-TERM TRADE ACCOUNTS PAYABLE

Details of long-term prepayments are presented as follows:

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Third parties (*)	39,097,045,163	23,389,588,944	11.61	6.78
Related parties (Note 29(b))	6,970,052,771	10,200,778,077	2.07	2.96
	46,067,097,934	33,590,367,021	13.68	9.74

(*) Details of suppliers accounting for 10% or more of the total trade accounts payable with third parties were as follow :

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
TK-L Media Corporation	7,400,477,132	56,760,000	2.20	0.02

13 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

Particulars	As at 1.4.2015	Payable during	Paid/Net-off	As at 31.3.2016
	VND	the year	during the year	VND
		VND	VND	
Business income tax – current	3,275,102,324	30,848,424,356	(29,460,445,872)	4,663,080,808
VAT on domestic Sales	2,913,874,393	35,657,993,946	(35,931,213,578)	2,640,654,761
Personal income tax	834,849,816	17,293,611,567	(16,748,278,277)	1,380,183,106
Other	-	366,915,598	(333,364,019)	33,551,579
	7,023,826,533	84,166,945,467	(82,473,301,746)	8,717,470,254

Particulars	As at 1.4.2015	Payable during	Paid/Net-off	As at 31.3.2016
	₹ Crore	the year	during the year	₹ Crore
		₹ Crore	₹ Crore	
Business income tax – current	0.95	9.16	(8.75)	1.38
VAT on domestic Sales	0.85	10.59	(10.67)	0.78
Personal income tax	0.24	5.14	(4.97)	0.41
Other	-	0.11	(0.10)	0.01
	2.04	25.00	(24.49)	2.59

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

14 SHORT-TERM ACCRUED EXPENSES

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Advertising expenses	23,443,057,625	10,828,997,669	6.96	3.14
Salary and bonus expenses	22,145,206,021	798,330,303	6.58	0.23
Promotion expenses	21,967,516,551	14,891,287,028	6.52	4.32
Salary expenses for salesmen outsourced	9,745,750,000	6,865,097,343	2.89	1.99
Transportation expenses	571,710,713	2,155,726,330	0.17	0.63
Others	4,779,200,694	3,900,556,903	1.42	1.13
	82,652,441,604	39,439,995,576	24.55	11.44

15 SHORT-TERM BORROWINGS

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Bank borrowings (i)	102,438,222,222	-	(102,438,222,222)	-
Bank overdraft (i)	32,990,173,863	875,328,145,452	(888,495,119,872)	19,823,199,443
Borrowings from related party (ii)	5,000,000,000	-	(5,000,000,000)	-
	140,428,396,085	875,328,145,452	(995,933,342,094)	19,823,199,443

Particulars	As at 1.4.2015	Increase	Decrease	As at 31.3.2016
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Bank borrowings (i)	30	-	(30)	-
Bank overdraft (i)	10	260	(264)	6
Borrowings from related party (ii)	1	-	(1)	-
	40.72	253.85	(288.82)	5.89

(i) The short-term bank borrowings represent short-term credit facilities whose credit limit is US\$5,000,000 or VND equivalent from BNP Paribas - Ho Chi Minh City Branch ("the Bank"). These loans are guaranteed by the parent company, Marico Limited, and bear interest of funding cost of the Bank plus 3%. As at 31 March, 2016, the Company repaid these balances in full.

Bank overdraft bears interest from 6% to 7% per annum and is due for repayment upon the Bank's demand.

(ii) Borrowings from related party are free from interest, unsecured and were fully repaid during the year (Note 29(b)).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

16 DEFERRED INCOME TAX

The details were as below:

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Deferred income tax assets:	2,819,012,130	1,605,333,420	0.84	0.47
Deferred income tax assets to be recovered after more than 12 months	3,710,784,131	-	1.10	-
	6,529,796,261	1,605,333,420	1.94	0.47

The movements in the deferred income tax assets during the year were as follows:

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Beginning of year	1,605,333,420	972,603,972	0.48	0.28
Credit to income statement (Note 26)	4,924,462,841	632,729,448	1.46	0.18
End of year	6,529,796,261	1,605,333,420	1.94	0.47

The Company uses tax rate of 20% in year 2016 (2015: 15%) for determining deferred income tax assets.

The deferred income tax assets were mainly arising from deductible temporary differences relating to provisions.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

17 OWNERS' CAPITAL**(a) Number of shares**

Particulars	2016		2015	
	Ordinary shares (share)		Ordinary shares (share)	
Number of shares registered	11,217,760		11,217,760	
Number of shares issued	11,217,760		11,217,760	
Number of shares repurchased	(1,682,065)		(1,682,065)	
Number of existing shares in circulation	9,535,695		9,535,695	

(b) Details of owners' shareholding

Particulars	2016		2015	
	Ordinary shares (share)	%	Ordinary shares (share)	%
Marico Limited	9,535,495	85.004	9,535,495	85.004
Mr. Phan Cong Thanh	100	0.001	100	0.001
Mr. Nguyen Ngoc Anh Tuan	100	0.001	100	0.001
Treasury shares	1,682,065	14.994	1,682,065	14.994
	11,217,760	100	11,217,760	100

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

(c) Movement of share capital

	Number of share capital (share)	Ordinary shares VND	Total VND	Ordinary shares ₹ Crore	Total ₹ Crore
At 1 April, 2015 and 31 March, 2016	11,217,760	112,177,600,000	112,177,600,000	33.32	33.32

Par value per share: VND 10,000

18 MOVEMENTS IN OWNERS' EQUITY

Particulars	Owners' capital	Share premium	Treasury shares	Undistributed earnings	Total
	VND	VND	VND	VND	VND
As At 1 Apr 2014	112,177,600,000	112,213,880,000	-	351,899,675,193	576,291,155,193
Profit for the period	-	-	-	156,887,130,186	156,887,130,186
Issuance of the treasury shares	-	-	(654,025,036,149)	-	(654,025,036,149)
Other decreases	-	-	-	(2,564,346,302)	(2,564,346,302)
As at 31 March, 2015	112,177,600,000	112,213,880,000	(654,025,036,149)	506,222,459,077	76,588,902,928
Profit for the year	-	-	-	138,889,833,695	138,889,833,695
As at 31 March, 2016	112,177,600,000	112,213,880,000	(654,025,036,149)	645,112,292,772	215,478,736,623

Particulars	Owners' capital	Share premium	Treasury shares	Undistributed earnings	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
As At 1 Apr 2014	33.32	33.33	-	104.51	171.16
Profit for the period	-	-	-	47	47
Issuance of the treasury shares	-	-	(194.25)	-	(194)
Other decreases	-	-	-	(1)	(1)
As at 31 March, 2015	32.53	32.54	(189.67)	146.80	22.21
Profit for the year	-	-	-	40.28	40.28
As at 31 March, 2016	33.32	33.33	(194.25)	191.60	64.00

19 OFF BALANCE SHEET ITEMS

Foreign currencies

Included in cash and cash equivalents are balances held in foreign currencies as follows:

Particulars	2016	2015
United States Dollar - USD	150,032	764
Euro - EUR	253	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

20 REVENUE

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Sales				
Sales of goods	1,064,049,482,491	989,779,511,904	316.02	287.04
Sales deductions				
Trade discounts	(4,080,604,197)	(11,562,220,996)	(1.21)	(3.35)
Sales returns	(940,451,626)	(1,534,695,164)	(0.28)	(0.45)
	(5,021,055,823)	(13,096,916,160)	(1.49)	(3.80)
Net revenue from sales of goods	1,059,028,426,668	976,682,595,744	314.53	283.25

21 COST OF SALES

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Cost of finished goods sold	289,183,346,222	255,924,070,154	85.89	74.22
Cost of merchandises sold	138,055,605,429	160,585,704,316	41.00	46.57
Provision/(reversal) of provision for decline in value of inventories	3,160,734,471	(856,901,230)	0.94	(0.25)
Inventory losses/ (gain)	392,516,737	356,669,316	0.12	0.10
Others expense	769,227,968	1,687,311,986	0.23	0.49
	431,561,430,827	417,696,854,542	128.17	121.13

22 FINANCIAL INCOME

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Income from divestment in BCS (Note 4(b))	29,457,399,278	-	8.75	-
Interest income from deposits	1,371,235,323	3,729,846,316	0.41	1.11
Realised foreign exchange gains	467,363,421	274,530,070	0.14	0.08
Net gain from foreign currency translation at year-end	354,720,252	-	0.11	-
	31,650,718,274	4,004,376,386	9.41	1.16

23 FINANCIAL EXPENSES

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Interest expense	2,084,487,512	6,159,432,613	0.62	1.79
Realised foreign exchange losses	944,848,087	440,146,261	0.28	0.13
Net losses from foreign currency translation at year-end/period-end	-	11,970,400	-	0.00
	3,029,335,599	6,611,549,274	0.90	1.92

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

24 SELLING EXPENSES

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Staff costs	171,149,668,229	147,791,000,664	50.83	42.86
Advertising expenses	83,452,069,912	67,328,672,912	24.79	19.53
Marketing support expenses	61,606,323,825	29,689,417,292	18.30	8.61
Transportation expenses	21,905,499,161	23,058,342,215	6.51	6.69
Marketing and research expenses	18,195,855,304	11,251,276,576	5.40	3.26
Travelling expenses	14,588,143,423	11,382,447,686	4.33	3.30
Rental fee	12,133,866,518	12,791,290,483	3.60	3.71
Depreciation expenses	459,610,567	546,349,359	0.14	0.16
Others	6,937,114,568	10,513,190,624	2.06	3.05
	390,428,151,507	314,351,987,811	115.96	91.16

25 GENERAL AND ADMINISTRATION EXPENSES

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Staff costs	67,747,383,247	23,066,607,361	20.12	6.69
Rental fee	10,895,570,726	11,691,735,274	3.24	3.39
Professional fee	3,449,853,305	7,898,910,763	1.02	2.29
Travelling expenses	2,657,525,597	1,904,120,743	0.79	0.55
Recruitment, training expenses	2,092,755,529	2,575,725,504	0.62	0.75
Depreciation expenses	1,421,319,033	1,098,210,860	0.42	0.32
Meeting, conference	320,743,986	624,851,728	0.10	0.18
Utilities	4,311,119	1,203,103,060	0.00	0.35
Others	12,937,204,228	3,661,932,685	3.84	1.06
	101,526,666,770	53,725,197,978	30.15	15.58

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

26 BUSINESS INCOME TAX

For manufacturing activities, the Company has the obligation to pay business income tax ("BIT") at the rate of 15% of taxable profit for twelve years starting from its commercial operations and at the standard tax rate for the years thereafter. For trading activities and others, the Company pays BIT at the standard tax rate

According to Decree No. 218/2013/ND-CP dated 26 December, 2013 providing details to the Law on BIT, standard tax rate is reduced from 25% to 22% from 2014, and further reduced to 20% from 2016. The Company applies the tax rate of 22% for the financial year ended 31 March, 2016.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 22% as follows:

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Net accounting profit before tax	164,813,795,210	188,560,525,152	48.95	54.68
Tax calculated at a rate of 22%	36,259,034,946	41,483,315,533	10.77	12.03
Effect of:				
- Income not subject to tax	(298,016,905)	-	(0.09)	-
- Expenses not deductible for tax purposes	214,381,224	5,068,994,297	0.06	1.47
- Impact of tax reduction	(10,693,434,650)	(14,327,025,492)	(3.18)	(4.15)
- Other impacts	441,996,900	(632,729,448)	0.13	(0.18)
- Under-provision in the previous year	-	80,840,076	-	0.02
Business income tax charge (*)	25,923,961,515	31,673,394,966	7.70	9.19
Charged/(credited) to income statement:				
Business income tax – current	30,848,424,356	32,306,124,414	9.16	9.37
Business income tax – deferred (Note 16)	(4,924,462,841)	(632,729,448)	(1.46)	(0.18)
	25,923,961,515	31,673,394,966	7.70	9.19

(*) The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

27 EXPENSES BY FACTOR

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Raw materials	382,290,011,589	337,895,003,272	113.54	97.99
Labour costs	257,582,366,048	192,400,719,601	76.50	55.80
Outside service expenses	242,009,898,329	230,559,727,572	71.88	66.86
Depreciation expense	5,951,065,373	6,240,070,980	1.77	1.81
Other expenses	24,147,885,178	18,678,518,906	7.17	5.42
	911,981,226,517	785,774,040,331	270.86	227.88

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

28 ADDITIONAL INFORMATION FOR THE ITEMS OF THE STATEMENT OF CASH FLOWS**(a) Amount of borrowings actually withdraw during the year**

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Proceeds from borrowings following normal borrowing contracts	875,328,145,452	566,894,738,792	259.97	164.40

(b) Amount of borrowing principles actually paid during the year

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Repayments for borrowings following normal borrowing contracts	995,933,342,094	426,466,342,707	295.79	123.68

29 RELATED PARTY DISCLOSURES

The Company is controlled by Marico Limited, a company incorporated in India, which owns 85.004% of the Company's share capital.

(a) Related party transactions

During the year, the following transactions were carried out with related parties:

i) Sales of goods and services

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Parent company	22,283,151,244	10,282,789,208	6.62	2.98
Subsidiaries	39,514,370	2,819,983,150	0.01	0.82
	22,322,665,614	13,102,772,358	6.63	3.80

ii) Purchases of goods and services

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Parent company	16,676,912,511	12,184,569,564	4.95	3.53
Subsidiaries	137,199,627,254	149,510,822,499	40.75	43.36
	153,876,539,765	161,695,392,063	45.70	46.89

iii) Compensation of key management

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Gross salaries and other benefits	35,575,229,441	21,436,146,065	10.57	6.22

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

(b) Year end balances with related parties

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Short-term trade accounts receivable (Note 5)				
Parent company	11,958,010,505	5,960,979,644	3.55	1.73
Subsidiary	-	1,994,612,400	-	0.58
	11,958,010,505	7,955,592,044	3.55	2.31
Short-term prepayments to suppliers (Note 6)				
Parent company	-	810,714,375	-	0.24
Subsidiaries	3,531,534,553	6,151,124,540	1.05	1.78
	3,531,534,553	6,961,838,915	1.05	2.02
Short-term trade accounts payable (Note 12)				
Parent company	6,970,052,771	7,974,233,416	2.07	2.31
Subsidiaries	-	2,226,544,661	-	0.65
	6,970,052,771	10,200,778,077	2.07	2.96
Short-term borrowings (Note 15)				
Subsidiaries	-	5,000,000,000	0.00	1.49
	0	5,000,000,000	0.00	1.49

30 COMMITMENTS UNDER OPERATING LEASES

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

Particulars	Office rental		Office rental	
	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Within 1 year	5,926,299,204	5,229,601,148	1.76	1.52
Between 1 and 5 years	8,951,180,954	252,704,000	2.66	0.07
Total minimum payments	14,877,480,158	5,482,305,148	4.42	1.59

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

31 COMPARATIVE FIGURES

Certain comparative figures in the balance sheet have been reclassified to conform to the current year's presentation following Circular 200 as follows:

SEPARATE BALANCE SHEET

As at 31.3.2015

Item	As previously reported under Decision 15 VND	Adjustment VND	As reclassified under Circular 200 VND	As previously reported under Decision 15 ₹ Crore	Adjustment ₹ Crore	As reclassified under Circular 200 ₹ Crore
CURRENT ASSETS	136,166,221,431	1,561,661,412	137,727,882,843	39.49	0.45	39.94
Short-term receivables	36,183,399,108	1,989,070,139	38,172,469,247	10.49	0.58	11.07
Other short-term receivables	-	1,989,070,139	1,989,070,139	-	0.58	0.58
Other current assets	1,649,216,279	(427,408,727)	1,221,807,552	0.48	(0.12)	0.35
Other current assets	427,408,727	(427,408,727)	-	0.12	(0.12)	-
LONG-TERM ASSETS	168,343,979,237	(1,561,661,412)	166,782,317,825	48.82	(0.45)	48.37
Other long-term assets	3,962,866,791	(1,561,661,412)	2,401,205,379	1.15	(0.45)	0.70
Other long-term assets	1,561,661,412	(1,561,661,412)	-	0.45	(0.45)	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

SEPARATE INCOME STATEMENT

Year ended 31.3.2015

Item	As previously reported under Decision 15	Adjustment	As reclassified under Circular 200	As previously reported under Decision 15	Adjustment	As reclassified under Circular 200
	VND	VND	VND	₹ Crore	₹ Crore	₹ Crore
Cost of sales	376,784,241,117	40,912,613,425	417,696,854,542	109.27	11.86	121.13
Gross profit	599,898,354,627	(40,912,613,425)	558,985,741,202	173.97	(11.86)	162.11
Selling expenses	355,264,601,236	(40,912,613,425)	314,351,987,811	103.03	(11.86)	91.16

SEPARATE CASH FLOW STATEMENT

Year ended 31.3.2015

Item	As previously reported under Decision 15	Adjustment	As reclassified under Circular 200	As previously reported under Decision 15	Adjustment	As reclassified under Circular 200
	VND	VND	VND	₹ Crore	₹ Crore	₹ Crore
Increase in receivables	(5,693,674,875)	4,620,003,144	(1,073,671,731)	(1.65)	1.34	(0.31)
Other receipts from operating activities	7,184,349,446	(7,184,349,446)	-	2.08	(2.08)	-
Other payments on operating activities	(2,564,346,302)	2,564,346,302	-	(0.74)	0.74	-

The separate financial statements were approved by the Board of Directors on 12 May, 2016.

Do Thi Thuy Hang
Preparer

Huynh Anh Dung Thanh
Chief Accountant

Luong Huu Khanh
General Director

THUAN PHAT FOODSTUFF JOINT STOCK COMPANY

Business Registration Certificate	No. 4103006767 dated 18 May, 2007 was issued by the Department of Planning and Investment of Ho Chi Minh City.	
Enterprise Registration Number	No. 0304979919 dated 18 May, 2007 was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the 8th amendment dated 15 October 2015.	
Board of Management	Mr. Ashish Joshi	Chairman & Member (Member from 29 January, 2015 and Chairman from 30 July, 2015)
	Mr. Saugata Gupta	Chairman (Upto 30 July, 2015)
	Mr. Ashutosh Telang	Member
	Mr. Nikhil P. Narkhede	Member
	Mr. Vivek Karve	Member (From 30 July, 2015)
	Mr. Nguyễn Ngọc Anh Tuấn	Member (From 30 July, 2015)
	Mr. Luong Huu Khanh	Member (From 29 January, 2015)
	Mr. Nguyen Thi Thu Trinh	Member (From 30 July, 2015)
	Mr. Phan Quoc Cong	Member (Upto 24 April, 2015)
	Mr. Chaitanya Deshpande	Member (Upto 30 July, 2015)
	Mr. Madan Mohan Pandey	Member (Upto 20 December, 2015)
Board of Directors	Mr. Nguyen Thi Thu Trinh	General Director (From 15 October, 2015)
	Mr. Phan Cong Thanh	General Director (Upto 14 October, 2015)
Legal representative	Ms. Nguyen Thi Thu Trinh	General Director (From 15 October, 2015)
	Mr. Phan Cong Thanh	General Director (Upto 14 October, 2015)
Registered office	39B Truong Son Street, Ward 4, Tan Binh District, Ho Chi Minh City, Vietnam.	
Auditor	PricewaterhouseCoopers (Vietnam) Limited	

STATEMENT OF THE RESPONSIBILITY OF THE GENERAL DIRECTOR OF THE COMPANY IN RESPECT OF THE FINANCIAL STATEMENTS

The General Director of Thuan Phat Foodstuff Joint Stock Company (“the Company”) is responsible for the financial statements which give a true and fair view of the financial position of the Company as at 31 March, 2016 and of the results of its operations and cash flows for the year then ended. In preparing these financial statements, the General Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable the financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the financial statements. The General Director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE FINANCIAL STATEMENTS

I hereby approve the accompanying financial statements as set out on pages 5 to 25 which give a true and fair view of the financial position of the Company as at 31 March, 2016 and of the results of its operations and cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.

Nguyen Thi Thu Trinh
General Director
10 May, 2016

Ho Chi Minh City,
SR Vietnam

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THUAN PHAT FOODSTUFF JOINT STOCK COMPANY

We have audited the accompanying financial statements of Thuan Phat Foodstuff Joint Stock Company ("the Company") which were prepared on 31 March, 2016 and approved by the General Director on 10 May, 2016. The financial statements comprise the balance sheet as at 31 March, 2016, the income statement and the cash flow statement for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on pages 5 to 25.

The General Director's Responsibility for the Financial Statements

The General Director of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements and for such internal control which the General Director determines is necessary to enable the preparation and fair presentation of these 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 the 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 standards and requirements, plan and perform the audit in order to obtain reasonable assurance as to 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 judgement, including an 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 General Director, as well as evaluating the overall presentation of the financial statements.

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

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March, 2016, its financial performance and cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.

For and on behalf of PricewaterhouseCoopers (Vietnam) Ltd.

Richard Peters

Audit Practising Licence No. 0561-2013-006-1

Cao Thi Ngoc Loan

Audit Practising Licence No. 3030-2014-006-1

Authorised signatory

Report reference number: HCM5456

Ho Chi Minh City,

10 May, 2016

As indicated in Note 2.1 to the financial statements, the accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

BALANCE SHEET

As at March 31, 2016

Particulars	Note	As at March 31,			
		2016 VND	2015 VND	2016 ₹ Crore	2015 ₹ Crore
Assets					
CURRENT ASSETS		25,548,481,521	34,047,969,756	7.58	9.89
Cash and cash equivalents	3	681,144,091	752,578,760	0.20	0.22
Cash		681,144,091	752,578,760	0.20	0.22
Short term receivable		1,157,349,808	979,472,357	0.34	0.25
Short term prepayments to suppliers		1,118,479,808	868,985,475	0.33	0.25
Other short term receivables		38,870,000	110,486,882	0.01	0.00
Inventories	4	23,673,098,620	32,064,854,053	7.03	9.30
Inventories		24,287,958,499	32,684,897,381	7.21	9.48
Provision for decline in value of inventories		(614,859,879)	(620,043,328)	(0.18)	(0.18)
Other current assets		36,889,002	251,064,586	0.01	0.12
Short-term prepaid expenses	5(a)	36,889,002	251,064,586	0.01	0.09
NON-CURRENT ASSETS		36,984,993,496	35,763,487,262	10.99	10.37
Fixed assets		35,171,348,784	34,264,091,481	10.45	9.93
Tangible fixed assets		16,397,450,068	14,912,922,916	4.87	4.32
Tangible fixed assets	6(a)	16,397,450,068	14,912,922,916	4.87	4.32
Cost		29,046,125,068	25,394,014,379	8.63	7.36
Accumulated depreciation		(12,648,675,000)	(10,481,091,463)	(3.76)	(3.04)
Intangible fixed assets		18,773,898,716	19,351,168,565	5.58	5.61
Intangible fixed assets	6(b)	18,773,898,716	19,351,168,565	5.58	5.61
Cost		22,394,278,817	22,394,278,817	6.65	6.49
Accumulated amortisation		(3,620,380,101)	(3,043,110,252)	(1.08)	(0.88)
Other long-term assets		1,813,644,712	1,499,395,781	0.54	0.44
Long-term prepaid expenses	5(b)	1,422,657,686	1,129,505,911	0.42	0.33
Deferred income tax assets	11	390,987,026	369,889,870	0.12	0.11
TOTAL ASSETS		62,533,475,017	69,811,457,018	18.57	20.26

The notes on pages 9 to 25 are an integral part of this financial statement.

Note: The exchange rate use to convert VND to ₹ 0.00297 (Previous year VND to ₹ 0.00290)

THUAN PHAT FOODSTUFF JOINT STOCK COMPANY

BALANCE SHEET (CONTD.)

As at March 31, 2016

Particulars	Note	As at March 31,			
		2016	2015	2016	2015
		VND	VND	₹ Crore	₹ Crore
LIABILITIES		17,305,482,173	22,927,764,798	5.14	6.66
Current liabilities		15,734,148,923	21,731,472,048	4.67	6.31
Short term trade accounts payable	7	8,337,752,473	13,240,269,894	2.47	3.84
Short term advances from customers		3,537,998,003	6,176,723,291	1.05	1.79
Taxes and other payables to the State Budget	8	675,633,085	769,389,873	0.20	0.22
Payable to employees		–	60,837,000	–	0.02
Short term accrued expenses	9	2,882,869,787	1,156,100,000	0.86	0.34
Other short term payables		299,895,575	328,151,990	0.09	0.10
Long-term liabilities	10	1,571,333,250	1,196,292,750	0.47	0.35
Provision for long term liabilities		1,571,333,250	1,196,292,750	0.47	0.35
OWNER'S EQUITY		45,227,992,844	46,883,692,220	13.44	13.60
Capital and reserves		45,227,992,844	46,883,692,220	13.44	13.60
Owner's capital	12,13	31,400,000,000	31,400,000,000	9.33	9.11
- Ordinary shares with voting rights		31,400,000,000	31,400,000,000	9.33	9.11
Undistributed earnings	13	13,827,992,844	15,483,692,220	4.11	4.49
- Undistributed post-tax profits accumulated by the end of the previous years		15,483,692,220	7,721,224,019	4.60	2.24
- Undistributed post-tax (losses)/profits of the current year		(1,655,699,376)	7,762,468,201	(0.49)	2.25
TOTAL RESOURCES		62,533,475,017	69,811,457,018	18.57	20.26

The notes on pages 9 to 25 are an integral part of these financial statements.

Nguyen Thi Da Thao
 Preparer

Huynh Anh Dung Thanh
 Chief Accountant

Nguyen Thi Thu Trinh
 General Director
 10 May, 2016

Note: The exchange rate use to convert VND to ₹ 0.00297 (Previous year VND to ₹ 0.00290)

INCOME STATEMENT

For the year ended March 31, 2016

Particulars	Note	Year ended March 31,			
		2016 VND	2015 VND	2016 ₹ Crore	2015 ₹ Crore
Sales		137,810,180,887	147,982,053,783	40.93	42.91
Less deductions		(339,694,235)	(179,087,016)	(0.10)	(0.05)
Net sales	16	137,470,486,652	147,802,966,767	40.83	42.86
Cost of sales	17	(120,358,665,836)	(130,966,693,173)	(35.75)	(37.98)
Gross profit		17,111,820,816	16,836,273,594	5.08	4.88
Financial income		7,305,726	20,524,703	0.00	0.01
Financial expenses		(3,013,040)	–	(0.00)	–
Selling expenses	18	(14,505,986,412)	(2,772,261,850)	(4.31)	(0.80)
General and administration expenses	19	(4,362,505,138)	(4,279,072,562)	(1.30)	(1.24)
Net Operating profit/(loss)		(1,752,378,048)	9,805,463,885	(0.53)	2.85
Other income		75,587,721	50,749,826	0.02	0.01
Other expenses		(6,205)	(143,700,252)	(0.00)	(0.04)
Net other income/(expenses)		75,581,516	(92,950,426)	0.02	(0.03)
Net accounting profit/(loss) before tax		(1,676,796,532)	9,712,513,459	(0.51)	2.82
Business income tax - current	20	–	(2,319,935,128)	–	(0.67)
Business income tax - deferred	11,20	21,097,156	369,889,870	0.01	0.11
Net profit/(loss) after tax		(1,655,699,376)	7,762,468,201	(0.50)	2.26
(Loss)/Earning Per Share	14	(527)	2472	(0.00)	0.00

The notes on pages 9 to 25 are an integral part of these financial statements.

Nguyen Thi Da Thao
 Preparer

Huynh Anh Dung Thanh
 Chief Accountant

Nguyen Thi Thu Trinh
 General Director
 10 May, 2016

Note: The exchange rate use to convert VND to ₹ 0.00297 (Previous year VND to ₹ 0.00290)

CASH FLOW STATEMENT (INDIRECT METHOD)

For the year ended March 31, 2016

Particulars	Note	Year ended March 31,			
		2016 VND	2015 VND	2016 ₹ Crore	2015 ₹ Crore
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit/(loss) before tax		(1,676,796,532)	9,712,513,459	(0.51)	2.82
Adjustments for:					
Depreciation and amortisation	6	2,775,698,848	2,521,916,940	0.82	0.73
Provisions/(reversal of provision)		369,857,051	(809,974,918)	0.11	(0.23)
(Profits)/losses from investing activities		(9,060,203)	65,295,111	(0.00)	0.02
Operating profit/(loss) before changes in working capital		1,459,699,164	11,489,750,592	0.42	3.33
Decrease/(increase) in receivables		(177,877,451)	308,537,859	(0.05)	0.09
Decrease in inventories		8,396,938,882	1,352,945,849	2.53	0.43
Decrease in payables		(5,883,611,362)	(1,940,856,056)	(1.75)	(0.56)
(Increase)/Decrease in prepaid expenses		(78,976,191)	659,680,205	(0.02)	0.19
Business income tax paid	8	(113,711,763)	(3,308,886,596)	(0.03)	(0.96)
Net cash inflows from operating activities		3,602,461,279	8,561,171,853	1.10	2.52
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of fixed assets		(3,682,956,151)	(8,566,123,177)	(1.10)	(2.49)
Proceeds from disposals of fixed assets		1,754,477	12,744,000	0.00	0.01
Interest received		7,305,726	–	0.00	–
Net cash outflows from investing activities		(3,673,895,948)	(8,553,379,177)	(1.10)	(2.49)
Net (decrease)/increase in cash and cash equivalents		(71,434,669)	7,792,676	(0.02)	0.00
Cash and cash equivalents at beginning of year	3	752,578,760	744,786,084	0.22	0.22
Cash and cash equivalents at end of year	3	681,144,091	752,578,760	0.20	0.22

The notes on pages 9 to 25 are an integral part of these financial statements.

Nguyen Thi Da Thao
Preparer

Huynh Anh Dung Thanh
Chief Accountant

Nguyen Thi Thu Trinh
General Director
10 May, 2016

Note: The exchange rate use to convert VND to ₹ 0.00297 (Previous year VND to ₹ 0.00290)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

1 GENERAL INFORMATION

Thuan Phat Foodstuff Joint Stock Company (“the Company”) was established in SR Vietnam pursuant to Business Registration Certificate No. 4103006767 issued by the Department of Planning and Investment of Ho Chi Minh City on 18 May, 2007 and the 8th amended Enterprise Registration Certificates No. 0304979919 dated 15 October, 2015 issued by the Department of Planning and Investment of Ho Chi Minh City.

The principal activities of the Company are to manufacture processed foods; produce, process and trade foodstuffs; perform the consignment agency; trade technologized food and materials used in food industry.

The normal business cycle of the Company is within 12 (twelve) months.

As at 31 March, 2016, the Company had 119 employees (2015: 148 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements. The financial statements have been prepared under the historical cost convention.

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam. The accounting principles and practices utilised in SR Vietnam may differ from those generally accepted in countries and jurisdictions other than SR Vietnam.

2.2 Significant changes in the Company’s accounting policies applied

On 22 December, 2014, the Ministry of Finance issued Circular 200/2014/TT-BTC (“Circular 200”) – Providing guidance on Corporate Accounting System replacing Decision 15/2006/QĐ-BTC dated 20 March, 2006 (“Decision 15”) and Circular 244/2009/TT-BTC dated 31 December, 2009. Circular 200 is applicable to fiscal years beginning on or after 1 January, 2015.

The Company applied prospectively changes in accounting policies under Circular 200 as follows:

- Transactions in foreign currencies and translations of assets and liabilities dominated in foreign currencies - Note 2.4.

Under Decision 15, transactions arising in foreign currencies are translated at the exchange rates ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date.

According to Circular 200, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the bank where the Company regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the bank where the Company opens the foreign currency accounts.

- Earnings per share – Note 14.

According to Decision 15, the Company calculates basic earnings per share according to profit or loss attributable to ordinary equity holders of the Company. Basic earnings per share shall be calculated by dividing profit or loss attributable to ordinary equity holders of the Company (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

However, according to Circular 200, basic earnings per share is calculated using the profit or loss attributable to shareholders holding ordinary shares after deducting the bonus and welfare fund (the numerator) divided by the weighted average number of ordinary shares outstanding during the period (the denominator).

- Provision for dismantling and restoration costs – Note 2.13.

In accordance with Circular 200, since 1 April 2015, the Company is required to provide for dismantling and restoration costs of the Company's leased premises and land.

Certain comparative figures have been reclassified to conform with the presentation requirements under Circular 200. The details of such reclassifications were disclosed in Note 23.

2.3 Fiscal year

The first fiscal year is from 1 April to 31 March.

2.4 Currency

The financial statements are measured and presented in Vietnamese Dong ("VND").

Transactions arising in currencies other than VND ("foreign currencies") are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the bank where the Company regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the bank where the Company opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the income statement.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.6 Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review by the General Director of all outstanding amounts at the year end. Bad debts are written off when identified.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

The value of work in progress (WIP) balance of fish sauce at year end is recognized based on the selling price of Phu Quoc Fish Sauce Association. The quantity of WIP of fish sauce at the year end is determined based on the remaining estimated quantity of extractions from each of the barrel currently in the manufacturing process and the corresponding percentage of protein determined for each barrel.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

2.8 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation/Amortisation

Fixed assets are depreciated/amortised using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Buildings and Structures	4% - 4.5%
Plant and machinery	10% - 33.3%
Motor vehicles	16.7% - 20%
Office equipment	25% - 33.3%
Land use right	2.50%
Computer software	12.50%
Patents	20%

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

2.9 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the balance sheet and are mainly prepaid land rental and tools and equipment already put to use. Prepaid expenses are recorded at historical cost and allocated to expenses using the straight line method over the allocation period.

2.10 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchases of goods and services.
- Other payables are non-trade payables not relating to purchases of goods and services.

Payables are reclassified into long-term and short-term payables on the balance sheet based on remaining period from the balance sheet date to the maturity date.

2.11 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid due to pending invoice or sufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.12 Provisions

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 has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

2.13 Provision for dismantling and restoration costs

In accordance with Circular 200, since 1 April 2015, the Company is required to provide for dismantling and restoration costs of the Company's leased premises and land. This provision is measured at the present value of expenditures estimated to settle the dismantling and restoration obligation at the end of the lease term. The increase in the provision due to passage of time is recognised as interest expenses. The Company estimates the future value of the provision and recognises the expenses on the income statement on straight-line basis over the remaining lease period, starting from 1 April, 2015.

2.14 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Company. Pursuant to Law on Social Insurance, effective from 1 January, 2009, the Company is required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of the unemployment scheme, the Company is no longer required to provide for the service period after 1 January, 2009. However, provision for severance allowance as of 31 March, 2016 is determined based on the employee's number of years of service up to 31 December, 2008 and their average salary for the six-month period prior to the balance sheet date.

2.15 Share capital

Contributed capital of the shareholders is recorded according to actual amount contributed. Contributions from owners are recorded according to par value of the share.

Undistributed earnings record the Company's results (profit/loss) after business income tax at the reporting date.

2.16 Revenue recognition

(a) Sales of goods

Revenue from the sale of goods is recognised in the income statement 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.

(b) Interest income

Interest income is recognised on an earned basis.

2.17 Cost of sales

Cost of goods sold are cost of finished goods, merchandises, materials sold during the period, and recorded on the basis of matching with revenue and on prudent concept.

2.18 Selling expenses

Selling expenses represent expenses that are incurred in process of selling products, goods which mainly include salary expenses of sales staffs (salaries, wages, allowances ...); social insurance, medical insurance, labor union fees, unemployment insurance of sales staffs; publicity, display, promotions, advertising expenses, packaging and transportation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

2.19 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly including salary expenses of administrative staffs (salaries, wages, allowances,...); social insurance, medical insurance, labor union fees, unemployment insurance of administrative staff; expenses of office materials, tools and supplies; depreciation of fixed assets used for administration; licence tax; utilities (electricity, water, telephone, fax, assets warranty, fire and explosive accidents insurance,...); repair and maintenance expense and other cash expenses.

2.20 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries that the Socialist Republic of Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profit and the current tax rates. Current and deferred tax should be recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability 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 not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.21 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3 CASH AND CASH EQUIVALENTS

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Cash on hand	3,429,000	8,714,000	0.00	0.00
Cash at bank	677,715,091	743,864,760	0.20	0.22
	681,144,091	752,578,760	0.20	0.22

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

4 INVENTORIES

Particulars	2016		2015	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Raw materials	9,289,898,493	(608,652,518)	8,751,633,452	(476,029,423)
Work in progress	14,383,264,269	–	22,565,641,029	–
Finished goods	614,795,737	(6,207,361)	1,367,622,900	(144,013,905)
	24,287,958,499	(614,859,879)	32,684,897,381	(620,043,328)

Particulars	2016		2015	
	Cost	Provision	Cost	Provision
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Raw materials	2.76	(0.18)	2.54	(0.14)
Work in progress	4.27	–	6.54	0.00
Finished goods	0.18	(0.00)	0.40	(0.04)
	7.21	(0.18)	9.48	(0.18)

Movements in the provision for decline in value of inventories during the year were as follows:

Particulars	2016		2015	
	VND	VND	₹ Crore	₹ Crore
Beginning of year Period	620,043,328	1,430,018,246	0.18	0.41
Reversal	(5,183,449)	(809,974,918)	0.00	(0.23)
End of Year/Period	614,859,879	620,043,328	0.18	0.18

5a SHORT-TERM PREPAID EXPENSES

Particulars	2016		2015	
	VND	VND	₹ Crore	₹ Crore
Tools and Supplies	36,889,002	251,064,586	0.01	0.09
	36,889,002	251,064,586	0.01	0.09

Movements of short term prepaid expenses during the year were as follow

Particulars	2016		2015	
	VND	VND	₹ Crore	₹ Crore
Beginning of year	251,064,586	958,842,022	0.07	0.28
Additions	1,052,244,921	3,684,626,715	0.31	1.07
Allocation during the year	(1,266,420,505)	(4,392,404,151)	(0.36)	(1.27)
End of year	36,889,002	251,064,586	0.02	0.08

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

5b LONG-TERM PREPAID EXPENSES

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Land rental	557,970,198	576,364,818	0.17	0.17
Tools & supplies	864,687,488	553,141,093	0.26	0.16
	1,422,657,686	1,129,505,911	0.42	0.33

Movement of long-term prepaid expenses is as follows:

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Beginning of year	1,129,505,911	1,081,408,680	0.34	0.31
Additions	1,105,176,305	538,618,265	0.33	0.16
Allocation during the year	(812,024,530)	(490,521,034)	(0.24)	(0.14)
End of year	1,422,657,686	1,129,505,911	0.43	0.33

6 FIXED ASSETS

(a) Tangible fixed assets

Particulars	Buildings and structures	Plant and machinery	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
Historical cost					
At 1 Apr, 2015	11,256,679,745	11,929,227,473	1,708,993,372	499,113,789	25,394,014,379
New purchases	260,008,392	3,422,947,759	–	–	3,682,956,151
Disposals	–	–	–	(30,845,462)	(30,845,462)
At 31 Mar, 2016	11,516,688,137	15,352,175,232	1,708,993,372	468,268,327	29,046,125,068
Accumulated depreciation					
At 1 Apr, 2015	(2,809,801,305)	(6,755,247,919)	(682,242,982)	(233,799,257)	(10,481,091,463)
Charge for the year	(704,007,444)	(1,323,483,959)	(110,252,172)	(60,685,424)	(2,198,428,999)
Disposals	–	–	–	(30,845,462)	(30,845,462)
At 31 Mar, 2016	(3,513,808,749)	(8,078,731,878)	(792,495,154)	(263,639,219)	(12,648,675,000)
Net book value					
At 1 Apr, 2015	8,446,878,440	5,173,979,554	1,026,750,390	265,314,532	14,912,922,916
At 31 Mar, 2016	8,002,879,388	7,273,443,354	916,498,218	204,629,108	16,397,450,068

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Particulars	Buildings and structures ₹ Crore	Plant and machinery ₹ Crore	Motor vehicles ₹ Crore	Office equipment ₹ Crore	Total ₹ Crore
Historical cost					
At 1 Apr, 2015	3.26	3.46	0.50	0.14	7.36
New purchases	0.08	1.02	–	–	1.09
Disposals	–	–	–	(0.01)	(0.01)
At 31 Mar, 2016	3.42	4.56	0.51	0.14	8.63
Accumulated depreciation					
At 1 Apr, 2015	(0.81)	(1.96)	(0.20)	(0.07)	(3.04)
Charge for the year	(0.21)	(0.39)	(0.03)	(0.02)	(0.65)
Disposals	–	–	–	0.01	0.01
At 31 Mar, 2016	(1.04)	(2.40)	(0.24)	(0.08)	(3.76)
Net book value					
At 1 Apr, 2015	2.45	1.50	0.30	0.08	4.32
At 31 Mar, 2016	2.38	2.16	0.27	0.06	4.87

Historical cost of fully depreciated tangible fixed assets as at 31 March, 2016 but still in active use was VND3,213,039,234 (2015: VND2,838,060,696).

(b) Intangible fixed assets

Particulars	Land use rights VND	Computer software VND	Patents VND	Total VND
Historical cost				
At 1 Apr, 2015	21,510,101,000	163,360,000	720,817,817	22,394,278,817
At 31 Mar, 2016	21,510,101,000	163,360,000	720,817,817	22,394,278,817
Accumulated amortisation				
At 1 Apr, 2015	(2,298,859,240)	(71,469,972)	(672,781,040)	(3,043,110,252)
Charge for the year	(508,813,080)	(20,419,992)	(48,036,777)	(577,269,849)
At 31 Mar, 2016	(2,807,672,320)	(91,889,964)	(720,817,817)	(3,620,380,101)
Net book value				
At 1 Apr, 2015	19,211,241,760	91,890,028	48,036,777	19,351,168,565
At 31 Mar, 2016	18,702,428,680	71,470,036	0.00	18,773,898,716

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Particulars	Land use rights	Computer software	Patents	Total
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Historical cost				
At 1 Apr, 2015	6.24	0.05	0.21	6.49
At 31 Mar, 2016	6.39	0.05	0.21	6.65
Accumulated amortisation				
At 1 Apr, 2015	(0.67)	(0.02)	(0.20)	(0.88)
Charge for the year	(0.15)	(0.01)	(0.01)	(0.17)
At 31 Mar, 2016	(0.83)	(0.03)	(0.21)	(1.08)
Net book value				
At 1 Apr, 2015	5.57	0.03	0.01	5.61
At 31 Mar, 2016	5.55	0.02	0.00	5.58

Historical cost of fully amortised intangible fixed assets as at 31 March, 2016 but still in active use was VND720,817,817 (2015: nil).

7 SHORT-TERM TRADE ACCOUNTS PAYABLE

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Third parties				
Kieu Hon Private Enterprise	1,376,100,000	765,050,000	0.41	0.22
An Khang Company Limited	1,149,258,400	1,399,482,000	0.34	0.41
Tan Phu Plastic Joint Stock Company - Long An Branch	889,441,734	1,941,422,192	0.26	0.56
Others	4,922,952,339	9,120,815,666	1.46	2.65
	8,337,752,473	13,226,769,858	2.48	3.84
Related parties (Note 22(b))	-	13,500,036	-	0.00
Total	8,337,752,473	13,240,269,894	2.48	3.84

8 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

Particulars	As at	Payable during	Paid/Net-off	As at
	1.4.2015	the year	during the year	31.3.2016
	VND	VND	VND	VND
Personal income tax	14,804,077	572,610,922	(554,720,204)	32,694,795
Value added tax- Output	640,874,033	5,554,141,736	(5,552,077,479)	642,938,290
Current income tax	113,711,763	-	(113,711,763)	-
	769,389,873	6,126,752,658	(6,220,509,446)	675,633,085

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

Particulars	As at	Payable during	Paid/Net-off	As at
	1.4.2015	the year	during the year	31.3.2016
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Personal income tax	0.01	0.17	(0.16)	0.01
Value added tax- Output	0.19	1.65	(1.65)	0.19
Current income tax	0.03	-	(0.03)	-
	0.23	1.82	1.85	0.19

9 SHORT-TERM ACCRUED EXPENSES

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Salary, bonus for employees	1,090,192,809	924,000,000	0.32	0.27
Marketing expenses	1,195,706,978	-	0.36	-
Service fees	136,000,000	92,412,500	0.04	0.03
Others	460,970,000	139,687,500	0.14	0.04
	2,882,869,787	1,156,100,000	0.86	0.34

10 PROVISION FOR LONG-TERM LIABILITIES

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Provision for severance allowances (*)	1,340,075,250	1,196,292,750	0.40	0.35
Provision for dismantling and restoration costs (Note 2.13)	231,258,000	-	0.07	-
	1,571,333,250	1,196,292,750	0.47	0.35

(*) Movements of provision for severance allowances during the year were as follows:

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Beginning of year	1,196,292,750	1,220,504,250	0.36	0.35
Additional	143,782,500	10,028,500	0.04	0.00
Utilisation	-	(34,240,000)	-	(0.01)
End of year	1,340,075,250	1,196,292,750	0.40	0.35

11 DEFERRED INCOME TAX ASSETS

The details were as follows:

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Deferred income tax assets:				
Deferred income tax asset to be recovered after more than 12 months	390,987,026	369,889,870	0.12	0.11

The deferred income tax assets mainly arise from deductible temporary differences relating to provision for decline in value of inventories and provision for severance allowances.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

The movements in the deferred income tax assets during the year were as follows:

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Beginning of year	369,889,870	-	0.11	-
Income statement credit (Note 20)	21,097,156	369,889,870	0.01	0.11
End of year	390,987,026	369,889,870	0.12	0.11

The Company uses tax rate of 20% to determine deferred income tax assets as at March 31, 2016 (2015: 22%).

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

The Company's tax losses can be carried forward to offset against future taxable profits for a maximum period of no more than five consecutive years from the year right after the year in which the loss was incurred. The actual amount of tax losses that can be carried forward is subject to review and approval of the tax authorities and may be different from the figures presented. The estimated amount of tax losses available for offset against the Company's future taxable profits are:

Year of tax loss	Status of tax authorities' review	Tax loss incurred	Tax loss utilised	Tax loss available	Tax loss incurred	Tax loss utilised	Tax loss available
		VND	VND	VND	₹ Crore	₹ Crore	₹ Crore
Year ended March 31, 2016	Outstanding	1,055,235,364	-	1,055,235,364	0.31	-	0.31

The Company did not recognise deferred income tax assets relating to the above tax losses carried forward, as the realisation of the related tax benefit through future taxable profit currently cannot be assessed as probable.

12 OWNERS' CAPITAL

(a) Number of shares

Particulars	2016		2015	
	Ordinary shares		Ordinary shares	
Number of shares registered	3,140,000		3,140,000	
Number of shares issued	3,140,000		3,140,000	
Number of existing shares in issue	3,140,000		3,140,000	

(b) Details of owners' shareholding

Particulars	2015		2014	
	Ordinary shares	%	Ordinary shares	%
International Consumer Products Corporation	3,139,800	99.994	3,140,000	100.000
Mr. Phan Cong Thanh	-	-	100	0.003
Mr. Nguyen Ngoc Anh Tuan	100	0.003	100	0.003
Ms. Nguyen Thi Thu Trinh	100	0.003	-	-
	3,140,000	100.000	3,140,000	100.000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

(c) Movement of share capital

Particulars	Number of	Ordinary	Total	Ordinary	Total
	share capital	shares		shares	
	(shares)	VND	VND	₹ Crore	₹ Crore
As 1 April 2015 and 31 March, 2016	3,140,000	31,400,000,000	31,400,000,000	9.33	9.33

Par value per share: VND10,000.

13 MOVEMENTS IN OWNERS' EQUITY

Particulars	Owners' capital	Undistributed earnings	Total	Owners' capital	Undistributed earnings	Total
	VND	VND	VND	Rs.Crore	₹ Crore	₹ Crore
As at 1 April 2014	31,400,000,000	7,721,224,019	39,121,224,019	9.11	2.24	11.35
Profit for the year	-	7,762,468,201	7,762,468,201	-	2.25	2.25
As at 31 Mar 2015	31,400,000,000	15,483,692,220	46,883,692,220	9.11	4.49	13.60
Loss for the year	-	(1,655,699,376)	(1,655,699,376)	-	(0.49)	(0.49)
As at 31 Mar 2016	31,400,000,000	13,827,992,844	45,227,992,844	9.33	4.11	13.43

14 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholder by the weighted average number of ordinary shares in issue during the year/period, excluding ordinary shares purchased by the Company and held as treasury shares :

Particulars	2016	2015	2016	2015
Net (loss)/profit attributable to shareholder (VND)	(1,655,699,376.00)	7,762,468,201.00	(0.49)	2.25
weighted average number of ordinary shares in issue (shares)	3,140,000	3,140,000	0.00	0.00
Basic (losses)/earning per share (VND)	(527)	2472	-	-

15 OFF BALANCE SHEET ITEMS

Included in cash and cash equivalents are balances held in currencies other than VND of USD279 (2015: USD292).

16 REVENUE

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Sales				
Sales of goods	137,810,180,887	147,982,053,783	40.93	42.91
Sales deductions				
Sales returns	(339,694,235)	(179,087,016)	(0.10)	(0.05)
Net revenue from sales of goods	137,470,486,652	147,802,966,767	40.83	42.86

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

17 COST OF SALES

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Cost of finished goods sold	120,363,849,285	131,776,668,091	35.75	38.22
Provision for decline in value of inventories	(5,183,449)	(809,974,918)	(0.00)	(0.23)
	120,358,665,836	130,966,693,173	35.75	37.99

18 SELLING EXPENSES

The following items have been included in selling expenses:

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Labour cost	2,461,808,211	1,653,754,113	0.73	0.48
Depreciation Expenses	48,036,777	144,168,000	0.01	0.04
External services expenses	545,756,122	359,303,340	0.16	0.10
Advertising expenses	8,959,450,464	–	2.66	–
Others	2,490,934,838	615,036,397.00	0.74	0.18
Total	14,505,986,412	2,772,261,850	4.30	0.80

18 GENERAL AND ADMINISTRATION EXPENSES

The following items have been included in general and administration expenses:

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Labour cost	2,270,594,027	2,248,579,407	0.67	0.65
Depreciation expenses	20,419,992	38,536,865	0.01	0.01
External services expenses	1,597,821,051	1,708,075,440	0.47	0.50
Others	473,670,068	283,880,850	0.14	0.08
	4,362,505,138	4,279,072,562	1.30	1.24

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

20 BUSINESS INCOME TAX

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of 22% as follows:

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Net accounting profit/(loss) before tax	(1,676,796,532)	9,712,513,459	(0.50)	2.82
Tax calculated at a rate of 22%	(368,895,237)	2,136,752,961	(0.11)	0.62
Effect of:				
Expenses not deductible for tax purposes	25,670,839	48,400,062	0.01	0.01
Deductible temporary difference in which no deferred income tax assets had been recognised	–	(632,716,589)	–	(0.18)
Tax losses in which no deferred income tax assets were recognised	283,028,540	–	0.08	–
Underprovision from previous years	–	397,608,824	–	0.12
Change in tax rates	39,098,702	–	0.01	–
Business income tax charge	(21,097,156)	1,950,045,258	(0.01)	0.57

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Charged /(Credited) to income statement:				
Business income tax -current	–	2,319,935,128	–	0.67
Business income tax -deferred (Note 11)	(21,097,156)	(369,889,870)	(0.01)	(0.11)
	(21,097,156)	1,950,045,258	(0.01)	0.57

The business income tax charge for the year is based on estimated taxable income & is subject to review and possible adjustments by the tax authorities.

21 EXPENSES BY FACTORS

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Raw materials	97,675,989,831	110,031,634,691	29.01	31.91
Labour costs	18,259,009,004	17,105,662,582	5.42	4.96
Depreciation expense	2,775,698,848	2,521,916,940	0.82	0.73
Outside service expenses	14,953,986,885	6,656,454,921	4.44	1.93
Other cash expenses	3,129,879,193	3,771,309,521	0.93	1.09
	136,794,563,761	140,086,978,655	40.63	40.63

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

22 RELATED PARTY DISCLOSURES

The Company is controlled by International Consumer Products Corporation, a company incorporated in Vietnam, which owns 99.994% of the Company's share capital. The ultimate parent of the Company is Marico Limited, a company incorporated in India.

(a) Related party transaction

(i) Sales of goods and services

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Parent Company	137,199,627,254	147,461,179,535	40.75	42.76

(ii) Purchases of goods

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Parent Company	39,514,370	64,734,252	0.01	0.02
Fellow group subsidiary	–	16,227,305	-	0.00
	39,514,370	80,961,557	0.01	0.02

(iii) Compensation of key management

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Gross salaries and other benefits	1,448,700,000	1,044,900,000	0.43	0.30

b) Year end balances with related parties

(i) Short term trade account payables (Note 7)

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Fellow group	–	13,500,036	–	0.01

(ii) Short term advances from customers

Particulars	2016	2015	2016	2015
	VND	VND	₹ Crore	₹ Crore
Parent Company	3,531,534,553	6,176,723,291	1.05	1.79

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

23 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation under Circular 200 as follows:

Balance sheet

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

Particulars	As at March 31, 2015			As at March 31, 2015		
	As previously reported under Decision 15	Adjustments	As reclassified under Circular 200	As previously reported under Decision 15	Adjustments	As reclassified under Circular 200
	VND	VND	VND	₹ Crore	₹ Crore	₹ Crore
Short-term receivables	868,985,475	110,486,882	979,472,357	0.25	0.03	0.28
Other short-term receivables	–	110,486,882	110,486,882	–	0.03	0.03
Other current assets	361,551,468	(110,486,882)	251,064,586	0.10	(0.03)	0.07
Other current assets	110,486,882	(110,486,882)	–	0.03	(0.03)	–
Long-term liabilities	1,196,292,750	–	1,196,292,750	0.35	–	0.35
Provision for severance allowance	1,196,292,750	(1,196,292,750)	–	0.35	(0.35)	–
Provision for long-term liabilities	–	1,196,292,750	1,196,292,750	–	0.35	0.35

The financial statements were approved by the Board of Directors on 10 May, 2016

Nguyen Thi Da Thao
 Preparer

Huynh Anh Dung Thanh
 Chief Accountant

Nguyen Thi Thu Trinh
 General Director

MARICO INNOVATION FOUNDATION

Board of Directors	Mr. Harsh Mariwala	Director (As a Nominee of Marico Limited)
	Mr. Saugata Gupta	Director (As a Nominee of Marico Limited)
	Mr. Rishabh Mariwala	Director (As a Nominee of Marico Limited)
Registered Office	7th Floor, Grande Palladium, 175, CST Road, Kalina, Santa Cruz (East), Mumbai 400 098	
Auditors	Kirtane & Pandit LLP, Chartered Accountants	
Bankers	Corporation Bank	

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MARICO INNOVATION FOUNDATION,

Report on the Financial Statements

We have audited the accompanying financial statements of "Marico Innovation Foundation" ("the company"), which comprise the Balance Sheet as at 31 March, 2016, the Statement of Income & Expenditure, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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 on the financial statements.

Opinion

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 31 March, 2016, and its deficit and its cash flows for the year ended on that date.

INDEPENDENT AUDITORS' REPORT (Contd.)

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 appears from our examination of those books .
- c) The Balance Sheet, the Statement of Income & Expenditure, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to our best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position
 - ii. The Company does not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For Kirtane & Pandit LLP
Chartered Accountants,

FRN:-105215W/W100057

Partner

Membership No:121162

Place : Mumbai

Date : April 29, 2016

BALANCE SHEET

As at March 31, 2016

Particulars	Notes	As at March 31,	
		2016 (₹In actuals)	2015 (₹In actuals)
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Reserves and Surplus	9	(1,541,088)	(904,453)
Non-current liabilities			
Current liabilities			
(a) Trade Payables	11	2,031,800	921,763
(b) Other Current Liabilities	12	3,605,762	598,892
TOTAL		4,096,474	616,203
ASSETS			
Current assets			
(a) Cash and Bank Balance	13	4,096,474	616,203
TOTAL		4,096,474	616,203

For Kirtane & Pandit LLP
Chartered Accountants
FRN NO: 105215W/W100057

Suhrud Lele
Partner
Membership No. 121162

Place : Mumbai
Date : April 29, 2016

For and on behalf of Board of Directors
MARICO INNOVATION FOUNDATION

Harsh Mariwala Saugata Gupta
Director Director

Place : Mumbai
Date : April 29, 2016

INCOME AND EXPENDITURE STATEMENT

For the year ended March 31, 2016

Particulars	Notes	For the year ended March, 31,	
		2016 (₹ In actuals)	2015 (₹ In actuals)
Income:			
Revenue from Operations	10	22,340,000	4,556,079
Total Income		22,340,000	4,556,079
Expenditure:			
Direct Expenses	14/16/17	22,976,635	9,406,951
Total expenditure		22,976,635	9,406,951
Surplus/(Deficit) for the period		(636,635)	(4,850,872)

For Kirtane & Pandit LLP
Chartered Accountants
FRN NO: 105215W/W100057

Suhrud Lele
Partner
Membership No. 121162

Place : Mumbai
Date : April 29, 2016

For and on behalf of Board of Directors
MARICO INNOVATION FOUNDATION

Harsh Mariwala Saugata Gupta
Director Director

Place : Mumbai
Date : April 29, 2016

CASH FLOW STATEMENT

For the year ended March 31, 2016

Particulars	For the year ended March 31,	
	2016 (₹ In actuals)	2015 (₹ In actuals)
A CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT/LOSS BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS	(636,635)	(4,850,872)
Adjustments for:		
Operating profit/(loss) before working capital changes	(636,635)	(4,850,872)
Adjustments for:		
(Increase)/ Decrease in loans and advances and other assets	-	5,807,597
Increase/ (Decrease) in trade payable and other current liabilities	4,116,906	(15,483,884)
Changes in Working Capital	4,116,906	(9,676,287)
Cash generated from Operations	3,480,271	(14,527,159)
Taxes paid	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	3,480,271	(14,527,159)
B NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	3,480,271	(14,527,159)
C Cash and cash equivalents - opening balance	616,203	15,143,362
D Cash and cash equivalents - closing balance (B+C) (Refer note 13)	4,096,474	616,203

Notes

- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS 3) 'Cash Flow Statement' as specified in Companies (Accounting Standards) Rules, 2006.
- The figures for the previous year have been regrouped where necessary to conform to current year's classification.

As per our report of even date attached.

For Kirtane & Pandit LLP
Chartered Accountants
FRN NO: 105215W/W100057

For and on behalf of Board of Directors
MARICO INNOVATION FOUNDATION

Suhrud Lele
Partner
Membership No. 121162

Harsh Mariwala **Saugata Gupta**
Director **Director**

Place : Mumbai
Date : April 29, 2016

Place : Mumbai
Date : April 29, 2016

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

1 Background

Marico Innovation Foundation (MIF) is a wholly owned subsidiary of Marico Limited, incorporated in India, a not-for-profit institution, established in 2003, registered as a Section 25 company in 2009, fosters innovation in the business & social sector.

MIF works closely with social 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 social 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

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material aspects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

3 Use of estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

4 Cash and cash equivalents

Cash and cash equivalents for the purpose of the Cash Flow Statement comprises cash on hand, cash in bank.

5 Provisions

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to 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.

6 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.

7 Revenue Recognition

Donation received are accounted on the date of receipt. All donations received during the year are towards the objectives of the Company.

8 Income Tax

The Company has been granted exemption from Income Tax under section 12AA (1) (b) (i) of the Income Tax Act, 1961.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

9 RESERVES & SURPLUS

Particulars	Amount in ₹	
	As at March 31, 2016	2015
Surplus in the Statement of Income & Expenditure		
Opening balance	(904,453)	3,946,419
(+) Surplus/(Deficit) for the period	(636,635)	(4,850,872)
Closing Balance	(1,541,088)	(904,453)
Total	(1,541,088)	(904,453)

10 REVENUE FROM OPERATION

Particulars	Amount in ₹	
	As at March 31, 2016	2015
Donation	22,340,000	4,556,079
Total	22,340,000	4,556,079

11 TRADE PAYABLES

Particulars	Amount in ₹	
	As at March 31, 2016	2015
Sundry Creditors	2,031,800	921,763
Total	2,031,800	921,763

12 OTHER CURRENT LIABILITIES

Particulars	Amount in ₹	
	As at March 31, 2016	2015
TDS Payable	273,828	63,100
Provisions	3,331,934	-
Marico Limited	-	535,792
Total	3,605,762	598,892

13 CASH AND BANK BALANCES

Particulars	Amount in ₹	
	As at March 31, 2016	2015
Bank Balance	4,048,875	614,585
Cash Balances	47,599	1,618
TOTAL	4,096,474	616,203

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

14 DIRECT EXPENSES

Particulars	Amount in ₹	
	For the year ended March 31,	
	2016	2015
Donation Given	6,654,180	-
Advertisement	2,680	24,538
Audit Fees	85,875	56,180
Books & Periodicals	-	2,800
Car Hire Charges	-	159,139
Communication exp (Mobile, Data card)	62,840	9,004
Hire Charges of Comp.	-	7,772
Write off	-	32,601
Entertainment exp	16,318	9,766
Printing & Stationery	499,855	353,261
Professional and Legal Expenses	12,665,522	7,727,235
Seminar Expenses	2,248,380	-
Misc Exp	94,244	228,037
Gifts	38,096	1,181
Recruitment Exp	21,083	-
Magazine Publication	-	34,787
Travelling	576,662	698,238
Total	22,965,735	9,344,539

15 AUDITOR'S REMUNERATION

(Excluding service tax)

Particulars	Amount in ₹	
	For the year ended March 31,	
	2016	2015
For Audit	75,000	50,000
Total	75,000	50,000

16 EMPLOYEE BENEFIT EXPENSES

Particulars	Amount in ₹	
	For the year ended March 31,	
	2016	2015
Trainee Allowance	-	61,075
Welfare expenses	5,978	-
	5,978	61,075

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

17 FINANCE COST

Particulars	Amount in ₹	
	For the year ended March 31	
	2016	2015
Bank and other financial charges	4,922	1,337
	4,922	1,337

18 RELATED PARTY TRANSACTION

During the year the company has entered into following related party transactions:

Name of Related Party	Nature of Relationship	Nature of transaction	2015-16 (₹)	2014-15 (₹)
MARICO LTD.	Holding Company	Donations Received	21,540,000	4,396,079
MARICO CONSUMER CARE LTD.	Holding Company	Donations Received	800,000	-
MARICO LTD.	Holding Company	Exp paid by Marico	-	535,792

Marico Innovation Foundation became a Wholly Owned Subsidiary of Marico Limited on 15th March, 2013.

For Kirtane & Pandit LLP
Chartered Accountants
FRN NO: 105215W/W100057

For and on behalf of Board of Directors
MARICO INNOVATION FOUNDATION

Suhrud Lele
Partner
Membership No. 121162

Harsh Mariwala Saugata Gupta
Director Director

Place : Mumbai
Date : April 29, 2016

Place : Mumbai
Date : April 29, 2016

Notes



PURPOSE STATEMENT

TO TRANSFORM IN A SUSTAINABLE MANNER, THE LIVES OF THOSE WE TOUCH, BY NURTURING AND EMPOWERING THEM TO MAXIMISE THEIR TRUE POTENTIAL.

REGISTERED OFFICE

Marico Limited
7th floor, Grande Palladium
175, CST Road, Kalina,
Santa Cruz (East)
Mumbai 400098

 [www.facebook.com/
MaricoCampusConnections](https://www.facebook.com/MaricoCampusConnections)

 [www.youtube.com/user/
MaricoLimited](https://www.youtube.com/user/MaricoLimited)

 [https://www.linkedin.com/
company/marico-ltd-](https://www.linkedin.com/company/marico-ltd-)